The House met at 10 a.m.  

The Reverend Father Allen P. Novotny, S.J., President, Gonzaga College High School, Washington, D.C., offered the following prayer: 

Almighty God, you made us to your own image and set us over all creation. Once you chose a people and gave them a destiny and, when you brought them out of bondage to freedom, they carried with them the promise that all men and women would be blessed and all men and women could be free. 

It happened to our forbearers, who came to this land as if out of the desert into a place of promise and hope. It happens to us still in our time, as you guide to perfection the work of creation by our labor. 

May the women and men of this House bring this spirit to all their efforts to establishing true justice and guide our Nation to its destiny. May their work today and every day further this mission. Amen.

THE JOURNAL

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

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

Mr. McNULTY. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker’s approval of the Journal. 

The SPEAKER. The question is on the Speaker’s approval of the Journal. 

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

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

The SPEAKER. Pursuant to clause 8, rule XX, further proceedings on this question will be postponed. 

The point of no quorum is considered withdrawn. 

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Louisiana (Mr. VITTER) come forward and lead the House in the Pledge of Allegiance. 

Mr. VITTER led the Pledge of Allegiance as follows: 

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a bill and a concurrent resolution of the House of the following titles: 

H.R. 434: An act to authorize a new trade and investment policy for sub-Sahara Africa. 

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title: 

H.R. 609: An act to amend the Export Apple and Pear Act to limit the applicability of the Act to apples. 

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title: 

H.R. 434: An act to authorize a new trade and investment policy for sub-Sahara Africa. 

The message also announced that the Senate insists upon its amendments to the bill (H.R. 434) “An Act to authorize a new trade and investment policy for sub-Sahara Africa,” requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ROTH, Mr. GRASSLEY, Mr. LOTT, Mr. HELMS, Mr. MOYNIHAN, Mr. BAUCUS, and Mr. BIDEN to be the conferees on the part of the Senate. 

The message also announced that the Senate has passed bills of the following titles in which concurrence of the House is requested: 

S. 185: An act to establish a Chief Agricultural Negotiator in the Office of the United States Trade Representative. 

S. 580: An act to amend title IX of the Public Health Service Act to revise and extend the Agency for Healthcare Policy and Research. 

S. 688: An act to amend the Foreign Assistance Act of 1961 to reauthorize the Overseas Private Investment Corporation. 

S. 162: An act to provide for the correction of retirement coverage errors under chapter 83 and 84 of title 5, United States Code. 

MAKING IN ORDER AT ANY TIME

MOTION TO AGREE TO CONFERENCE ASKED BY THE SENATE ON H.R. 3194, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 2000

Mr. GOSS. Mr. Speaker, I ask unanimous consent that it may be in order at any time for the chairman of the Committee on Appropriations or his designee to move that the House take from the Speaker’s table the bill (H.R. 3194) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, with a Senate amendment, thereto, disagree to the Senate amendment and agree to the conference asked by the Senate. 

The SPEAKER. Is there objection to the request of the gentleman from Florida? 

There was no objection. 

MAKING IN ORDER AT ANY TIME

CONSIDERATION OF H.J. RES. 75, FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2000

Mr. GOSS. Mr. Speaker, I ask unanimous consent that it may be in order at any time, without the intervention
of any point of order, to consider in the House the joint resolution (H.J. Res. 75) making further continuing appropriations for the fiscal year 2000, and for other purposes, that the joint resolution be debatable for 1 hour, equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations, and that the previous question otherwise be considered as ordered to passage without intervening motion except one motion to recommit.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

ANNOUNCEMENT OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. Ose). There will be 15 1-minutes on each side.

IT IS TIME THE LIBERAL DEMOCRATS SUPPORT FLEXIBILITY FOR LOCAL SCHOOL DISTRICTS

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

Mr. GIBBONS. Mr. Speaker, there is a Latin phrase that applies to those liberal Democrats who constantly believe that Washington always knows best: via ocpietum dura est. For the engineers, “The way of the egghead is hard.”

Mr. Speaker, it is time our liberal colleagues support the education opportunities that grant our local school districts the flexibility to decide how to spend their Federal education funding.

We are all aware of the Administration’s plan to hire 100,000 new teachers, and we can all agree that hiring more qualified teachers should be a priority. But what about books? What about computers? What about the basic things, like pencils and papers? What right do Washington bureaucrats have to deny school districts the option of using these funds for these necessities?

Mr. Speaker, we can do more to improve the education of our children by giving local school districts the flexibility and tools needed to make those improvements. Let us give our children the best education opportunity we can. Let us cut the Federal purse strings.

Mr. Speaker, I yield back all the egg-headed, cookie-cutter, liberal funding theories which cannot possibly meet the diverse needs and educational needs of our children.

REPUBLICANS HAVE KILLED CAMPAIGN FINANCE REFORM AND CONTINUE TO BLOCK AN INCREASE IN THE MINIMUM WAGE

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

Mr. OLVER. Mr. Speaker, Americans have enjoyed an unprecedented growth in our economy over 8 years. We have the lowest unemployment rate in decades, but 12 million workers, 10 percent of all American workers, work at the minimum wage. The majority of them are adults, a majority are women.

Most of those women are trying to bring up children at that minimum wage with less than $10,000 a year. They have not seen any benefit from the economic boom. They deserve a wage increase and they can only get that wage increase by increasing the minimum wage by this Congress.

Eighty percent of Americans favor doing that. Even two-thirds of all Republicans favor doing that. We have a bill that would raise the minimum wage by $1 over the next 2 years. It should pass. It could pass in a day, but the Republican leadership is going to hold that bill hostage unless it is possible to give $70 billion per year of tax cuts to the handful of Americans who make more than $300,000 a year. That tax reduction goes to the wealthiest 1 percent of Americans.

Why is this? Members guessed it, the handful of Americans who make more than $300,000 a year make the vast majority of contributions to political campaigns.

The Republican leadership of this Congress, the House and Senate, have killed campaign finance reform again this year.

AFRICA TRADE BILL: AN HISTORIC OPPORTUNITY

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

Mr. ROYCE. Mr. Speaker, it is encouraging to see the African Growth and Opportunity Act passed yesterday, overwhelmingly passed by both chambers of Congress. We need to get to work. Mr. Speaker, on putting together a Senate-House conference committee on this bill so we can get it to the President for signature. This legislation is a first step in helping Africa help itself by bringing the continent into a positive trading partnership with the United States.

As the chairman of the Subcommittee on Africa, as well as an original cosponsor of the bill in the House, I can say that passage of this historic bill is good for Africa and it is good for America.

In addition to bringing Africa into a trading partnership with us, it will help open African markets to American goods. America today has only 5 percent of Africa’s market. France and other European nations dominate the continent’s trade. With this bill, the U.S. will be able to pry some of the African market away from Europe. This will lead to tens of thousands of new jobs for Americans.

Mr. Speaker, I again urge quick formation of a House and Senate conference committee on this bill so we can get it to the President for signature.

IT IS TIME CONGRESS WRITES THE LAWS, NOT NEW YORK JUDGES

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

Mr. TRAFICANT. Mr. Speaker, judges in New York have ruled that Mayor Giuliani shall give $7.2 million to the Brooklyn Museum of Art, even though their exhibit is offensive. I will tell you, it is offensive, a portrait of the Virgin Mary splattered with elephant dung.

If that is not bad enough, now taxpayers have to subsidize it. Unbelievable, Mr. Speaker. In the name of art and freedom of expression, these stumbling, blundering, fumbling judges in New York have institutionalized perversion.

The museum may have the right to show it, but by God, the taxpayers shouldn’t be compelled to fund it. It is time that Congress starts writing laws, not these judges. I yield back the stupidity, absolute stupidity and perversion, of the decision of these judges in New York.

ASKING THE PRESIDENT TO DO THE RIGHT THING

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

Mr. CHABOT. Mr. Speaker, as usual, the gentleman from Ohio is absolutely right.

I address my comments to another topic. However, in the coming days, the President is going to have to do some critical things and make some critical decisions. He can choose to support a Republican program that balances the budget and saves social security, or he can succumb to the pressure of the liberal Democrat leadership here in the House and bust the budget and loot the social security trust fund once again.

To the average hard-working American taxpayer, this should not really be a dilemma, but this is Washington, and silly things happen here. When liberals get together to discuss spending issues, it is awfully hard to keep their hands off the taxpayers’ money.

The President talks about his legacy. He can assure his place in history if he sticks to the Republican program that balances the budget and saves social security, or he can choose to support a Republican program that balances the budget and saves social security, does the right thing.

Let us hope that just this once, the President does the right thing.

REPUBLICANS HAVE ALREADY SPENT $17 BILLION OF SOCIAL SECURITY SURPLUS

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

Mr. BERRY. Mr. Speaker, Republicans have already spent $17 billion of social security surplus.
minute and to revise and extend his remarks.)

Mr. BERRY. Mr. Speaker, it would have been amusing the last few weeks if it had not been so sad listening to our Republican colleagues swearing to protect social security. This charade continues, despite the fact that the Congressional Budget Office has confirmed that the Republicans have already spent $17 billion of the social security surplus.

Remember, that $17 billion loan does not include the Republicans’ $1 trillion tax cut. It does, however, include Senator Trent Lott’s ship that the Navy does not need, does not want, and does not have the people to man if they had it.

It does include over $1 million to study the spruce bark beetle. In fact, according to the CBO, if the President had not vetoed the tax bill, we would have already raided the social security trust fund by at least $70 billion, without counting any of the other billions and billions that my spendthrift Republican colleagues have passed this year.

With all this spending and all this borrowing, how can my Republican colleagues get up here with a straight face and say they are saving social security? The American people know better.

THE WORLD REMAINS A DANGEROUS PLACE, AND THE PRESIDENT REFUSES TO ABIDE BY THE WILL OF CONGRESS

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

Mr. VITTER. Mr. Speaker, I continue to be amazed by the tax defense policies of this administration. Today our Navy has more than 200 fewer ships than during Desert Storm. Red China has six times our land forces and North Korea has developed a missile that delivers weapons of mass destruction to U.S. territory, and now the Clinton administration says it will ignore the vote of the Senate, abide by the rejected test ban treaty, just as they ignored H.R. 4 that calls for a missile defense.

Despite the fall of the Soviet Union, the world remains a dangerous place. Yet under President Clinton the will of the Congress is ignored and defense spending has not even kept pace with inflation. We must insist that the President follow the will of the Congress regarding national defense: modernize our weaponry and above all, increase pay and benefits so that no soldiers, sailors, airmen or Marines have to rely on food stamps to feed their families.

WE MAY loose HMO REFORM

The SPEAKER pro tempore (Mr. Ose). For what purpose does the gentleman from Arkansas seek recognition?

Mr. GREEN of Texas. Mr. Speaker, I am from Texas.

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

Mr. GREEN of Texas. Mr. Speaker, I am glad to follow my colleague, the gentleman from Louisiana (Mr. VITTER) because they are the ones that wanted to cut defense spending by 1 percent last week.

What I am here today about concerns what we are seeing that is happening. Despite a strong bipartisan vote in favor of HMO reform, the overwhelming and public support across the country, the leadership has shown it is still looking for a way to cut and eliminate real HMO reform.

The Republican leadership scheduled a bill that automatically linked to it a Patients’ Bill of Rights, supposedly their patient access, but the House spoke by a bipartisan vote and passed a bipartisan measure for real HMO reform. Now we see the Republicans have stacked the conference committee with only one Member who voted for the bill, only one Member.

What is so sad is that they are overruling the whole majority in this House. Clearly, our fight for HMO reform is just beginning. We may have won the first battle but we have a big battle to go. By appointing only those Members who oppose it, they want to bury it again. They are neglecting the American people by a large majority, and this House, by a large majority, wants binding external appeals. They want open communication with our doctors and patients. They want accountability to whoever makes those medical decisions.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair wishes to apologize to the gentleman from Texas (Mr. GREEN) and to the people of Texas.

TRIBUTE TO U.S. ARMv COMMAND SERGEANT MAJOR RONALD W. BEDFORD, A REAL AMERICAN HERO

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

Mr. EVERETT. Mr. Speaker, I would like to remind the gentleman from Texas (Mr. GREEN) that this Republican Congress has added about $38 billion more than the President of the United States has requested for defense, but I would like to speak on something else.

Mr. Speaker, our society has cheapened the most coveted of the American experience in movie, music and sports stars while ignoring those Americans who perform unselfish acts of courage and sacrifice.

I wish to pay tribute to an American whose character and actions are truly unselfish acts of courage and sacrifice. On September 2, the 54th anniversary of V-J Day, U.S. Army Command Sergeant Major Ronald W. Bedford began a 1,500-mile journey from Mobile, Alabama to Washington, D.C.

His walk, which takes him through six States and the District of Columbia, is remarkable because it is entirely on foot. But CSM Bedford is not walking this enormous distance to set a record. Instead, he is striding the 71-day route to bring attention to and raise funding for the construction of a national memorial to honor America’s greatest generation of heroes, those who fought in World War II.

Bedford, an ex-airborne infantryman now stationed at Fort Rucker, Alabama in my congressional district, came up with the idea of the walk after learning that there was no national memorial for the 16 million Americans who served and sacrificed to liberate the world from Nazi and Japanese occupation in World War II. His efforts to help raise money for the on-going World War II Memorial fund have gained the support of the Non-Commissioned Officers Association, and the praise of former Senator Bob Dole, who chairs the World War II Memorial Committee.

CSM Bedford’s journey of 2,792,000 steps will take him through 144 cities and 15 military installations before he arrives at Arlington National Cemetery on November 11. From there, he will cross Memorial Bridge, pass by the Lincoln Memorial, and then proceed to the spot on the national mall where the World War II Memorial will be built next year.

I salute the Sergeant Major for his personal sacrifice and welcome him to Washington, D.C.

NO MORE DEADBEAT LEADERSHIP

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

Ms. DELAURO. Mr. Speaker, the Republican leadership was irresponsible in trying to spend the surplus on $800 billion worth of tax breaks for the wealthiest in this country. Now it is trying to skip town without addressing the needs of American families.

The failures of this Republican leadership are many. Their budget does not extend the life of Social Security by a single day. It fails to strengthen Medicare and even a penny to provide for a prescription drug benefit for seniors who are desperately looking for that kind of a benefit. The Republican leadership has ignored American families. Families overwhelmingly support common sense gun safety, laws that keep firearms out of the hands of kids and of criminals.

The Republican leadership has allowed the special interests to write our gun laws. Common sense should be applied when it comes to the safety of our schools, of our neighborhoods, of office buildings and places of worship. This Congress should not adjourn without closing the loopholes that let guns fall
into the wrong hands. No more deadbeat leadership. It is time for responsible action.

LET US KEEP SOCIAL SECURITY SOLVENT

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

Mr. SMITH of Michigan. Mr. Speaker, somehow, sometime, some place we are going to have to get over this partisan bickering and start working together on serious problems facing this nation. Yesterday I introduced a bipartisan bill that keeps Social Security solvent. In trying to convey the seriousness of the Social Security problem, I said that in the next 75 years the taxes coming in from Social Security are going to be short $120 trillion from accommodating what we have promised in benefits; $120 trillion over Social Security taxes collected over the next 75 years.

My wife Bonnie said, Nick, nobody understands what a trillion is. How else can we convey the seriousness? So, here is a quick try. A worker's income will be $250,000 in 2065; Social Security will be $1,900 a month. In 2011, that's 7.6 percent. Of what? Of their average income.

We have created less take home pay, more jobs in the U.S. in the first quarter of this year than Poland and France and have in those two countries combined since 1980. Our pay roll tax is heading in that direction. Let's fix Social Security.

THE LEGACY OF NEWT

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

Mr. HOYER. Mr. Speaker, almost one year ago today, October 20, 1998, the then-speaker Newt Gingrich came on this House floor and chided the Republican perfectionist caucus. Two disastrous government shutdowns and rhetoric hot enough to heat this building on a cold winter day taught him one thing, government is the art of compromise. But he is not here. That lesson is lost on today's House leadership. The perfectionist caucus, the crowd that says it is my way or no way, rides on.

The majority whip says the leadership will negotiate with the President on his knees. The Republican leadership rammed an irresponsible tax cut through the House, even though it would suck the Social Security surplus dry, and now they claim they will not spend one dime of that Social Security surplus. They have already dipped into that surplus to the tune of $17 billion and it is going to be well over on their way to spending $30 billion plus.

Let us get real. Let us do the people's business.

ONE PENNY FROM EVERY DOLLAR IS ALL IT WILL TAKE TO SAVE SOCIAL SECURITY FOR AMERICA'S SENIOR CITIZENS

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

Mr. BARTLETT of Maryland. Mr. Speaker, I cannot believe what I have been hearing from President Clinton and his Democrat cohorts in Congress over the last few days. It really should not surprise me to hear Democrats say we cannot cut any waste, fraud and abuse in government. After all, they are not exactly known for their fiscal discipline. But still, when they cry out that Federal agencies cannot find one cent out of every dollar to cut from their spending that just does not ring true, ever.

One penny from every dollar is all that it will take to save Social Security for America's senior citizens. How can anyone be against this? But the Clinton-Gore administration and their friends in Congress are against it.

We passed a very good bill last week, Mr. Speaker. It will strengthen Social Security, it will cut waste, fraud and abuse out of the Federal bureaucracy but only if the President signs it. It is time for the administration to stop protecting bureaucratic mismanagement at the expense of working Americans. It is time to stop pretending that it is not possible. It is time to do the honest, responsible thing, stop the raid on Social Security once and for all.

LOWERING THE COSTS OF PRESCRIPTION DRUGS FOR SENIORS

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

Mrs. THURMAN. Mr. Speaker, I was reading the newspaper this morning and I came across an ad that just stopped me cold. The ad put out by the Pharmaceutical Research and Manufacturers of America highlights the new medicines they are coming out with to help stroke victims, breast cancer patients, people with osteoporosis and other common ailments.

The industry says the new drugs save the country and employers billions of dollars by doing away with missed workdays, expensive rehabilitation costs and other forms of care. This may be true, but what good is it if millions of seniors who need the drugs to live cannot afford to buy them?

I also want to point out that the pharmaceutical companies also receive significant government dollars from the National Institutes of Health to conduct the innovative research and to find the cures. So it is then appropriate to price them out of the reach of the people who need them? PHRMA just does not get it, and I do not think the Republican majority gets it.

A couple of weeks ago, I joined with my Democratic colleagues on the Committee on Ways and Means to lower the cost of prescription drugs, and they voted against it.

IS THE UNITED NATIONS OPERATING UNDER A DOUBLE STANDARD?

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

Mr. PITTS. Mr. Speaker, could the U.N. be operating under a double standard? It is very interesting that the United Nations, while calling for the indictment of Yugoslavia President Milosevic as a war criminal was all too eager to work with Milosevic's health minister to set up the Kosovo program to quote, stimulate the birth rate of the populations in central and northern Serbia and to limit or forbid the enormous increase of the birth rate in Kosovo.

Could the U.N. be a complicit partner in Milosevic's efforts to halt or slow the growth of the ethnic Albanian population?

Could we have another one-child policy in the works following in the footsteps of China?

Can we blame the Albanian people for believing family planning programs and condom distribution is just another way to reduce their ethnic population?

Mr. Speaker, this tension in Kosovo represents the fine line that UNFPA is walking when it, however well-meaning, pushes through its population control programs around the world.

PHONY NUMBERS, PHONY ANALYSIS AND PHONY ACCOUNTING PRINCIPLES

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

Mr. MINGE. Mr. Speaker, we have been embarrassed by the tragic level of duplicity here by the Republican leadership this fall. In a misguided effort to avoid blame for using the Social Security trust fund to finance pork barrel spending for things, including TREN'T LOTT's home State, the leadership is compromising the Congressional Budget Office. It is using phony numbers, phony analysis.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair wishes to remind Members to avoid such references to Members of the other body.

Mr. MINGE. It is using phony numbers, phony analysis and phony accounting principles. Here the Wall Street Journal has identified some of these problems. Smoke and mirrors has returned with claims that we have
emergencies, and the use of slick accounting principles.

The Republicans are $17.1 billion into the Social Security trust fund, according to the Congressional Budget Office. We violated the budget caps by over $30 billion, and our leadership has failed to get the spending bills to the White House and here we are 5 weeks into the fiscal year.

We are operating on supplemental resolutions. It is a disgrace to this body.

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

Mr. GUTKNECHT. Mr. Speaker, I would like to read some excerpts from a letter from Mr. George Halvorson, who heads up one of the largest health groups in the Twin Cities of the State of Minnesota. He took out an ad recently and the headline is, "Who buys prescription drugs at ten cents on the dollar?"

Let me read this, please, and this is a quote. "The cost of prescription drugs varies to an amazing degree between countries. If you have a stomach ulcer and your doctor says you need to be on prilosec, you would probably pay about $99.88 for a 30-day supply in the Twin Cities. But if you were vacationing in Canada and decided to fill your prescription there, you would pay only $50.88. Or even better, if you were looking for a little warmer weather south of the border in Mexico, that same day 30-day supply would cost you only $17.50. That is for the same dose, made by the same manufacturer.

THE BLUE DOG BUDGET FITS
(Mr. JOH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JOH. Mr. Speaker, today, 35 days into the fiscal year, we have not finished but only half of our appropriations bills up to this point.

The majority leadership up to this point has been fairly innovative and clever at trying to maneuver around the balanced budget agreement caps and making sure they are not spending Social Security surplus money. But I tell my colleagues today that they failed miserably. Even their own appointed CBO director says that they have broken the caps and spent $17 billion of Social Security money.

Truly it is time that we be honest and straightforward with the people of America. The Blue Dogs in the spring of last year introduced a budget proposal that fits then, and it fits now. It says take 50 percent of the surplus over the next 7 years, and use those savings to shore up Social Security, take 25 percent in a targeted tax cut, whether it is a State, marriage penalty, or capital gains, take the other 25 percent for priority spending on veterans or education. Let us stop playing games with the American people. Follow the blueprint of the Blue Dogs. It saves Social Security; and most of all, it is responsible and honest.

ONLY HALF A NOTCH IN AMERICA'S BELT WILL SAVE SOCIAL SECURITY
(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, some time ago the Assistant Secretary of the Department of Health and Human Services sent a letter to the Congressional Budget Office, the CBO, and it had some bogus ground rules; and what they got back said that we were spending Social Security under these bogus ground rules.

Their whole purpose for doing that is so that they can spend more money. They have shown the programs and they have talked about the programs that they want to spend the extra money on. Well, rest in peace, liberal big government. We are not going to do it.

In fact, we have got a letter from the Congressional Budget Office that says, if we do not spend more than $592 billion on domestic discretionary spending, we will not spend any Social Security surplus. Along with that, we have put in a 1 percent across-the-board cut, which is like taking a half a notch in this belt, just tightening up just a half notch. I am not that one who would have to do, and we passed that; and, in fact, we are not going to spend the Social Security surplus. That is the fact of the matter. The Congressional Budget Office confirmed that in a letter.

Now, if we are going to do what they are recommending, we would have to take four notches up in this belt. Now, America knows we could do that four notches and protect Social Security, but yet the liberals have failed to offer any program reduction.

DO SOMETHING CONSTRUCTIVE; PASS THE BLUE DOG BUDGET
(Mr. TANNER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TANNER. Mr. Speaker, I do not come down here and do 1 minutes very often and the last part of the question is about what are we going to do to address this problem. Truly it is time that we do something constructive.

But what I did want to come down this morning to say is that the Blue Dogs offered a budget last April. We are in a mess. We are in November. There is still no agreements in sight. There is a blame game going on here about who wants to spend Social Security money. That is not very constructive.

We ought to stop that, stop the blame game, and get into the Blue Dog budget or something similar and do something constructive for the country for a change. That is what I sent here for. That is what I hope we can do in the future for the people that we represent and for our kids and grandkids.

HONESTY IN BUDGET NUMBERS
(Mr. SANDLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SANDLIN. Mr. Speaker, it is time for responsible budgeting in this country. It is time to pay the country's debt. It is time to take Social Security completely off budget. Mr. Speaker, we have heard a lot of bragging from the other side of the aisle about stopping the raid on Social Security. The only problem is this: the facts just do not back up the bragging.

The Republicans would like us to believe that the Congressional Budget Office has said that their budget would
The colonists had been trying to tax the British soldiers marching toward Lexington and Concord in the darkness of April 18, 1775. Because they had heard correctly that the colonists were stockpiling guns and ammunition. The colonists had been trying to work out their problems with the King. Why were the British soldiers marching toward the darkness of April 18, 1775? Because they had heard correctly that the colonists were stockpiling guns and ammunition. The colonists had been trying to work out their problems with the King. When the British moved to take away their guns, they went to war.
Ms. MCCRATHY of Missouri and Mr. GEORGE MILLER of California changed their vote from “nay” to “yea.”

So the Journal was approved.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. BARRETT of Nebraska), Pursuant to clause 8 of rule XX, announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is ordered to be taken under clause 6 of rule XX.

Any record votes on postponed questions will be taken after debate has concluded on all motions to suspend the rules.

SENSE OF CONGRESS THAT SCHOOLS SHOULD USE PHONICS

Mr. MCINTOSH. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 214) expressing the sense of Congress that—

The Clerk read as follows:

H. Con. Res. 214

Whereas the ability to read the English language fluently and comprehensively is essential if individuals are to reach their full potential;

Whereas it is an indisputable fact that written English is based on the alphabetic principle, and is, in fact, a phonetic language;

Whereas the National Institute of Child Health and Human Development (NICHD) has conducted extensive scientific research on reading for more than 34 years, at a cost of more than $200,000,000;

Whereas the NICHD findings on reading instruction conclude that phonemic awareness, direct systematic phonics instruction in sound-sensing correspondences, including blending of sound spellings into words, reading comprehension, and regular exposure to interesting books are essential components of any reading program based on scientific research;

Whereas a consensus has developed around the following:

(1) phonemic awareness and direct systematic phonics instruction should be used in all schools, as amended;

The Clerk read as follows:

H. Con. Res. 214

Whereas the ability to read the English language fluently and comprehensively is essential if individuals are to reach their full potential;

Whereas it is an indisputable fact that written English is based on the alphabetic principle, and is, in fact, a phonetic language;

Whereas the National Institute of Child Health and Human Development (NICHD) has conducted extensive scientific research on reading for more than 34 years, at a cost of more than $200,000,000;

Whereas the NICHD findings on reading instruction conclude that phonemic awareness, direct systematic phonics instruction in sound-sensing correspondences, including blending of sound spellings into words, reading comprehension, and regular exposure to interesting books are essential components of any reading program based on scientific research;

Whereas a consensus has developed around the following:

(1) phonemic awareness and direct systematic phonics instruction should be used in all schools, as amended;

(2) pre-service professional development of reading teachers should include direct systematic phonics instruction; and

(3) all Federal programs with a strong reading component should use instructional practices that are based on scientific research in reading.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Indiana (Mr. MCINTOSH), and the gentleman from Missouri (Mr. CLAY) each will control 20 minutes.

The Chair recognizes the gentleman from Indiana (Mr. MCINTOSH), Mr. MCINTOSH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Concurrent Resolution 214 expresses the importance of...
using proven, scientifically based reading instruction in the classroom, in preschool teacher training and in Federal education programs.

Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. Goodling). I yield.

Mr. GOODLING. Mr. Speaker, I thank the gentleman for yielding me this opportunity. I hope that the resolution says basically is a concurrent resolution expressing the sense of Congress that direct systematic phonics instruction is one of the necessary components of an effective reading program.

I think all of you who are here probably have been taught using many methods, including, I imagine everyone, phonics. My wife is a first grade teacher of 43 years. If she were told that she could only teach phonics, she would teach them what they need to know. If she was told she could not teach phonics, she would tell them where to go. If she was told she could not teach whole language, she would tell them where to go and how to get there. But I think one of the important things is, it is one of the important components in the teaching of reading. I think everyone here would agree that phonics is probably the method that was used, and it is scientifically based.

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

I want to thank the gentleman from Pennsylvania for his support and his willingness to discharge this bill from committee and commend him for his help in getting it to the floor today. I also want to express my appreciation to him and his staff for focusing on quality, effective phonics instruction in teaching reading, teaching reading, she would tell them where to go and how to get there. But I think one of the important things is, it is one of the important components in the teaching of reading. I think everyone here would agree that phonics is probably the method that was used, and it is scientifically based.

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

I want to thank the gentleman from Pennsylvania for his support and his willingness to discharge this bill from committee and commend him for his help in getting it to the floor today. I also want to express my appreciation to him and his staff for focusing on quality, effective phonics instruction in teaching reading.

The research in reading makes it clear: American students are not reading as well as they should and some are not able to read at all. The 1998 National Assessment of Education Progress, the NAEP test, has found that 69 percent of fourth graders, are reading below the proficiency level. Let me repeat that. Sixty-nine percent of fourth graders in America are not reading up to standard. Minority children have been particularly hard hit by reading difficulties. According to the NAEP test, 90 percent of African-Americans, 86 percent of Hispanic Americans, and 63 percent of Asian students were reading below the proficiency level. That is unacceptable, Mr. Speaker. What we need to do is make sure that we focus on doing the best we can to teach those children how to read. What that means is that they cannot read history, they cannot read literature, they cannot read science in order to understand their other classes. No wonder they become frustrated, no wonder they disrupt the class, no wonder they drop out of school.

At least half of the students being placed in special education categories of special education have not learned to read. The cost of special education, Federal, State and local, is exceeding $60 billion a year. If only a quarter of those students are there because they cannot read, it represents $15 billion a year to support local schools. Just think how many schools could be built or computers purchased or books bought or teachers paid if these students were taught to read in the first grade.

The cost to those who never learn to read adequately is much higher than that. Job prospects for those who cannot read are few. Americans who cannot read are cut off from the rich opportunities of this Nation. The tragedy is that some students do not read and end up in juvenile hall, or on the streets, susceptible to gangs and drugs, or as school dropouts.

But the good news is that this is a problem we can fix. According to Dr. Benita Blachman, one of the leading researchers in reading instruction, "direct, systematic instruction about the alphabetic code, phonics, is not routinely provided in kindergarten and first grade, despite the fact that, given what we know at the moment, this might be the most powerful weapon in the fight against illiteracy."

As she said, this is perhaps the most powerful weapon in the fight against illiteracy. In fact, the evidence is so strong for systematic phonics instruction that if the subject being discussed was, say, treatment of mumps, there would be no discussion. We would take care of it, we would have a plan and the children would be saved. The solution is to teach children to read the first time around.

According to the National Institute of Child Health and Human Development, the ability to read depends on one's understanding of the relationship between letters and speech sounds that they represent. Systematic instruction on phonics teaches this skill, 26 letters used to symbolize about 44 speech sounds are the most common way they are spelled.

The research in reading makes it clear that all students can benefit from phonics instruction and that about one-third of all students need explicit training in phonics if they are to learn to read at all. That means one-third of our young people today, if they do not get instruction in phonics, will never be able to read. That is something that we cannot afford to leave unaddressed in this House.

For children who do not receive reading instruction or even reading exposure at home, phonics instruction is essential if they are to learn to read.

Mr. Speaker, according to the American Federation of Teachers, "Phonemic awareness instruction, when linked to systematic decoding and spelling, is the key to preventing reading failure in children who come to school without those prerequisites." That is, those children who have not learned to read at home.

The NEA states, "Mastering basic skills is important. Children need to know their phonics. They are right. It is not surprising that this approach is becoming widespread in the education community, from the National Education Association to the American Federation of Teachers, the National Parent Teacher Association, the Council for Chief School Officers and numerous other education groups which form the Learning First Alliance. They have concluded that well sequenced systematic phonics instruction is beneficial.

Phonics is now being promoted by the scientific and some in the education community as an essential component of effective reading instruction. I have had personal sharing of effort with Mr. McIntosh and with my colleagues in the House. I have heard so much from parents and teachers about the success experienced by their children who have received explicit systematic phonics training. I have met with my state representatives by Title I teachers, one in Indianapolis, on the effectiveness of phonics instruction in teaching children to read.

Mrs. Linda Jones, who teaches learning disabled children in 6th, 7th and 8th grade says, "Since I've been using the Direct Approach," phonics, "my children are very excited about learning. One of my major problem students has become the best student in the class. Now I have enough confidence in the board. We pull words out of reading comprehension exercises. Now we are pulling words such as 'hyposensitize' out of the dictionary," states teacher Stuart Wood.

I also have a letter from a teacher at Allisonville Elementary School in Indianapolis. She tells me how her student from Africa, a little boy that I actually had a chance to meet, who knew no English when he came to that class, his name was Filimon Adhanom, and Filimon did not know how to read, did not know how to write, did not know how to speak English, and he learned those skills in her classroom with phonics instruction.

In this letter, in this summer school, in the same district tells how her school kids were behind in reading, and they caught up after just 15 days, with just 25 minutes a day of phonics instruction.

In this letter a parent says, "I am writing because I know the pain of a child that attends school every day and cannot read. I am writing to you, Mr. Congressman, because 10 years later I see the joy of independence in that same child who can now read."

I could go on and on. I have a lot of these letters, and they tell all the same
story. And it just is not in my district or just in Indiana. This story is being repeated in every community across America.

That is why I introduced this resolution. It is my hope that it will encourage the use of this successful technique in classrooms across America. Believe it or not, despite the wealth of scientific evidence supporting systematic phonics, despite the anecdotal evidence that I talked about today, there are children today in America who are not receiving this type of instruction, teachers who do not have the benefit of this learning tool. There are schools in my own state which are having to use their scarce funds to instruct newly hired teachers how to teach phonics because they have not been taught in college or in their teacher training courses.

This resolution is aimed at getting the word out, getting the word out about the need for phonics instruction, the need for our children of all backgrounds to have this instruction so they can have the ability to learn and to read. Many students will not get a second chance.

Andrea Neal, a very gifted writer for the Indianapolis Star, put it this way: “It is reasonable and necessary to require elementary teachers be trained in the most effective phonetic programs. To do otherwise is to commit educational malpractice on our children. We need to start teaching kids to read. Phonics is the way to make sure that happens. As the gentleman from Pennsylvania (Mr. Goodling) said, it is one of the ways in which teachers need to be able to teach.”

So while Concurrent Resolution 214 contains no mandate, I hope it will convey an important message to schools and teachers and children and their parents all across this Nation.

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

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

Mr. Speaker, once again I am befuddled, bewildered, but mostly amazed by the explanation given by the chairman of the Committee on Education and the Workforce of this resolution does. He says it is only one of many methodologies that can be used to teach reading. But I am reading the resolution itself, and it says “direct systematic phonics instruction is used in all schools as a first and essential step in teaching a student to read.”

Mr. Speaker, this resolution states that phonics-based instruction should be used by all schools in their efforts to teach children to read and should be included in pre-service teaching requirements.

What other insulting gimmicks will the Republican leadership think of next? This resolution ignores the volumes of children reading instruction that shows the need for a balance between phonic and whole language instructional techniques. This resolution also takes the unprecedented and demeaning step of placing Congress in the classroom by dictating a particular curriculum choice, regardless of the view of our teachers, principals and superintendents at the local level. Is this what Republicans mean when they say Washington knows what is best for local communities?

Mr. Speaker, when our committee considered the President’s America Reads legislation during the last Congress, we learned from witness after witness that phonics-based curriculum or solely whole language based curriculum is not effective in teaching children to read.

Last year, reading instruction experts testified before our committee that a balanced approach, using phonics and whole language, is the most effective and proven way to teach children to read.

What is most objectionable about this resolution is its forcible intrusion into the classroom through a Federal endorsement of what should be locally determined curriculum.

Why does the Congress need to make an affiliation that phonics and phonics solely should be utilized in schools? I say that anyone who votes for this resolution dictating how teachers and local school boards should teach reading should never again speak of local control of our schools.

Mr. Speaker, I urge Members to oppose this resolution.

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

Mr. MCINTOSH. Mr. Speaker I yield 2 minutes to the gentleman from Colorado (Mr. Schaffer).

Mr. SCHAFER. Mr. Speaker, I would remind the previous speaker and others who are considering this matter that the resolution before us is a sense resolution and in no way represents any sort of mandate or dictate or requirement at the Federal level, merely a statement of opinion based on some simple observations from the scientific community and the academic community that phonics works and should be preferred.

Let me give you a perfect example of an expert who speaks forcefully on the matter. This is a letter that I received from the Colorado Commissioner of Education.

“I am writing in response to your recent inquiry,” which was about this bill, “I strongly support the need to reestablish the balance in American reading instruction. Sadly, over time, that balance has tilted against phonics, which throughout our history has been a foundation of solid reading skills.

“The proper interaction between the 44 sounds, or phonemes, and the 26 letters of our English language is something that must be well understood by all who would aspire to teach our young children. Tragically, by their own testimony, our reading teachers in overwhelming proportion have not received the in-service anywhere near the measures needed.

“Today, at the national and state levels, there is broad consensus that teacher training must be dramatically redesigned. Nowhere is that redesign more needed than in the area of reading, the essential foundation for all learning. Furthermore, ensuring that every teacher possesses a strong grounding in phonics must be at heart of this redesign resolution.

“Being most grateful for your outstanding work on behalf of Colorado children, I remain sincerely yours, William J. Maloney, Colorado Commissioner of Education.”

I would submit there is one more expert that should be considered, and this expert is like many throughout the country, this is a grandmother who sent me an e-mail on this very bill.

Here is what she says.

“I would like to go on record that I have six grandchildren in Larimer and Weld Counties in Colorado, and I must tell you that the two that are in Weld County (Eaton School District), are excellent readers, which teaches phonics. This is not the case in other schools (P. Collins schools) are terrible readers, not taught phonics. Thank you.”

That letter is from B. Bessett of Fort Collins.

Mr. ROEMER. Mr. Speaker, I thank the ranking member from the State of Missouri for yielding me time.

Mr. Speaker, I rise to articulate some deep reservations and concerns about this resolution. Certainly, as a parent of three children, I want my children to be able to read; as a member of the Committee on Education and the Workforce I want the scientific community to be able to make recommendations to our local school boards and to our teachers on what method works best; and as a Member of Congress, we certainly want to share with the American people some of our ideas on this.

But as a Member of Congress, I am very hesitant to say that I am the expert on reading here in Washington, D.C., and our local school boards should prioritize and use this as the first method of teaching our children in Indiana, in Nebraska, in Georgia, in New Jersey and throughout the country, as to what we should be telling our first grade and second grade teachers we think this is the priority, that we think this is the first way you should do this; we think this is our preferred method, so you should do it in all 50 states. I do not think that is our role, quite frankly.

Now, if the resolution read, as it does in the third resolved clause, “all Federal programs with a strong reading component should use structural practices that are based on scientific research in reading,” I think we could all agree to that. But the first resolved clause, probably the most important clause says “Direct systematic phonics instruction should be used in all schools as a first and essential step in teaching a student to
 California went through this for the last 50 years in K through 12 education. In the thirties in Pasadena and other "progressive" schools they banned phonics. It was in all the major cities in Los Angeles County in the fifties they had banned phonics.

A friend of mine who was a fifth grade teacher kept two erasers in her hand. One was when the principal came through the door, to wipe out the phonics she had put on the blackboard. That went on for a year or so. At the end of that year, achievement tests were given. The principal said to her, "Mrs. Patterson," her name was Isabel Patterson. "Mrs. Patterson, you just have a very unusual, unique class. In this whole city of 350,000 people, your class has been 25 to 50 percent ahead of every single other class in this school system."

Mrs. Patterson just smiled and said, "Thank you, Principal." He praised her teaching and all that. He did not know she was teaching phonics. She was the only one in the whole city who was teaching phonics. That is why her students were way ahead of every student in that city.

That school district now has adopted phonics, and so have most districts in California. They are through with what went on in the thirties. I think when we realize that this individual was not only an outstanding teacher, she was also becoming an entrepreneur. With her limited funds she started buying houses. She gave $2 million to the Isabel Patterson Child Development Center at California State University, Long Beach.

Mr. HORNS. Mr. Speaker, I thank my colleague for yielding me the time.

Mr. UNDERWOOD. Mr. Speaker, I yield to the gentleman from Georgia (Mr. ANDREWS).

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

Mr. ANDREWS. Mr. Speaker, I thank my friend, the gentleman from Missouri, for yielding time to me.

Mr. Speaker, in a couple of days I have one of the most important meetings on my schedule for the next couple of months. It is with a person named Ms. J. ordano. Ms. J. ordano is my daughter's first grade teacher. My wife and I are going to the parent-teacher conference. When we go to the patient-teacher conference, we are going to listen to what she has to say, because we want to tell her how able after 20 years in the classroom to know about how to teach a first grader how to read.

Today I find myself in a different role. We are giving unsolicited advice to the reading teachers of America as to how they ought to teach reading. We are certainly entitled to our own opinion, but I think to offer that opinion as an institution is an abrogation and overstepping of our authority as the Congress of the United States.

I would consider voting for this resolution on one condition. If we are going to take responsibility for determining reading curriculum for the teachers of America, let us give the teachers of America responsibility for determining other questions about education. Let them decide whether we should fund the IDEA. Let us let them decide whether to put 100,000 qualified teachers in classrooms across America. Let us let them decide whether to fix the crumbling school buildings that exist in communities across America, and build new schools. Let us let the teachers of America decide whether we should make a true national commitment to pre-kindergarten education, which we do not presently have. Let us let them decide whether we should increase Title I funding, as much of us who advocated on this floor just a few weeks ago.

I suspect if we yielded that authority to them, that they would vote in favor of all those things for education. I suspect the majority will not do that. That could get us back in our proper role, defeat this superfluous amendment, and pass real education legislation to improve America's schools.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. UNDERWOOD).

(Mr. UNDERWOOD asked and was given permission to revise and extend his remarks.)
Mr. McINTOSH. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, in closing, I would urge my colleagues to support this resolution, and would like to share with them some of the materials I have put into the Record.

The first is a statement from Indiana State Senator Teresa Lubbers, who is an expert on education, having been a teacher herself and worked mightily in that area in our State Senate. She has worked with the performance of Hoosier students, and she is absolutely convinced that our success depends on our ability to produce competent teachers.

She goes on to say, one ingredient of that is, “I am also convinced that phonics awareness is the preferred and proven way to teach reading. We do our children a disservice when we allow them to move ahead without a mastery of reading, which ensures frustration and failure throughout their school years.”

Mr. Speaker, I would mention again the statistic I said in my opening statement: 67 percent of our fourth graders in America are below standard reading. That is unacceptable. This is a way, in my opinion, to really facilitate phonics, and then we can move to the next component.

A second statement that I would like to enter into the Record would be from Linda Wight Harmon, who is a parent. She talks about her eldest daughter, Catherine, who uses the skills of reading in the second grade, where she learned phonics from a private tutor in a computerized language program.

Another is a list of several success stories from teachers in our public schools in Indiana.

The letter that I mentioned earlier was from an elementary schoolteacher in grade one, Ms. Kristi Trapp, who talks about her student from Africa, the young man who was not able to read at all but was able to learn in her school; then also another teacher from that same school, Ms. Karin J. Wood. Finally, we have several other things from parents. One of them is from Diane and Bill Walters, who talk about the never-ending story of trying to get Justin, their son, to be able to read, and several statements that were prepared for the interim study committee on reading.

Mr. Speaker, it is one of the necessary components of an effective reading program. It should be included and not excluded.

We encourage schools to use all the best methods to teach our children, and that is what this amendment has done.

Mr. CLAY. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I would respond to the gentleman from Georgia, who said that the amendment to this bill corrected what the problem was. It does not.

An amendment that amends the title, and that is what this amendment or footnoted at the end of this resolution says, is “concurrent resolution expressing the sense of Congress that direct, systematic phonics instruction is one of the necessary components of an effective reading program.”

That is just in the title, it is not in the body of this resolution. It has no effect whatsoever on what is in this resolution.

Mr. Speaker, I yield back the balance of my time.
notable successes of direct and systematic phonics programs disprove the above charge.

Q: My Child Reads Slowly, But Accurately, At The Same Time In The Bath Orally And Silently. Is There A Matter Of Concern?
A: Accuracy in reading almost always is a more important goal than rate of reading, especially for older readers. High rates of speed in reading, in fact, are illusory. They are simply scanning or skimming, rather than true reading. Even the elderly student actually reads about the same speed, orally and silently.

Q: Is It True That Many Children Cannot Learn Phonics Information?
A: To the contrary, rarely is this so. Only the small number of children with genuine central nervous system dysfunctioning experience significant difficulty learning properly taught phonics information.

Q: My Child’s Teacher Says That “Sight” Words, Recognized As “Wholes,” Must Be Learned Before Phonics Instruction Is Begun. Is She Correct?
A: No. The Assumption that children recognize words by “sight,” that is, without using their letters as cues to their recognition, is not substantiated by the experiments. Despite individual letters, the cues all readers use to recognize words. For example, we know cat and rat are different words because we see that their first letters are not shared. A word advices never answer the question: “If children recognize words as wholes, how are the wholes recognized?”

Q: Is There A Reasonable Time Schedule For Children To Develop The Ability To Recognize Words Independently, Without Someone Else’s Help?
A: With proper phonics teaching it is justifiable to expect the normal child to reach this state by the end of grade two. More apt pupils can become self-sufficient in reading at even an earlier age. Reading independently means the ability of children to read without help any topic they normally can talk about or otherwise understand.

Q: I Have Heard About The “Look/Say” Method Of Teaching Reading—Is This A Valid Approach?
A: No. “Look-Say” methodology assumes that if children are given enough repeated exposures to words as “wholes,” they will learn to identify them as “sight” words. Phonics is emphasized and delayed. “Look-Say” suffers the same basic weakness as any other “sight” word method.

Q: What Are Some Ways To Test My Child’s Reading Abilities?
A: First, listen to him or her read aloud. If he or she guesses at words, some additional direct and systematic phonics instruction is called for. Then, jot down critically important parts of the story your child reads.

Q: Does Teaching Children To Syllabicate Long Words Help Them To Recognize These Words?
A: Yes, with proper teaching. Children readily can identify the number of syllables in a spoken word. Thus, they correctly will say there are two syllables in interesting. Teaching dictionary syllabication of words to help children read them is not the most productive practice, however. A better procedure is to teach children to identify the vowel letters in long words, and then to attack the consonant letters that follow. The syllabication of interesting thus becomes inter-esting. Manipulate becomes man-ipu-rate.

Q: Books Called “Basal Readers” Are Widely Used In Schools. Are They The Best Means By Which To Teach Information?
A: These books, given grade-level designations, are accompanied by instructional manuals. Unfortunately, they generally do not teach phonics information adequately. With rare exceptions, they do not teach enough phonics information to enable children to read quickly and accurately the words they present in their stories. It has been found that almost any basal reader system is improved by the addition of intensive phonics teaching.

Q: Many Schools Now Tell Children To Use “Invented Spelling.” Are There Any Dangers In This Practice?
A: Yes. To avoid frustrating these young pupils, they should be provided words to read that their phonics training has prepared them to recognize. Also, long and convoluted sentences are not best for the developing reading abilities of young children.

Q: It Is Said That Literacy Instruction Should Be “Integrated.” What Does This Mean?
A: Literacy consists of writing as well as reading ability. It requires a child’s ability to recognize a word if he or she learns to spell and handwriting it immediately after learning to identity it. Urging children to write this word at this time in original sentences the has the same desirable effect.

Q: My School District Has Adopted The “Whole Language” Approach To Reading Development. What Are Its Views On Phonics Teaching?
A: Whole Language advocates insist that reading instruction must not be broken down and taught as a sequence of subskills, ranging from the least to the most difficult for children to learn. They assert that all reading skills must be learned co-intaneously. Therefore, whatever phonics information individual children may need to know they easily will infer on their own just by reading “real books.” Since children supposedly best learn to read simply “by reading,” no direct and systematic teaching of phonics is necessary. It is important to note that there is no experimental research evidence to support this view of phonics instruction.

Q: The Whole Language (WL) approach urges children to omit, substitute, and add words while reading. It also encourages children to “construct” idiosyncratic versions of the meanings that authors intended to communicate. It is a “conscious” practice to expect children to give “right” answers regarding word identities and the meanings of written text, a leader of the Whole Language movement admonishes. According to proponents of whole language instruction, the proponents of Whole Language offer no empirical verification for their opinions about how reading comprehension should be developed. The most unfortunate consequence of Whole Language teaching is that children are not made ready by it to read critically. Since children in whole language classes are not always expected to gain the exact meanings that authors intended to impart, they are not prepared to examine them critically.

Q: What Is The Whole Language Theory Regarding Reading Comprehension?
A: The Whole Language (WL) approach urges children to omit, substitute, and add words while reading. It also encourages children to “construct” idiosyncratic versions of the meanings that authors intended to communicate. It is a “conscious” practice to expect children to give “right” answers regarding word identities and the meanings of written text, a leader of the Whole Language movement admonishes. According to proponents of whole language instruction, the proponents of Whole Language offer no empirical verification for their opinions about how reading comprehension should be developed. The most unfortunate consequence of Whole Language teaching is that children are not made ready by it to read critically. Since children in whole language classes are not always expected to gain the exact meanings that authors intended to impart, they are not prepared to examine them critically.

Q: Shouldn’t Children Who Speak Non-Standard English (e.g., “I Ain’t Got No Pencil. They Be Having My Pencil!”) Learn Standard English Before Being Taught To Read?
A: While mastery of standard English is required in many jobs, it is not expedient to wait until children who speak nonstandard English learn the standard dialect before teaching them to read. Moreover, there have been successful reading programs with nonstandard speakers, who usually are children from low-income families. Taking time out of reading programs to deliberately try to change children’s dialects neither is an economical use of this time, nor particularly effective in developing the ability to read standard English, fortunately, does have the desirable side effect of teaching children how to speak standard English.

Q: Some Schools Say They Are Teaching “Metacognition” In Their Reading Programs. Is This A Necessary Or Valuable Practice?
A: Metacognition refers in part to children’s conscious awareness of how well they are progressing, during the actual time they are reading. For example, children would ask themselves, “Does what I am reading make sense to me? If not, why not?” Schools that emphasize this overt self-examination by children of their reading and performances find that pupils learn the reading material better than otherwise is possible.

Q: What Is An Effective Way For Parents And Other Interested Parties To Find Out If Their Schools Are Teaching Reading Properly?
A: The first question to ask of schools is, “Have you adopted the Whole Language approach to reading development? Do, describe how it is conducted.” If the answer is yes, it usually will be the case that pupils are not being given proper instruction in word recognition nor reading comprehension. Then, ask to see the syllabus for teaching phonics information that teachers are required to follow. Determine if phonics information is being taught directly, systematically, and intensively. Calculate how adequately children are prepared, through phonics lessons, to recognize the words in the sentences they are given to read.

Q: I Have Discovered That My School Teaches Reading Improperly. Now What Do I Do?
A: The policies for reading instruction ordinarily are set by the central office staff of the school district. It is delegated to do so by

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the school board. Ask these officials to defend in writing the defective reading program they have sanctioned for use by teachers. Particularly, request citations of the experimental research on which this unsound reading program is based. If you have found that the unsatisfactory reading program is the Whole Language approach, you will receive a list of experimental research studies, since the empirical research does not support Whole Language. In this event, demand that your school board make a public policy statement as to whether the district’s reading programs must be based on experimental research evidence. Few, if any, school boards will say otherwise. Then, remind the school board that a precedent has been set to continue to authorize the use of the Whole Language scheme. Your appearances at board meetings, and letters to the media will give you added opportunities to convey this message.

To Whom It May Concern:
Filimon Adhanom is a student in my room who came from a remote area in Africa. The language he speaks we cannot find an interpreter for. He came to me this year with no English background and no school experience at all.
Each day in my classroom, we would work on the sounds on the “Smart Chart” as a whole group. Each day Filimon would sit and listen. During our “Smart Chart” time each day I would have the children come up and say and say the sounds of a certain row. Then one day I happened to call on Filimon just to see if he was catching on and to my amazement he knew the whole column of sounds. He earned a star for his effort and before long he knew all the sounds on the “Smart Chart”.
So after this Filimon started sounding out words he really didn’t know the meaning, but because of the sounds he had learned from the chart he now can read, sound out most words, spell, write, and even spell big daddy words that have three syllables. The “Direct Approach” to phonics gave Filimon the key to unlocking the world of English and how it works.
I feel that the Direct Approach to Phonics is a necessary tool to helping not only ESL students, but to all students as Filimon showed me, all children have the ability to learn. I believe this is one of the most encouraging programs for young children and adults that have not been introduced. I have been involved with the “Smart Chart” for 3 years and believe it is essential to teach the sounds of letters, sounds, and reading.

Sincerely,
MS. KARIN J. JACOB

The following statements were given by Hoosier parents before the Interim Study Committee of the Indiana State Senate.

TESTIMONY FROM DIANE BADGELEY

I’m writing because I know the pain of a child that attended school everyday and can not read. I was, at one time, a teacher and I see the joy of independence in the same child who can now read and has been given a chance to be a child. I have learned, children don’t fail, adults say children.
Kyle started preschool at age 3. I helped in the school, we were fortunate enough to not have me away at work. This allowed for a lot of time for one on one interactions and reading. I was always told that if I read to my children every day they would become readers. For Kyle’s older sister reading jokes out of a joke book, or read a scary story at midnight. Once, Kyle tried going to a sleep over. He hadn’t been there long enough to pick him up. He was behaving badly. You see, Kyle would much rather be seen as a bully than a dummy.
Kyle was promoted each year. Each year, he struggled with reading and with his peers, they teased him, they couldn’t believe he could read. He was on year after year for special education accommodations—and adaptations—books on tape, an aide to write his essay tests, reduced spelling list, untimed test—and working through recess—nothing. Bill would have failed school at age 8, was reading far below his ability. It was no surprise that Bill now at age 8, is reading far below his ability.
It is difficult to express what the Linda Mood Bell program has done for our son. About eight weeks after starting the program called Fast Forward which Bill completed the summer before second grade. The second grade teacher was confident that with intensive phonics he would make progress. It didn’t take long to see that Bill was still failing and frustrated, and needed help. Through a friend, we hired Linda Mood Bell clinicians. It was no surprise that Bill now at age 8, is reading far below his ability.
We want our own son to observe, they could not believe his progress. Bill started to be his funny self. I knew that we were making progress, when he went from saying that tutoring made him mad, to say the “CH” word, to after 8 weeks saying that he wanted to say the “SH” word. Unfortunately, the rebuilding of his self-esteem was probably take years.
Last week Bill earned his first “spelling star.” We are using the tools that the LMB program has taught us. Unfortunately, he is still not reading on grade level with a lot of support from tutors. Why this is so I’m not sure. The LMB tutors were my son’s lifeline. Without them, Bill would have failed school at second grade. Bill made gains in every area. We are principal of the school. We observe, they could not believe his progress.

TESTIMONY OF SUSAN L. WARNER

Good Afternoon. I’m Susan Warner, and I want to thank you for taking the time to listen to my important story of reading. I title this humble effort “Bill’s Story.”
My six year journey to learn about the teaching and reading began the day I realized the kindergartener had passed all of his “sounds” of the alphabet test. I taught him “hooked on phonics” in hopes that it would help him learn to read, but nothing worked. I was beginning to learn about the difference between “phonics” and “phonemic awareness.”
By this time Bill’s happy disposition was gone and it was a huge undertaking just to get him to the bus stop because he hated school.
First grade testing revealed that Bill tested ‘borderline’ by state guidelines. He did not qualify for an IEP, but because the results of testing did not show a two year grade deficit in learning yet. Private testing confirmed this. Though Bill passed his IEP, he had difficulty processing auditory information. We still wonder why the state guidelines are structured to allow children to fail. Even so, we made our own program called Fast Forward which Bill completed the summer before second grade. The second grade teacher was confident that with intensive phonics he would make progress. It didn’t take long to see that Bill was still failing and frustrated, and needed help. Through a friend, we hired Linda Mood Bell clinicians. It was no surprise that Bill now at age 8, is reading far below his ability.

TESTIMONY OF KATHLEEN W. WARNER

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Bill started to be his funny self. I knew that we were making progress, when he went from saying that tutoring made him mad, to say the “CH” word, to after 8 weeks saying that he wanted to say the “SH” word. Unfortunately, the rebuilding of his self-esteem was probably take years.

I am so proud of Bill. He has persevered through things that no child should have to face. He has learned to love his peers, to some thinking that he was just lazy, and everyone telling him that he could
learn to read, when he could not. He will be tested yet again this month to see if he qualifies for an IEP.

The good news is that in P.M., we TOPA tested our kindergartners—him and his friends—with the spring. We have identified children who have a lack of phonemic awareness. They will get EARBICS, and some will get Fast Forward. We are infusing Strategy Weeks with a Strands of Intellec into our gym curriculum. Our teachers are being trained in programs such as Linda Mood Bell, Language, and Wilson. This is why early intervention will make a difference.

As an elected school board member, I will continue to support programs for early inter- vention. Many of our accountability legislation demands results. I hope the state will help pay for results. I intend to be accountable, but schools need your support.

Recently, I leaned through the contents, and indexes of text books pertaining to the teaching of reading at a local college. I found little to support the current research about teaching reading. I returned Monday to check, and found two books that did explain phonemic awareness. Unfortunately these were masters degree texts. It should be no surprise that most of our children don’t learn to read. It is a crime.

I will continue to channel my energy into improving the way we teach children. It is how I was consumed as what has happened to my son, by a state system, that should protect children. I urge this committee to please take steps to show us that you support improvement too. Thank you.

**TESTIMONY OF DIANA, BILL AND JUSTIN WALTERS**

There is a popular children’s book, titled, “The Never Ending Story”. Well, this is our sons never ending story.

Today Justin is sixteen, his story began over nine years ago. Justin comes from a two parent home he has an older sister, a dog of his own and a pony. Justin’s parents are both college graduates. He has had a well rounded family life and social life. We believe we did “all the right things”, we began reading to Justin and his sister daily at a very early age. Nursery school with French class, music class, art class, and two age three. We added the extra year to begin our son in school. Justin began his first year at age six. His class had 60 students all in one huge room. Two teachers one aide. We parents volunteered weekly to help. Even at this young age his teacher chose to put Justin in the lower reading group. Why? He had not even begun to read yet. Justin was twice a week volunteer I saw the other students picking up books and just read. Was our son not doing the same? I was told not to worry, some catch on sooner than others just go home and work on the alphabet and read to him. Allow him to enjoy reading.

Justin began first grade at Madison in the Penn Township School district. We noticed at once that Justin is not able or did not respond to reading his first grade books out loud to us. He preferred that we read them to him. He enjoyed the stories but he had no knowledge of how to sound the words out. We were told after questioning the teacher not to worry that he understood the concept, just to keep reading to him, and point to the words, he would “catch on.” We did this every night after school, we believed that the educated teacher knew how to teach reading.

By the third grade we grew even more frantic. Justin was doing well in most classes, keeping up, even doing better than average in Math. I often talked to his teacher about him and his friends and the teachers thought that he was a wonderful kid. He was very intelligent for his age. He was a great kid. One thing still stood out, he could not read the books he brought home. His father and I took turns reading his school books for him, Justin continued to be the quietest student in the room. We believed that the I.E.P. was just a bad fitting Band-Aid. It helped him to cope but did not deal with his real issues. We did not have the resources in Justin’s educational life to save him.

Justin had a great year. The school tai- lored better to Justin’s way of learning. He was a wonderful child to again “keep up” his self-esteem rose. He saw that he could learn. But Justin still was not reading anywhere close to grade level. We were still trying to keep Justin in the regular classroom. My school lasted only for one short year, but while still open, in the spring the school offered space to a language program called “Linda Mood Bell”.

We decided to have Justin tested, the results told us Justin was in the eighth grade trying to cope at a First Grade reading level. No wonder Justin could not take notes, read his school books, or even write verbal instructions down. This program was a intense phonics program. We re-searching this method we learned that there had been great success with teaching a non reader with this program. We planned to begin as soon as possible. Unfortunately, the school after one year lost its support and funding. It closed and with it we lost the reading program, before he was able to attend.

Justin returned to the public school system, again with a I.E.P. In his ninth grade year, he still read between first and a fourth grade level, trying to cope at a first grade level. In November of that year, we and Justin, decided that he could not cope any longer. Justin had to read that was above his line. Justin had to read that was the bottom line.

Justin attended a four hour daily intensive reading program. Every morning he would go to the one on one program, working on a 30 week program. At the noon we would drive him back to High School for his required classes. Justin did this for four months; at the end of this time Justin was tested again. He tested at an eighth grade reading level with a fifth grade spelling level. In some tests he even tested higher. He was able to read! He was able to see a non-I.P. Band-Aid. It helped him to cope but did not deal with his real issues. We did not have the resources in Justin’s educational life to save him.

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House made comments intended, we believe, to compliment Justin. Her words were, "never would have known Justin was a LD student, he does not look like one." When she realized our surprise at her words she stuttered, "But he works so well with the other students", I did not know whether to laugh or cry. We have done a lot of the latter so this time we will do the first.

Since the first few days of school we have painfully watched Justin read and take and retake his drivers test. Three times, with only one pass the minimum missed, on the third try he was so nervous he could not drive to the testing site. He knew if he missed it again he would have to wait a month to retake the test, and not be able to drive without a adult. Justin chose to have the test read to him this time, in the license branch in front of everyone, he passed 100 percent.

We will continue to fight for and give Justin love and support. It will be a "Never Ending Story".

Justin now reads notes left by us, and he leaves us notes written by him with correctly spelled words. I save every, "Mom took lunch money. Please call for hair cut." What sweet words for a parent to see and read.

**Testimony of Kristi Trapp**

I used a phonetic approach (Smart Chart) with all of the first grade students that attended summer school. A test was created to allow students to demonstrate knowledge of phonemic awareness. Students verbally displayed knowledge of long and short vowels, vowel teams, blends, and digraphs. It also provided a means of evaluating their use of phonetic rules. Decoding and word attack skills were evaluated too.

Almost every student had mastered the entire chart by the end of summer school. These results reflect using a phonetic approach for 15 days, twenty-five minutes each day. The phonetic approach is called "Direct Approach".

Pretest Average—50 percent.
Posttest Average—89 percent.

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<table>
<thead>
<tr>
<th>FIRST GRADE TEST RESULTS</th>
<th>Pretest (percent)</th>
<th>Posttest (percent)</th>
</tr>
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<tbody>
<tr>
<td>Pretest: 56 52 38 30 29 28 27 26 25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1</td>
<td>45 41 37 33 30 27 24 21 18 15 12 9 6 3</td>
<td>69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69 69</td>
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I have seen a dramatic improvement in my kids using the phonetic approach compared to last year without it. I gave the first theme test for our reading series and was shocked to find almost all of my "A" range. The students have more confidence in their independent reading and writing skills. I spoke at a PTO meeting recently about my reaction to the meeting, and their parents reaction to using the Phonetic Approach.

The parents at the meeting seemed to all be in favor of this approach after hearing the difference it is making. Several parents during conferences shared that "their kids knew so much more than their older kids did at this age because of the strong phonemic foundation we are providing". That made me feel so proud of what we are doing. One parent told me that her fifth grade daughter was struggling with spelling and that she might have her first grader help mark the spelling words for her sister. A first grader helping a fifth grader that is unbelievable isn't it? Hopefully we will receive funding so that grades will still be able to use the Smart Chart. My students are so enthusiastic about using the Smart Chart that they often break into chanting the sounds on the chart.

**Using Phonics Throughout the Curriculum**

I use phonics all day long. It is not an isolated activity. We use phonics in reading, spelling, math, social studies, science, and health. When we begin a new subject and big words are involved we need to know what they mean and be able to read them. We used word attack skills on the more difficult words before we actually read in subject area. That way the kids will know the difficult words in advance and be able to comprehend the story much better.

**DIRECT APPROACH—Success Stories**

I incorporate vocabulary words from content area subjects. We talk about analyzing words by dividing them into syllables, marking the letter sounds and using our chin and hand to count syllables. It's very exciting!

- Mary Lyon, Longfellow Middle School, 6th Grade Title I Reading
- I teach 6th grade boys. The very worst reader in my room loves to use the yard stick to lead the smart chart drill. (He sometimes balances on his chin to point!) The boys try to "beat" the "lady on the tape!" Marking their spelling words really helps them focus on sound.
- Ruth Esther Vawter, IPS #107, 6th Grade Title I Reading
- Before reading a comprehension page, we scan and pull out unknown words which may be "stumbling blocks". We mark them on the board and use them in sentences. Then we are better prepared to read for meaning.
- Dorothy Mason, Title I Reading, IPS #44
- When my son was in first grade, he used to say, "I hate school, how old do you have to be to quit?" He was so frustrated because he couldn't read. The school did not "believe" in phonics. When my son learned The Direct Approach, he got the "tools" he needed to read. I gave him a logical approach made sense to him. He started reading on his own instead of me reading to him. With only one year of the smart chart, in second grade, he scored 4th grade in the Stanford Achievement test! Pretty amazing!
- A happy mom!
As an Indiana State Senator who has worked for many years to improve the performance of Hoosier students, I am abso-
utely committed to the educational success of our children. We cannot afford to let any child slip through the cracks. Our obligation is to take certain that every child is given the best opportu-
nity to become a reader. I am also con-
vinced that phonemic awareness is the pre-
fundamental building block for reading. We do our children a disservice when we allow them to move ahead without a mastery of reading, which ensures frustration and fail-
ure throughout their school years. Anything we can do to prevent this from happening is worth our effort. After all, they don't get a second chance to get this right.

Testimony Before Study Committee—

Indiana

Thank you for this opportunity to speak. My name is Peggy Schafir, and I'm a parent from Richmond, Indiana. I'm here to tell you about the enormous struggle and ultimate success my child experienced in learning to read. Our experience has been very painful, and my purpose for speaking is to prevent other children and families from having to live through that same kind of pain.

I have two children. Ben, who is 16, learned to read as if by magic. Matt is 14, and has struggled with reading most of his life.

Before they started kindergarten, we prepared our boys the best we knew how. We read to them daily. We made sure they saw pictures for meaning. We tried to give them rich experiences—both by ex-
ploring new places and things in person, and by discovering them in books. We tried to create a home rich in language and litera-
ture.

For Ben, it was enough. For Matt, it wasn't. At the end of one year of kindergarten, Matt was still struggling with matching sounds to letters. His teacher recommended that we have him tested for a reading disability. Matt was classified as Special Ed. There are thousands of children, like Matt, who struggle with reading dis-
orders—"I've told you five of them in the past few pages, more than they knew after earn-
ing master's degrees in reading from major state universities.

As a parent and as a voter, I do believe that the United States should have the high-

est literacy rates in the world. It is to our shame that we do not. It is also due to our short-sightedness that we don't do every-
thing possible to teach all children to read in kindergarten. If teachers can't read, how can they read their own textbooks, learn in class-
rooms for the next eleven years and graduate from high school. Instead, we brush the non-
readers and nearly-readers aside and muddle through, cheating them and their regular-
learning classmates out of a first-class edu-
cation and spending increasing amounts each year helping students who read their own tex-
tbooks.

Educators do not heed the educational re-
search from the National Institutes of Health, a family physician who failed to act on half the early warning signs of cancer as established by that same research body. If the education community can't bring itself to read the research, the legisla-
tors simply must protect the children of this country from needless reading failure and put educators in the position where they can and do teach all our children to read . . . on time.

LINDA WIGHT HARMON.
My husband and I were fortunate to be able to do that for Matt. I am here today because I hope that every child in Indiana can get that same attention.

Matt's first need was phonemic awareness. In that, Matt was not alone. Poor phonemic awareness is the single most common factor among people who do not read. Please, as a community and as a nation, let us all remember children like Matt. Think of the Matt that might have been, what the future holds for him now, and share with me the dream that all children will enter the world of literacy.

Thank you. I'll be glad to answer any questions I can.

Mr. Speaker, let me just close and say this doesn't need to be controversial. It simply says one method that we think is important for our teachers to teach is the use of phonics. They will have complete discretion in their classroom about how they teach, but let us recognize the fact that when 67 percent of our fourth graders are below standard on reading something is desperately wrong. We have to use what the scientific studies say work, that is phonics, and this Congress should go on record today as being in favor of teaching teachers using this as one method in their classroom.

Finally, I would address the Congress in saying this is not a mandate. This is, at its core, a sense of Congress resolution, that this issue is so important that the body wants to urge our teachers to use phonics, urging our teaching training schools to teach phonics as one method among many that they will use to teach our children to read.

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

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. BOEHNER) and the gentleman from Missouri (Mr. CLAY) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. BOEHNER).

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

Mr. Speaker, H.R. 1693 is a simple and noncontroversial bill, introduced by our friend from Maryland (Mr. EHRLICH), that would amend the Fair Labor Standards Act to clarify the existing overtime exemption for firefighters.

The Committee on Education and the Workforce reported the bill yesterday without amendment and by voice vote. The bill has major bipartisan support in the House and it is supported by both labor and management, who would be affected by the change under the bill.

In addition, the National Association of Counties, the National Association of Towns and Townships, the U.S. Conference of Mayors, and the National League of Cities are supporters of this bill.

Generally, under the Fair Labor Standards Act, workers are entitled to time and one-half compensation for hours worked in excess of 40 within a week. The act contains unlimited exemption for overtime, under Section 7(k), for employees of public agencies who are engaged in fire protection activities.

A firefighter exemption allows employees engaged in fire protection activities additional scheduling flexibility in recognition of the extended CLARIFYING OVERTIME EXEMPTION FOR FIREFIGHTERS

Mr. BOEHNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1693) to amend the Fair Labor Standards Act of 1938 to clarify the overtime exemption for employees engaged in fire protection activities.

The Clerk read as follows:

CONGRESSIONAL RECORD—HOUSE
November 4, 1999

H11499
periods that firefighters are often on duty. Employees who are covered by Section 7(k) may work up to 212 hours within a period of 28 consecutive days before triggering the overtime pay requirement.

The Department of Labor’s regulations specify that rescue and ambulance service workers, sometimes referred to as emergency medical services personnel, may be eligible for the firefighter exemption if they perform duties that are an integral part of the agency’s firefighting activities but an employee may not perform activities unrelated to fire protection for more than 20 percent of the employee’s total hours worked.

Many State and local governments employ EMS personnel who receive training and work schedules and maintenance levels of preparedness which is very similar to that of firefighters. In the past, these types of employees fit within the 7(k) overtime exemption.

In recent years, however, some courts have narrowly interpreted the 7(k) exemption and held that emergency medical services personnel do not come within the exemption because the bulk of their time is spent engaged in nonfire protection activities. These lawsuits have resulted in State and local governments being liable for millions of dollars in back pay, attorneys' fees and court costs.

So there is a need to modernize this area of the Fair Labor Standards Act and to clearly specify who can be considered a fire protection employee for purposes of the exemption.

H.R. 1693 clarifies the law by specifying the duties of employees who would be eligible for the limited overtime exemption. The bill would ensure that firefighters who are cross-trained as emergency medical technicians, HAZMAT responders and search and rescue specialists would be covered by the exemption. Although the exemption does not exempt employees who do not spend all of their time performing activities directly related to fire protection.

Finally, the bill would clear up the confusion that employers face in trying to interpret the law. A misinterpretation of the law could unnecessarily expose local governments to significant financial liability and dramatically increase the cost of providing adequate fire protection services.

H.R. 1693 is a narrow bill, but one that is important in helping State and local governments provide fire protection and emergency medical services in a most effective and efficient way possible. I would urge my colleagues to support this clarification.

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

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

Mr. Speaker, I support this bill. Under the current FLSA provisions, employees engaged in fire protection activities but not engaged in firefighting activities for more than 20 percent of the time are not subject to the overtime provisions.

The Speaker. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to review and extend their remarks on H.R. 1693.

The SPEAKER pro tempore. The question was taken; and (two-thirds having voted in favor thereof) the rules and pass the bill, H.R. 1693.

The question is on the motion offered by the gentleman from Ohio (Mr. B OEHNER) for reconsideration of the rule and passage of the bill, H.R. 1693.

The motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. B OEHNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1693.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SENSE OF CONGRESS THAT SCHOOLS SHOULD USE PHONICS

The Speaker pro tempore. The pending business is the question of suspending the rules and agreeing to the concurrent resolution, H. Con. Res. 214, as amended.

The Clerk read the title of the concurrent resolution.
The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana (Mr. McIntosh) that the House suspend the rules and agree to concurrent resolution, H. Con. Res. 214, as amended, on which the yeas and the nays are ordered.

The vote was taken by electronic device, and there were—yeas 224, nays 193, answered “present” 2, not voting 14, as follows:

[Roll No. 564]

YEAS—224

Bentsen  Hall (TX)  Olver  Petit
Berkley  Hastings (FL)  Ortiz  Petri
Berman  Hill (IN)  Owens  Pickett
Boehlert  Hinchosa  Pallone  Pickering
Boehner  Hoefel  Pascrell  Pickens
Boucher  Hoff  Pastor  Pomeroy
Bradley (PA)  Hoekstra  Paul  Pelosi
Brown (FL)  Holt  Raug  Perry
Brown (OH)  Hood  Rangel  Peterson (MN)
Capps  Hoyle  Reyes  Peterson (WI)
Capuano  Isselie  Rivers  Petri
Cardin  Johnson, E. B.  Roemer  Pickering
Carson  Johnson, J. O.M.  Rothein  Pickworth
Clay  Kildee  Rodriguez  Piggott
Clyburn  Kilpatrick  Royal-Allard  P是他
Condl  Kind (WI)  Rush  Pomeroy
Conyers  Kink  Sabin  Pomroy
Coster  Kisch  Sanchez  Sanders
Crowley  LaFalce  Sandlin  Sampson
Cunningham  Lampton  Sawyer  Schakowsky
Danner  Late  S自信  Schuster
Davila (FL)  Levine  Searle  Schaffer
Davis (IL)  Lewis (GA)  Serbia  Schiffer
DeFazio  LoBiondo  Serbia  Seller
DelBello  Logren  SI Sky  Sellers
Delahunt  Lowey  Silber  Semple
Delato  Lucas (KY)  Simmons  Setzer
Dent  Luther  Simpson  Sheehy
Dingell  Markety  Slaughter  Shadegg
Doggett  Martinez  Shapley  Shadegg
Dole  McCathy (MO)  Shadegg  Shadegg
Doyle  McCarthy (NY)  Shadegg  Shadegg
Engel  McNulty  Sherman  Shadegg
Eshoo  McGovern  Sherwood  Shadegg
Etheridge  McKinley  Shimkus  Shadegg
Evans  Meehan  Shing  Shadegg
Farr  Meeks (NY)  Shoda  Shadegg
Fattah  Menendez  Shondrich  Shadegg
Filner  Millender  Shoford  Shadegg
Ford  McDonald  Shinseki  Shadegg
Frank (MA)  Miller, George Shuster  Shadegg
Frelinghuysen  Minge  Shuster  Shadegg
Frost  Miller, John  Shuster  Shadegg
Gephardt  Milhous  Shuster  Shadegg
Gilman  Mitchell  Shuster  Shadegg
Gonzalez  Mica  Shuster  Shadegg
Gowen  Moakley  Shuster  Shadegg
Gutierrez  Mordor  Shuster  Shadegg
Gutknecht  Moran (WA)  Shuster  Shadegg
Hall (OH)  Moran (VA)  Shuster  Shadegg

ANSWERED "PRESENT"—2

Abercrombie  Obey

NOT VOTING—14

Bachus  Kanjor  Oexley  Payne
Bereuter  Larson  Ore  Perry
Bishop  Leach  Oxley  Perry
Bilbo  Linder  Oxley  Perry
Brou  Meek (FL)

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Messrs. RAMSTAD, DOGGETT, GILMAN, BALDACCI, PASTOR and FRELINGHUYSEN changed their vote from “yea” to “nay.”

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

A reconsideration to be laid aside was ordered on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2528

Mr. BECERRA. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 2528, the Immigration Reorganization and Reform Act of 1999.

The SPEAKER pro tempore (Mr. BARRETT of Nebraska). Is there objection to the request of the gentleman from California?

There was no objection.

FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 2000

Mr. YOUNG of Florida. Mr. Speaker, pursuant to the previous order of the House, I call up the joint resolution (H.J. Res. 75), making further continuing appropriations for the fiscal year 2000, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The text of House Joint Resolution 75 is as follows:

H. J. RES. 75

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Law 106-62 is further amended by striking “November 5, 1999” in section 106(c) and inserting in lieu thereof “November 10, 1999”. Public Law 106-46 is amended by striking “November 5, 1999” and inserting in lieu thereof “November 10, 1999”.

The SPEAKER pro tempore (Mr. HANSEN). Is there objection to the request of the gentleman from Florida (Mr. YOUNG) and the gentleman from Wisconsin (Mr. OBERY) each to control 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. YOUNG).

GENERAL LEAVE

Mr. YOUNG of Florida. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H. J. Res. 75, and that I may include tabular and extraneous material.

The SPEAKER pro tempore (Mr. HANSEN). Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. YOUNG of Florida. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the current continuing resolution, under which the agencies that have been found in the five remaining uncompleted appropriations bills expire tomorrow night. Negotiations on these remaining bills are ongoing. However, I must say that while we are making some progress in our negotiations with the administration, they are going slow but sure. So it appears we will not be able to complete our agreements on these remaining bills for the next several days.

As the CR that we are operating under presently expires at midnight tonight, the joint resolution before the House would extend the provisions of the current CR until November 10. I would have preferred that we would have been able to have completed our work before tomorrow night, but the issues involved require additional time to work out. In light of this situation, I urge all Members to support this extension.
Mr. Speaker. I reserve the balance of my time.

Mr. OBEY. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, why are we here? I have been trying to answer that question every time we bring a new continuing resolution to the floor. Yesterday it dawned on me. Yesterday my watch quit running for about the fourth time, and so I finally gave up and went and bought a new one, and that brought into clear focus what we are doing here.

Every 7 days we are bringing a continuing resolution to the floor. We wind up another week but it is a clock that does not run. And so we keep coming back here every 7 days, winding up the good old clock, but the hands never move, time does not pass, and we repeat the same arguments over and over again the following week. Sooner or later I would think people would get a little tired of that, but I guess not tired enough yet to do something about it.

We are here now, we have passed three continuing resolutions, we are about to pass a fourth, and we had a meeting last night which took us on a short route to nowhere. And, unfortunately, if that meeting is any indication, we are going to be here for a lot more 7-day periods, and Members are not going to be able to go home and enjoy a Thanksgiving. The 23 Senators who are set to take trips abroad are going to be here grinding the same fine powder into dust.

I think the reason we are here is simply this: This is a Congress that has, for the past year, at the insistence of the majority party, spent almost its entire effort in trying to pretend that we were going to have big enough surpluses that we could afford to pass a giant tax bill that gave 70 percent of the benefits to the wealthiest people in this country. And that got in the way of this Congress’ doing anything about Social Security. It got in the way of our doing anything about Medicare. It got in the way of being able to reach reasonable compromises on education.

We stand here in a House that has not been able to complete action on a meaningful Patients’ Bill of Rights nor has it been willing to pass a minimum wage bill. And it reminds me of that old gospel song “Drifting Too Far From the Shore.” We have been here so long, going through these same motions, that we forget some of the very basic things that we are supposed to be doing when we are here.

Now, what we ought to be doing, if we do not meet any other responsibility, is realizing our main responsibility, which is to finish the action necessary to complete a budget. This Congress has done virtually nothing except focus on that question and the tax question for all of almost a year, and still we are here, stuck on second base, with no prospect of being driven home.

I ask why? And as I think about it, I think the reason is that the majority party in this House apparently believes that the main action that is necessary in order to complete action on a budget is to reach a consensus within their own party in the House on the question as to what kind of a budget that ought to be. Now, it is important for any party to know what it is about, but it is important for any party to have a sense of self and to be able to communicate that to the country. But after that is done, it is also necessary for us to recognize that one of only three branches of government that deals with the budget, the other two being the Senate and the President.

It is not enough for one-half of this House to reach an internal consensus about what has to be done if that consensus leads to no way of reaching agreement with the other two major players in the system that our Founding Fathers designed and placed into the Constitution.

And so, we are not stuck here because the gentleman from Florida (Mr. YOUNG) has not done his job. We are not stuck here because the Committee on Appropriations has not tried to do its job. They have tried mightily. We are stuck here because somehow the impression has been made that the only thing we have to do to get a budget is to develop a unanimous point of view in the majority party caucus.

Now, the Democrats ran this House long enough for me to realize that it is almost impossible for a party to ever achieve a unanimous view on any subject. And so, on most truly important questions, it is, therefore, important to achieve a bipartisan consensus so that even if we do not have a hundred percent of the voting in the majority party, but if we put together what we are trying to do with a majority of the other side, we could have a pretty healthy product that will withstand criticism from all sides.

That is what we are trying to do. But instead, we are still thrashing around dealing with ego problems and dealing with ideological problems while we are continuing to come back and winding up that old, dead clock every 7 days. In the end, the only thing that is going to move is our wrists.

So it seems to me that we ought to cut through that. What we need is for serious-minded people to sit down, recognize that compromises need to be made. A reasonable compromise was put on the table last night, but there was no one home to deal with it. So I guess we will continue to drift along. I regret that, but if I know if the gentleman from Florida (Mr. YOUNG) had his way, we would not be stuck in this inertia. But we are. I simply hope that some day we can accomplish something this institution recognizes that the deadline we are about to come to conclusion on these issues and go home.

Mr. YOUNG of Florida. Mr. Speaker, I have only one remaining speaker to close the debate, and so I reserve the balance of my time.

Mr. OBEY. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from Massachusetts (Mr. OLVER).

Mr. OLVER. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I, too, would say that, as my ranking member the gentleman from Wisconsin (Mr. OBEY) has said, if the Republican leadership would not be here if the gentleman from Florida (Mr. YOUNG) and the gentleman from Wisconsin (Mr. OBEY) were given some freedom to work out what is going on here. But that is not what we have here.

It is now five weeks past the beginning of the fiscal year, and the Congress simply has not done its work. One week ago we adopted our third continuing resolution, and here we are with one more continuing resolution being proposed. This one adds only 3 more working days, not even a full week, only 3 more working days to the time to do the work.

Well, what has been accomplished in the week under the third continuing resolution? We are still short of completing the budget. As a matter of fact, not one of the five budgets that is still in conference that had not been signed by the end of the first continuing resolution 2 weeks ago, not one of those five budgets has been negotiated, which is, it seems to me, about the only way for differences of opinion and in policy and dollars between the executive branch and the legislative branch under our process to be resolved.

The Republican leadership were tending to other business of the American people that they overwhelmingly want done, that would be one thing. But take campaign finance reform. No, that has been killed for 1999, almost certainly for the year 2000, as well. Take the patients’ bill of rights. No, the Speaker of the House just named a conference committee that excludes the major proponents from his own Republican Party, the proponents of the bipartisan bill that passed the House just a couple of weeks ago, and that conference committee is carefully chosen so that it will defy the will of this House.
Take a prescription drug benefit program within Medicare to help the hundreds of thousands of senior citizens who cannot afford to pay for prescription drugs on which they very much depend. No, this Republican leadership has chosen to leave the elderly behind. We have that bill out for debate because the drug companies that oppose it make a very great deal of money selling drugs to senior citizens whose lives depend upon it.

Take providing in the budget for reducing class size so our kindergarten and elementary schoolchildren, which is where all the professional educators of all political ideologies attest that we could make a great positive difference in education, requires both more teachers and more classrooms to accomplish reducing the class size in our schools. No, they refuse to fund that in the budget for education.

Take extending Social Security so that Americans over 30 can be sure that Social Security will be there when they retire, for those who are over 50. No, they have done absolutely nothing that would extend the lifetime of Social Security by so much as a single day.

This is a strange record for a legislative body. Usually legislative bodies at least try to respond to the collective will of their constituents, to the people's collective will. We are going to vote this 3 working days additional continuing resolution, but we are going to be back here next Wednesday voting additional continuing resolutions.

Mr. YOUNG of Florida. Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I have supported the previous three continuing resolutions that he has so ably and so appropriately approved to try and give time for the Committee on Appropriations to end their negotiations.

Unfortunately, I do not believe that the negotiations are now done at the Committee on Appropriations level. I believe they are being orchestrated by the Republican leadership in this House, and I think the Republican leadership has proven itself to be dysfunctional with respect to those negotiations. Therefore, I do not believe that we have the ability to get the work of this Nation done.

The side-bar tragedy to all of this is that, while 435 of us remain in town, the floor is in session periodically from time to time waiting for the Committee on Appropriations, the Republican leadership will not let the rest of the people's business go forward. So we are not able to have a vote on a prescription drug benefit for our elderly population.

Many of us know now what our grandparents and our parents struggle with in terms of pain for the prescription medicines they need. We know that we need to provide them some additional financial help. The President has made that proposal. But we cannot get consideration of that on the floor.

Many of us know that we need to extend the solvency of Social Security, but nothing is before this Congress that would extend that solvency by a single day. And so, we do not attend to that business, the needs of the elderly, the needs of future generations to know that they will be able to be secure and financially solvent when they need it.

We passed HMO legislation, and then we see just a brutal force act of appointing conferees that are not inclined to support that legislation, that are not inclined to support progressive managed care protections for families that are denied care in many cases by HMO bureaucrats, by managed care employees, that have no medical expertise, that interfere with the doctor-patient relationship.

So that HMO legislation will not come forward in a form that it will help American families meet the medical needs of their children and of their elders.

Why did they do that? Apparently, they could not stand to have two honest brokers on this committee so they could not appoint the gentleman from Georgia (Mr. NORWOOD) or the gentleman from Iowa (Mr. GANSKE) who are proven to be honest brokers on behalf of real and sensible HMO reform.

While we spent the first 9 months of this legislative year while the Republicans tried to sell to the American public a trillion-dollar tax bill, the vast majority of benefits that went for very large corporations and very wealthy individuals in this country, a tax bill and a tax cut that was repudiated by the American public overwhelmingly, especially when they compared it to their other priorities of protecting Social Security, making Social Security secure, improving the educational system of their children, reforming the HMO system, providing for a prescription drug benefit. As my friend said they would like us to address those issues before they start addressing tax cuts for the wealthy, they would like to see us pay down the deficit if we are not going to do that before they want tax cuts for the very wealthy in this country.

Having lost that battle, the Republicans are now here telling us that we after a trillion dollars that they apparently do not need to go forward with a continuing resolution, given the deficit, given the long-term debt, given the Social Security problem, a trillion dollars, they now come back and say we do not have a dime for prescription drug benefits, we do not have a dime to improve our education system, we do not have a dime to try and help people out in the Social Security system, we do not have a dime to try to help people with minimum wage.

In fact, minimum wage, designed to help people who are the working poor, people who get up and go to work every day of the year and at the end of the year they end up poor, rather than do that, they want to load up the minimum wage with 90 to 100 billion dollars in tax cuts, 75 or 80 percent of which would be given to the top one percent of this country with $100 billion in tax benefits.

The fact of the matter is that this continuing resolution will do nothing to get the people's business done in this House of Representatives because the Republicans refuse to address this legislation. They refuse to do what America needs to have done, what American families wants, the education of the children, the protection of their elderly members, the protection of wages.

POINTER OF ORDER

Mr. YOUNG of Florida. Mr. Speaker, point of order.

The SPEAKER pro tempore (Mr. HANSEN). The gentleman will state his point of order.

Mr. YOUNG of Florida. Mr. Speaker, I have been pretty patient about all of these appropriations bills.

The gentleman from California (Mr. GEORGE MILLER) is speaking out of order. He is not speaking to the issue before us. I think the gentleman should be compelled to constrain his remarks to the issue before us, and that is the continuing resolution.

Mr. GEORGE MILLER of California. The issue before us, Mr. Speaker, is whether or not we are going to be given another 7 days to fail. They have failed. They have been given 5 weeks, and they have failed.

The SPEAKER pro tempore. The gentleman from California (Mr. GEORGE MILLER) will suspend.

Mr. GEORGE MILLER of California. That is the issue before us, Mr. Speaker, is the failure of the Republicans with the five continuing resolutions; and that is what I am speaking to.

The SPEAKER pro tempore. The gentleman from California will suspend.

The gentleman will confine his remarks to the pending legislation.
Mr. GEORGE MILLER of California. Mr. Speaker, the gentleman will be more than happy to talk about the pending legislation and the failure the last three times that we have had this kind of legislation before us of the Republican side and the administration are not engaged in these negotiations. This Washington will know where we stand with respect to Social Security, the debt and our obligations, both domestic and foreign, the failure of the Republicans to do that under this legislation the previous three times.

I think it opens a legitimate question: Why are we now doing this for another 7 days? Why are we not staying here working over the weekend or whatever is necessary?

These conference committees have been meeting time and again. But every time they sit down to meet, somebody walks into the room and hands somebody a piece of paper and the negotiations are off. If you are going to ask the American people to be patient for another 7 days, they have been patient for 5 weeks, while we have not had a budget. They ought to know that in fact there is going to be some chance, some chance of success that we will have a budget that meets the needs of this country and that while we are here, the other 430 Members of Congress are not here in this country, money that we pre-sent the Appropriations Subcommittee on Commerce, Justice, State, and Judicial.

Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky (Mr. ROGERS), the chairman of the Appropriations Subcommittee on Commerce, Justice, State, and Judicial.

Mr. Speaker, I thank the gentleman for yielding me this time. He who is without sin, let him cast the first stone.

The gentleman who just spoke on the other side complains that we are not able to get this done by this early date. When the gentleman's party was in charge of this body, I recollect being here on Christmas Eve one year, after having passed maybe eight or 10 continuing resolutions and they were unable to deliver, and they had a huge majority in this body at that time.

Now, the administration is refusing at this point to negotiate on any of these bills except the Foreign Operations bill. I am chairman of the State, Commerce, Justice, Bill that the President vetoed. The bill would be law if he had signed it. We did our part, sent it down there and the President vetoed the bill and now refuses to negotiate on any of these bills except foreign aid. He said all this would apparently is to go to farmers, to countries, do not worry about the FBI or law enforcement or the drug war or the courts.

"Let them fend for what they may, all we want," apparently the White House is saying, "is foreign aid." Give it away.

So, Mr. Speaker, there is the crux. The White House only wants at this point in time to give the taxpayers' money of this country away to foreign countries and be damned to what happens here at home.

Mr. Speaker, I am amused. We were just urged by the gentleman from Florida to avoid inflammatory remarks and I think it is fair to quote the statement that was just made, suggesting that the President lysts after only one thing, and that is to send money abroad. The last time I looked, the President had a long list of requests of this Congress. He is asking us to provide 100,000 new teachers which were rejected by the other side.

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Mr. Speaker, I yield myself my 5 minutes.

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Mr. Speaker, I regret that we have gotten into this kind of a tit-for-tat argument, but I guess it is inevitable given the fact that this Congress is unable to do anything. I hope we can change. I think the best way to change is to get off the floor and get back into the negotiating room on the foreign operations bill that I thought was so close to an agreement last night. Everyone understands that that is the logjam which is holding this place up.

And so if you want to go home, I would suggest you act like it and get down to doing some serious negotiating.

Mr. YOUNG of Florida. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Ohio (Mr. Traficant).

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

Mr. Traficant. Mr. Speaker, I have great respect for our ranking member the gentleman from Wisconsin (Mr. Obey). I think he is a great leader and a great Congressman. And, too, I have great respect for our new chairman. But it is time for a perspective here and it is time to put the politics aside, folks. There is too many politics being played now with the budget of the American people.

I can remember one year as a Democrat in a Democratic majority being here until December 23 with continuing resolution after continuing resolution after continuing resolution. This is not unusual. In fact, there have been great strides. Every appropriation bill has been passed. Now, maybe we do not agree with all of them, but it is time to say something that has to be said: These bills have been subject to too much political chicanery. Even the fine Defense appropriation bill was almost held hostage with a veto threat for more foreign aid. As a Democrat, I support the stance that this majority party has taken on spending overseas and looking at the domestic side.

Now, I think we are very close and I think it is time for the leaders that we have, more than competent, to sit down, close the doors, turn up the heat, have some chili and some baked beans and not leave until you get it done. I know they can do it.

Mr. YOUNG of Florida. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. Gutknecht).

Mr. Gutknecht. Mr. Speaker, after that speech by our colleague from Ohio, I somewhat hesitant to talk politically. But I do want to mention and remind people of what happened last week when we had the Labor-HHS bill.

All of these arguments about who is taking money from Social Security, we have a letter from the Congressional Budget Office. As have letters, it is all based on what assumptions you give the Congressional Budget Office, you get different answers. Most people, their eyes start to glaze over because it is so arcane. The other issue that sometimes people do not understand when we talk about it back home is a motion to recommit, because that is kind of arcane, too. But it really is designed to protect our democratic experiments. As a Democrat, I support the majority offers its plan, and when the majority’s rights are protected because they always have a right to recommit, to make a motion to recommit with instructions.

Last week on the Labor-HHS bill when they had their chance to put their plan on the table, they could have said, “We like your plan but we want to put more money into education.” They did not do that. When they had their chance to say, “We like your plan but we would have rearranged the priorities and we would have put more money into veterans benefits,” they did not do that, either.

Looking at the record, and it is a matter of public record, when they had their chance to put their priorities on the Labor-HHS bill, their motion to recommit with instructions included basically our bill except they included the full congressional pay raise.

Then how political this business has become. I think my colleague from Ohio is exactly right. We are only a few billion dollars apart with the White House. Despite all of the political posturing that is going on right now, we have all agreed on some simple, basic facts. We are not going to close down the government, we are not going to raid Social Security, we are not going to raise taxes, everything else is negotiable. I think with a few hours of good faith bargaining on the part of the White House and congressional leaders, we could have a bargain, we could have a deal, we could put this budget together for the good of the American people, for the good of everybody here, we could all be done by next Monday at probably midnight. I hope we can all get together and get that done.

Mr. Obey. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, after this continuing resolution is passed and sent to the Senate, we will have two choices: We can continue this once-a-week rewind operation, or we can decide this afternoon that we are going to sit down and come to closure on the agreement that I thought we were within an hour or achieving last night on the Foreign Operations bill. If that can be achieved, then we can move to try to deal with the issues that still divide us on the issue of education, on the issue of crime, and on the issue of paying our U.N. dues.

I would like to think we could conclude that in a reasonable time and get out of here. I do not think, frankly, that either party is scoring any points on these issues. I have said many times that the worst thing that can happen to people in this town is when you come to believe your own baloney, and the fact is that I think we have a lot of that going on. And I do not think, frankly, that the country is paying much attention to what we say. They are more interested in what we do, and what they see so far is that we have been doing nothing.

So I would suggest we stop doing nothing, come to an agreement on these four remaining bills and get out of town. But it is going to take a determination on the part of the majority party to negotiate with the President, rather than laying down ultimatums about what is on or off the table. This happened last night. When that mindset changes, we may begin to see some progress around here.

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

Mr. YOUNG of Florida. Mr. Speaker, I yield myself the balance of my time. Mr. Speaker, this has been somewhat of a spirited conversation over a measure that we thought was going to move fairly quickly. I would join the gentleman from Wisconsin (Mr. Obey) in wishing we had completed this business 20 minutes ago, because it is important that we get this measure passed through the House.

But it is difficult to sit here and listen to some of the political accusations that we have heard on almost every appropriation bill that has come before this House this year. It is difficult to sit here and listen to that and not feel inclined to respond. But I am not going to yield to that temptation. I am not going to respond to all of the political attacks that were made here.

But I do want to say that the attacks that some Members of the other side like to make at our majority leadership, the Speaker of the House, the majority leader, the majority whip, are unfounded. They are unfair, because these gentlemen have worked hard to try to accomplish the work of this House.

We have passed every appropriations bill in the House and in the Senate, and we have passed every conference report in the House and in the Senate, and we are now dealing in that final phase where the President of the United States has decided to veto certain bills. So we are at a point where we are negotiating with the President to try to resolve the differences that have been brought to the House in a form that he will sign, because unless he signs them or unless we have the votes to override his vetoes, we have to reach an agreement and accommodation. That means both sides have to give a little.

Our leadership met with the President just a few days ago, and they talked with him on the phone even more recently, and he agreed to this: That we would negotiate; that any additional funding that he requested that we would agree that he would offer offsets to pay for it.

Now, the negotiations began, and they began in earnest, and I would
compliment Jack Lew, the Director of the Office of Management and Budget. He is a tough negotiator. When he tells you something, that is the way it is. Unfortunately, some of the things he told us we did not like because they were different than what the President told us.

The President told us as we went along with spending or agreeing to spending the money that he requested that he would then offer offsets. Last night, several times at one of our lengthy meetings, I asked Mr. Lew what are the offsets? Mr. Lew refused to talk about the offsets, and to this minute in my presence has refused to talk about offsets; in other words, how do we pay for this additional spending in foreign aid.

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

Mr. YOUNG of Florida. I yield to the gentleman from Wisconsin.

Mr. Speaker, I would like to point out that the gentleman left the room for over an hour, and while the gentleman was out of the room, Mr. Lew did specifically refer to three different ways that offsets could be handled.

Mr. YOUNG of Florida. Mr. Speaker, reclaiming my time, I thank the gentleman from Wisconsin (Mr. OBEY) had. He had 81. But in that year he was chairman, for fiscal year 1990 the Democrats controlled this House and they had a continuing resolution for 51 days. Fiscal year 1991, they had a CR for 36 days. Fiscal year 1992, they had a CR for 57 days. They did better in 1993, they only had 5 days. But in fiscal year 1994 they had 41 days. So for the Democrats to come on the floor now and accuse the Republicans of using CRs to finish the business is a little hollow.

Now, the gentleman from Wisconsin (Mr. OBEY) had. He had 81. But in that year he was chairman, for fiscal year 1995, we did not have any CRs, and he is right, and I applaud him for that. Let me tell you what else he had: He had 81 more Democrats than there were Republicans in the House. He could do most anything he wanted.

We have a small majority. We only have 10 more Republicans this year than the gentleman from Wisconsin (Mr. OBEY) had. He had 81. But in that year that the gentleman from Wisconsin (Mr. OBEY) had. He had 81 more Republicans than he spent $60 billion out of the Social Security trust fund. We are not doing that. We are balancing the budget. We are not raising taxes. We are not taking any money out of the Social Security trust fund. There is a big difference. We have accomplished some things that people did not believe could be accomplished, and we have done it with a very, very small majority and a Democrat in the White House.

Mr. Speaker, let us pass this continuing resolution and get down to the real business of finishing the negotiations on the remaining bills. Mr. Speaker, I yield back the balance of my time.

The Speaker pro tempore (Mr. HANSEN). All time for debate has expired.

The joint resolution is considered read for amendment.

Pursuant to the order of the House of today, the previous question is ordered.
Mr. BENTSEN. Mr. Speaker, on roll-call No. 565, I was unavoidably detained. I had been present, I would have noted "yea."

PERSONAL EXPLANATION

Mr. EHLERS. Mr. Speaker, on rollcall Nos. 564 and 565, I missed the votes due to my participation in an important meeting and in the Marine Corps ceremony. Had I been present, I would have voted "yes" on both.

CONGRESSIONAL RECORD—HOUSE

November 4, 1999

Mr. Dickey changed his vote from "yea" to "nay."

Mr. VISCOSKY changed his vote from "nay" to "yea."

So the joint resolution was passed. The result of the vote was announced as above recorded. A motion to reconsider was laid on the table. Stated for:

There was no objection. The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. Young). The motion was agreed to. A motion to reconsider was laid on the table. The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees: Messrs. Young of Florida, Lewis of California, and Obey. There was no objection.

PERSONAL EXPLANATION

Ms. JACKSON-LEE of Texas. Mr. Speaker, on November 1, 1999, this body held three rollcall votes on bills considered under suspension on the floor of the House. Because of a family medical matter, I missed the following votes, Mr. Speaker:

On roll call No. 550, H.R. 348, I would have voted "aye"; rollcall No. 551, H.R. 2337, I would have voted "aye"; rollcall No. 552, H.R. 1714, I would have voted "no."

On November 3, Mr. Speaker, due to a family medical matter, I was unable to participate on two votes. Had I been in attendance on roll call No. 557, on agreement with the journal, I would have voted "aye" and on rollcall No. 558, H.R. 2290, the Quality Care for the Uninsured Act, I would have voted "aye."

PRIVILEGES OF THE HOUSE—CALLING ON PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING LAWS AND COUNTERVAILING MEASURES

Mr. VISCOSKY. Mr. Speaker, pursuant to rule IX, I rise to a question of the privileges of the House, and offer a privileged resolution that I noticed to the House on Tuesday, November 2, and ask for its immediate consideration. The SPEAKER pro tempore. The Clerk will report the resolution. The Clerk read as follows:

RESOLUTION CALLING ON PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING AND COUNTERVAILING MEASURES

Whereas under Art. I, Section 8 of the Constitution, the Congress has power and responsibility with regard to foreign commerce and the conduct of international trade negotiations; Whereas the House of Representatives is deeply concerned that, in connection with the World Trade Organization ("WTO") Ministerial meeting to be held in Seattle, Washington, and the multilateral trade negotiations expected to follow, a few countries are seeking to circumvent the agreed list of negotiation topics and reopen debate over the WTO's antidumping and anti-subsidy rules; Whereas strong, nondiscriminatory, and nonpreferential antidumping and anti-subsidy rules are a cornerstone of the liberal trade policy of the United States and are essential to the health of the manufacturing and farm sectors in the United States; Whereas it has long been and remains the policy of the United States to support its antidumping and anti-subsidy policies and to defend those laws in international negotiations;
Resolved, That the House of Representatives calls upon the President to address a trade imbalance in the area of steel imports. Specifically, the resolution calls upon the President to refrain from participating in certain international negotiations, to refrain from submitting certain agreements to the Congress and to vigorously enforce the trade laws.

As the Chair ruled on October 10, 1998, a similar resolution expressing the legislative sentiment that the President should take specified action to achieve a desired public policy on trade does not present a question affecting the rights of the House, collectively, its safety, dignity, or the integrity of its proceedings within the meaning of rule IX. In the opinion of the Chair, the resolution offered by the gentleman from Indiana (Mr. VISCOLOSKY) is purely a legislative proposition properly initiated by introduction through the hopper under clause 7 of rule XII.

Accordingly, the resolution offered by the gentleman from Indiana (Mr. VISCOLOSKY) does not constitute a question of the privileges of the House under rule IX and may not be considered at this time.

Mr. VISCOLOSKY. Mr. Speaker, could I be heard to remark on one comment that the Chair raised in its ruling? The SPEAKER pro tempore. The Chair recognizes the gentleman from Indiana (Mr. VISCOLOSKY).

Mr. VISCOLOSKY. Mr. Speaker, I appreciate the opportunity and would point out, as was stated in the resolution, we have a responsibility under Article I, Section 8, as far as the conduct of trade policy. In the 103rd Congress, the United States Congress did act and the President signed into law what the agenda of the WTO Seattle round of negotiations should be.

It is clear that our trading partners now want to usurp the position we have taken in statutory language in the United States of America by debating whether or not we should be eliminated or weaken our anti-dumping and anti-subsidy duties. That is contrary to the announced policy and statutory policy of the United States of America.

This is not a trivial matter. In 1947, under the Bretton Woods negotiations, the United States government created anti-dumping and anti-subsidy activities.

I am very concerned that if a resolution is not brought forth on a vote on this floor, our constitutional prerogatives will be usurped, and I would ask that the Chair rule in my favor.

The SPEAKER pro tempore. Are there other Members that wish to be heard?

If not, the Chair is prepared to rule on whether the resolution offered by the gentleman from Indiana (Mr. VISCOLOSKY) presents a question of the privileges of the House under rule IX.

The resolution offered by the gentleman from Indiana (Mr. VISCOLOSKY)
November 4, 1999

CONGRESSIONAL RECORD – HOUSE

H11509

Whereas strong antidumping and antisubsidy rules are a cornerstone of the liberal trade policy of the United States and are essential to the health of the manufacturing and farm sectors in the United States; Whereas it has long been and remains the policy of the United States to support its antidumping and antisubsidy laws and to defend those laws in international negotiations;

Whereas, under present circumstances, launching a new round that includes antidumping and antisubsidy issues would affect the rights of the House and the integrity of its proceedings;

Whereas, the current WTO antidumping and antisubsidy rules concluded in the Uruguay Round have scarcely been tested since they entered into effect and certainly have not proved defective;

Whereas opening these rules to renegotiation could only lead to weakening them, which would in turn lead to even greater abuse of the world’s open markets, particularly that of the United States;

Whereas conversely, avoiding another divisive fight over these rules is the best way to promote progress on the other, far more important, issues facing WTO members; and

Whereas it is therefore essential that negotiators on these antidumping and antisubsidy matters not be reopened under the auspices of the WTO or otherwise: Now, therefore, be it

Resolved, That the House of Representatives calls upon the President—

(1) not to participate in any international negotiation in which antidumping or antisubsidy rules are part of the negotiating agenda;

(2) from refraining from submitting for congressional approval, any changes to the current antidumping and countervailing duty laws and enforcement policies of the United States; and

(3) to enforce the antidumping and countervailing duty laws vigorously in all pending and future cases.

The SPEAKER pro tempore. The Chair recognizes the gentleman from West Virginia (Mr. Wise).

Mr. WISE. Mr. Speaker, this resolution I amend to bring up calls on the President to abstain from renegotiating international agreements governing antidumping and countervailing measures.

Whereas the House under section I of the Constitution, the Congress has power and responsibility with regard to foreign commerce and the conduct of international trade negotiations;

Whereas the House of Representatives is deeply concerned, that in connection with the World Trade Organization ("WTO") Ministerial meetings to be held in Seattle, Washington, and the multilateral trade negotiations expected to follow, a few countries are seeking to circumvent the agreed list of negotiating topics and open debate over the WTO’s antidumping and antisubsidy rules;

Whereas the Congress has not approved new negotiations on antidumping or antisubsidy rules, and has clearly, but so far informally, signaled its opposition to such negotiations;...
The resolution offered by the gentleman from West Virginia calls upon the President to address a trade imbalance in the area of imports. Specifically, the resolution calls upon the President to refrain from participation in certain international negotiations, to refrain from submitting certain agreements to the Congress, and to vigorously enforce the trade laws.

As the Chair stated on October 10, 1998, and earlier today, a resolution expressing the legislative sentiment that the President should take specific action to achieve a desired public policy end does not present a question affecting the rights of the House, collectively, its safety, dignity, or the integrity of its proceedings within the meanings of rule IX. In the opinion of the Chair, the resolution offered by the gentleman from West Virginia is purely a legislative proposition properly initiated by introduction through the hopper under clause 7, rule XII, to be subsequently considered under the normal rules of the House.

Accordingly, the resolution offered by the gentleman from West Virginia does not constitute a question of the privileges of the House under rule IX, and may not be considered at this time.

Mr. WISE. Mr. Speaker, I appeal the ruling of the Chair, and ask to be heard on the ruling.

The SPEAKER pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the House?

MOTION TO TABLE OFFERED BY MR. KOLBE

Mr. KOLBE. Mr. Speaker, I move to lay the appeal on the table.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. KOLBE) to lay on the table the appeal of the ruling of the Chair.

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

RECORDED VOTE

Mr. WISE. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 216, noes 201, not voting 16, as follows:

Not Voting—16

So the motion to table was agreed to. The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

PRIVILEGES OF THE HOUSE—CALLING ON PRESIDENT TO ABSTAIN FROM RENEGOTIATING INTERNATIONAL AGREEMENTS GOVERNING ANTIDUMPING LAWS AND COUNTERVAILING MEASURES

Mr. KUCINICH. Mr. Speaker, I rise to a question of the privileges of the House and offer a privileged resolution that I noticed pursuant to rule IX and ask for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution. The Clerk reads as follows:

Resolution Calling on the President to Abstain from Renegotiating International Agreements Governing Antidumping and Countervailing Measures

Whereas under Art. 1, Section 8 of the Constitution, the Congress has power and responsibility with regard to foreign commerce and the conduct of international trade negotiations;

Whereas the House of Representatives is deeply concerned that, in connection with the World Trade Organization, ("WTO") Ministerial meeting to be held in Seattle, Washington, and the multilateral trade negotiations expected to follow, a few countries are seeking to circumvent the agenda list of negotiations and reopen debate over the WTO's antidumping and countervailing rules; whereas the built-in agenda for future WTO negotiations, which was set out in the Uruguay Round package ratified by Congress in 1994, includes agriculture trade, services trade, and intellectual property protection but does not include antidumping or countervailing measures; whereas the Congress has not approved new negotiations or antidumping or countervailing duties, and has clearly, but so far informally, signaled its opposition to such negotiations; whereas strong antidumping and countervailing duties are a cornerstone of the liberal trade policy of the United States and are essential to the health of the manufacturing and farm sectors in the United States;
Whereas it has long been and remains the policy of the United States to support its antidumping and anti-subsidy laws and to defend those laws in international negotiations;

Whereas an important part of Congress’ participation in the formulation of trade policy is the enactment of official negotiating objectives; and

Whereas an essential part of this process is to ensure that such negotiations result in rules that can be measured when presented for ratification;

Whereas the current absence of official negotiating objectives and the rules concluded in the Uruguay Round have scarcely been tested since they entered into effect and certainly have not proved effective;

Whereas opening these rules to renegotiation could only lead to weakening them, which would in turn lead to even greater abuse of the world’s open markets, particularly that of the United States;

Whereas conversely, avoiding another divisive vote on these rules is the best way to promote progress on the other, far more important, issues facing WTO members; and

Whereas it is therefore essential that renegotiation of the existing antidumping and anti-subsidy matters not be reopened under the auspices of the WTO or otherwise:

Now, therefore, be it

Resolved, That the House of Representatives calls upon the President—

(1) not to participate in any international negotiation in which antidumping or anti-subsidy rules are part of the negotiating agenda;

(2) to refrain from submitting for congressional approval agreements that change current antidumping and anti-subsidy matters not be reopened under the auspices of the WTO or otherwise; and

(3) to enforce the antidumping and countervailing duty laws vigorously in all pending and future cases.

The SPEAKER pro tempore (Mr. HANSEN). The Chair will entertain a brief argument as to whether the resolution constitutes a question of privilege. In the Members’ debate should be limited to the question of order, and may not go to the merits of the proposition being considered. The Chair recognizes the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Speaker, this resolution has privilege because only the House has the authority to alter existing revenue provisions. Allowing the administration to negotiate antidumping and countervailing duty laws would further diminish the loss of the constitutional role that the House has suffered over time. Under article I, section 7 of the Constitution, the House of Representatives has the authority to originate revenue provisions, not the Senate, the administration or the U.S. trade representative. By not giving the administration the clear message that Congress has antidumping and countervailing duty laws, that those laws are not to be placed on the table for negotiations, we are essentially allowing the administration to act on authority it does not have.

Furthermore, section 702 of House rule IX entitled General Principles concludes that certain matters of business arising under the Constitution, mandatory in nature, have been held to have a privilege which superseded the rules establishing the order of business. This is a question of the House’s constitutional authority and is therefore privileged in nature. The WTO antidumping and countervailing duties concluded in the Uruguay Round have scarcely been tested since they entered into effect and certainly have not proved effective. Opening these rules to renegotiation could only lead to weakening them and leads to even greater abuse of the world’s open markets, particularly that of the United States.

There is a precedent, Mr. Speaker, for bringing H. Res. 298 out of committee and onto the House floor immediately. For instance, H.Con.Res. 190 was brought to the floor on October 26 under suspension of the rules because it concerned the upcoming Seattle Round. This measure had only 13 cosponsors, but Res. 298 has 228 co-sponsors. The majority of the House should be heard.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, I also have a privileged motion. I will not be offering mine nor asking for a vote. But I want to take 30 seconds with the Congress. The Congress is allowing trade practices to endanger American, Illegal trade cannot be tolerated, and the purpose of these exercises is to make sure the administration and Congress looks at those.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Speaker, I would like to rise in support of the resolution and to say that I would merely beg the leadership to allow this vote to occur, because over 228 of our Members have asked for it. It is important to get this up and not allow a vote is truly not in the best spirit of this House when in fact the Constitution provides that trade-making authority rests in the House, in the Congress, and all revenue measures begin here in the House. With what is going to happen at the end of the month in Seattle and the beginning of December, we want to send strong message to our trade negotiators, we do not want them opening up the antidumping and countervailing duty provisions of our trade laws.

No industry in this country has suffered more than the steel industry and been forced to restructure. It has the most modern production in the world. Yet we continue to lose thousands and thousands of jobs, even over this last year. It is absolutely essential that our negotiators hear this, and it is not the executive branch’s responsibility, it is our responsibility to enforce the laws that we passed. And so we ask and beg of the leadership of this institution, please allow us to bring up this resolution which allows us to instruct our negotiators as the Constitution intended. There are 228 Members of this institution that want to be allowed to be given voice and this resolution brought to the floor. I rise in strong support of this resolution.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. DOYLE).

Mr. DOYLE. Mr. Speaker, I also have a privileged resolution which I will not offer and will not ask for a vote on, but I do want to speak in support of the resolution.

Mr. Speaker, denying a vote on this resolution denies the will of the majority of this House. A majority of Members on both side of the aisle, 228, are cosponsors of this legislation. This resolution is intended to respond to a negotiating ploy by Japan and a few other countries. These countries are trying to jump-start negotiations on the antidumping and countervailing duty laws mostly as a negotiating tactic.

Whereas Japan would like the world to forget about their closed telecommunications, financial services and agricultural markets by raising false issues about unfair trade remedies. Failing to pass this resolution supports the trade objectives of Japan and not the trade objectives of the United States.

Mr. Speaker, I am in strong support of this privileged resolution, and ask that we be allowed to have a vote on it.

The SPEAKER pro tempore (Mr. HANSEN). Does the gentleman from Pennsylvania (Mr. KLINK) wish to be heard on this issue?

Mr. KLINK. Yes, Mr. Speaker, I do.

The SPEAKER pro tempore. The gentleman is recognized.

Mr. KLINK. Mr. Speaker, I also have a privileged resolution, which I will not insist on calling up, instead speaking on behalf of this resolution instead.

Mr. Speaker, I would recommend to the Members the rules of the House of Representatives, with the privileges of the House as distinguished from that of the individual Member include questions relating to its constitutional prerogatives in respect to revenue legislation and appropriations, and it goes on to other sorts of things.

Furthermore, in Section 664 of rule IX, entitled “General Principles,” as to the precedent of question of privilege, it states “as the business of the House began to increase, it was found necessary to give certain important matters a precedent by rule. Such matters were called privileged questions.”

Section 664 goes on saying, “certain matters of business arising under the constitutional prerogatives in nature have been held to have privilege, which has superseded the rules established in the regular order of business.”

I would say, Mr. Speaker, if you read the Constitution, under article I, section 7, all bills for raising revenues shall originate in the House of Representatives, but the Senate may propose or concur with amendments as on other bills.
If not, the Chair is prepared to rule. Because the arguments raised here were addressed in the Chair’s ruling of October 10, 1998, for the reasons stated in the Chair’s previous rulings, the resolution offered by the gentleman from Ohio (Mr. KUCINICH) does not constitute a question of the privileges of the House under rule IX and may not be considered at this time.

Mr. KUCINICH. Mr. Speaker, I appeal the ruling of the Chair, and ask to be heard on the appeal.

The SPEAKER pro tempore. The question shall the decision of the Chair stand as the judgment of the House?

MOTION TO TABLE OFFERED BY MR. KOLBE

Mr. KOLBE. Mr. Speaker, I move to lay the appeal on the table.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Arizona (Mr. KOLBE) to lay on the table the appeal of the ruling of the Chair.

The question was taken; and the Speaker pro tempore announced that the ayes had it.

RECORDED VOTE

Mr. KUCINICH. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—aye 214, noes 204, not voting 15, as follows:

AYES—214

Anderhofer
Archer
Armey
Bachus
Baker
Ballenger
Bartlett
Barton
Baucus
Bellemore
Bilirakis
Bilirakis
Bilirakis
Billy
Blunt
Boehner
Boehner
Bonilla
Bono
Brady (TX)
Bryant
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COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

Hon. J. Dennis Hastert, Speaker of the House, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted by Clause 2(c) of Rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on November 4, 1999 at 7:00 p.m. That the Senate passed without amendment H.J. Res. 75.

With best wishes, I am
Sincerely,

Jeff Trandahl
Clerk of the House.

ANNOUNCEMENT BY COMMITTEE ON RULES REGARDING AMENDMENT PROCESS FOR H.R. 3073, FATHERS COUNT ACT OF 1999

Mr. SESSIONS. Madam Speaker, a dear colleague will be delivered to each Member's office today notifying them of the Committee on Rules plan to meet the week of November 8 to grant a rule which may limit the amendment process on H.R. 3073, the "Fathers Count Act of 1999.

Any Member who wishes to offer an amendment should submit 55 copies and a brief explanation of the amendment by 3 p.m., on Monday, November 8, to the Committee on Rules, in room H-312 in the Capitol. Amendments should be drafted to an amendment in the nature of a substitute offered by the gentlewoman from Connecticut (Mrs. Johnson) which will be printed in today's CONGRESSIONAL RECORD and numbered 1. The text of the amendment will also be available on the website of the Committee on Education and the Workforce, as well as the website of the Committee on Ways and Means.

This amendment in the nature of a substitute combats the Welfare-to-Work provisions reported by the Education and Workforce Committee with H.R. 3073. It is the intention of the Committee on Rules to make in order the amendment by the gentlewoman from Connecticut (Mrs. Johnson) as the base text for the purpose of further amendment.

Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted and should check with the Office of the Parliamentarian to be certain that their amendments comply with the rules of the House.

CONFERENCE REPORT ON S. 900, GRAMM-LEACH-BLILEY ACT

Mr. SESSIONS. Madam Speaker, by direction of the Committee on Rules, I call up House Resolution 355 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 355

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (S. 900) to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, insurance companies, and other financial service providers, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore. The gentleman from Texas (Mr. Sessions) is recognized for 1 hour.

Mr. SESSIONS. Madam Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. Moakley), the ranking member of the Committee on Rules, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Madam Speaker, the legislation before us is the rule providing for consideration of the conference report S. 900, the Financial Services Act of 1999. S. 900 is better known to Members of the House as H.R. 10, which was passed on July 1 of this year by a margin of 343 to 86.

Should the House pass this rule, it would hold its place in history as being one of the final steps in the long and hard-fought effort to repeal Depression era rules that govern our Nation's modern financial services industry.

The rule before us waives all points of order against the conference report and its consideration. The rule also provides that the conference report shall be considered as read.

Madam Speaker, this rule deserves strong bipartisan support. The House passed the underlying legislation with broad support from both parties. The Financial Services Act was only made better in the conference to reconcile differences between the Senate and the House versions.

Madam Speaker, 65 years ago, on the heels of the Great Depression, the Glass-Steagall Act was instituted by Senator Carter Glass, one of the original sponsors of the legislation. He recognized then that changes in the world and in the marketplace called for more effective legislation.

Two generations later the need to modernize our financial laws is more apparent than ever.

There is no doubt about it. Reexamination of regulations in the financial services industry in America is a complicated matter. Congress recognizes
Mr. MOAKLEY. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, I thank my dear friend from Texas for yielding me the customary one-half hour.

Madam Speaker, after 66 years, Congress has finally updated our Depression-era banking laws to modernize the way American banks, securities firms and insurance companies do business. For the first time since 1933, Congress is replacing the Glass-Steagall Act, which was passed to separate banking from commerce during the Great Depression.

This bill will modernize and streamline our financial industry, and it will allow American financial companies to work more efficiently. Madam Speaker, in doing so, it will give consumers greater choice at lower cost; and in the long run, people will find it easier to access capital, and American financial firms will be able to stay competitive in our increasingly global economy.

Madam Speaker, the bill's benefits are not just limited to large financial institutions. It will benefit small banks by giving them access to the Federal Home Loan Bank window. That way they can have more capital, which they can in turn lend to smaller communities and smaller businesses.

Madam Speaker, it is a good bill, but there are a couple of areas that could be improved and improved greatly. First, this bill does not go far enough to protect people's privacy. Secondly, this bill does not go far enough in strengthening the Community Reinvestment Act. If we are able to amend this bill at this point, Madam Speaker, I would certainly support an amendment to expand the Community Reinvestment Act, as well as the amendment of the gentleman from Massachusetts (Mr. MARKEN), to help keep people's private lives private. Unfortunately, amendments are not an option at this point, and we must decide whether or not this bill is an improvement over our current situation.

Madam Speaker, I believe this bill is a great improvement. It is a good bill. It is long overdue. It will spawn new financial services, promote competition and lower costs. Overall, I believe it will be good for the country and we should support it.

I urge my colleagues to support this rule and support the bill.

Madam Speaker, I reserve the balance of my time.

Mr. SESSIONS. Madam Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules. (Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Madam Speaker, I think Madam Speaker, after yielding the time. Madam Speaker, it is almost per-verse to think one could get excited about the prospect of financial modernization, but I will tell you that this really is an exciting time for a lot of us. I am looking at the distinguished ranking minority member of the Committee on Banking and Financial Services, and I think back to 1987 and a piece of legislation that was known as the Financial Services Holding Company Act. I know that the gentleman from New York (Mr. LAFALCE) remembers that, and I think of names of people who no longer serve here, people from the other side of the aisle like Doug Bernard, the gentleman from Massachusetts (Mr. MOAKLEY) remembers him, and Steve Neal; and people who spent time with us on this side of the aisle who are terrific like Jack Hiler from Indiana, and Steve Bartlett from Texas, and Governor Tom Ridge from Pennsylvania.

In the latter part of the last decade we spent a great deal of time down here, trying to figure out what was the need for us to move towards financial modernization; and we finally have gotten to the point where we are doing that. In fact, one of my staff members quipped to me when I said, "Well, we are really doing this," he said, "Well, you know, this is a really good bill for 1987," which is when we first introduced it.

That is why I described this bill, I think, very appropriately as a first step, because it is a first step that is a very bold one. It takes us beyond the 1933 Glass-Steagall Act. In fact, we describe this as moving us from what I really believe was the curse of Glass-Steagall; and I think that moves us slightly beyond by amending the 1956 Bank Holding Company Act. But it is designed with really one very simple basic thing in mind: it is to provide consumers with a wider range of financial services, promote competition and lower cost; and in the long run, people will find it easier to access capital, and American financial services needs. New companies will offer a broad array of financial services products under one roof, providing convenience and encouraging competition. More products will be offered to more people at a lower price.

In the latter part of the last decade we spent a great deal of time on this issue. I think that this is an exciting time for a lot of us.

We know that in this legislation we have the toughest privacy component that we have ever seen in any legislation considered here. It is important to underscore that once again, because there are a lot of people who have been critical of it, and I believe this clearly is the toughest privacy language that we have ever had. We are going to try to do this, providing the consumer with a wider range of choices.

This is a measure which could not have gotten here if not for the hard work of people that we have talked about, the gentleman from Louisiana (Mr. BAKER), with whom I worked closely on this issue for years, and I think that this is time for a great, great celebration.
Now, where is it that we go from here? Last night in the Committee on Rules we were talking about this, and I believe that we need to look at the Internet. We need to look at the fact that the wave of the future there is in electronic banking. I think that, frankly, on the Internet we are going to see a strengthening of privacy, because that is a priority that is regularly before us for people who spend time on the Internet. So I am anxious and I was pleased when the gentleman from Minnesota (Mr. Vento) told us in the Committee on Rules that the Committee on Banking and Financial Services is moving ahead with hearings that will take us even further.

So I consider this a first step. It is a first step which is a very, very important step towards getting us to where many of us have been trying to move for virtually a decade and a half.

Madam Speaker, I am very pleased to support the rule, and I believe that the conference report should get an overwhelming number of votes. We had 343 votes on the bill itself, and it is my hope that we will even exceed that on this conference report.

I thank my friend for yielding, and I thank him for his leadership in carrying this on behalf of the Committee on Rules.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. Frost).

Mr. FROST. Madam Speaker, I rise in support of the conference report on S. 900, the Financial Services Modernization Act. Over the years, this legislation has slowly and sometimes painfully inched its way toward today. In the process, the concept of financial services modernization has shifted and changed. But in the end, the legislation before us today is the product of a deliberate process that will serve our economy and consumers well.

I think we can all agree that S. 900 is not a perfect bill, Madam Speaker, legislation of such magnitude as this, legislation which will usher in a new era of commerce in this century, could never hope to satisfy all parties. That being said, S. 900 represents historic change, change I believe that will particularly benefit the economy of this country, which will, in turn, benefit all Americans.

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Madam Speaker, I would like to take a moment to reiterate my longstanding support for the Community Reinvestment Act. There are some who believe that this bill does harm to CRA. I could not agree more. It is my belief that to be true. I have seen firsthand the value and benefits CRA has brought to low- and moderate-income neighborhoods in my own congressional district in Texas. I know that there is still much work to be done, and indeed, we are going to see a strengthening of privacy, because that is a priority that is regularly before us for people who spend time on the Internet. So I am anxious and I was pleased when the gentleman from Minnesota (Mr. Vento) told us in the Committee on Rules that the Committee on Banking and Financial Services is moving ahead with hearings that will take us even further.

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considering today has better, stronger privacy provisions that what passed the House 427–1.

Think about the new Privacy Protections in this Bill:

1. Financial Institutions for the first time are required to have written privacy policies which must be distributed to customers.

2. Financial Institutions for the first time are required to give customers the right to “opt out” of sharing their information with 3rd parties.

3. Stricter State privacy laws are not preempted.

4. Telemarketers are prohibited from receiving deposit account numbers, credit card numbers and other information from financial institutions.

5. It is now a “crime” for a person to “pretext” call a financial institution and get your personal financial information.

These are all new, stronger privacy protections that Americans don’t have under current law.

I know some of my colleagues will say we didn’t go far enough. Quite frankly, I agree. But this is more than just a good start—it is a strong “foundation” upon which we can, and will, build next year and in future Congresses. My Subcommittee has already had two hearings on these issues and will continue to probe this complex subject next year.

I, for one, was disappointed that we did not “fix” the medical records privacy provisions which were authored by Dr. GANSKE. Unfortunately, the Administration, most medical groups and many of my Democratic colleagues weren’t interested in “fixing” this important issue. I am concerned that we remove the medical records privacy provisions and “wait” for the comprehensive medical records privacy legislation. This was a huge mistake, a missed opportunity to do something for all Americans. I don’t want to hear anyone who demanded the medical records provisions come out try to complain now that medical records privacy is not in S. 900.

I want to say that I am pleased that Gramm-Leach-Billey includes my ATM Fee Disclosure proposal. Under this bill ATM Fee surcharges are prohibited unless the customers are told what the fee is before being committed to enter into the transaction. Consumers are entitled to know what fees, if any, are going to be charged for using a foreign ATM. This is both common sense disclosure and pro consumer. The consumer has a right to know and a right to cancel the transaction.

Madam Speaker, I would also like to address briefly the issues central to sound legislation, namely, the split of regulatory jurisdiction over the holding company—and its affiliates—and the national bank operating subsidiary.

One of the most contentious issues during the Financial Modernization debate was the National Bank operating subsidiary. The Treasury—and Administration—made it clear that they would veto any bill which did not provide the OCC and National Banks with new, expanded financial powers. At the same time, the Federal Reserve Board expressed strong reservations about such new authority on both safety and soundness and government subsidization.

Many observers said this was merely a regulatory “turf” battle between the Treasury Department and the Federal Reserve. I strongly and pointedly disagree. This is a safety and soundness issue. It is essential to protect against conflicts of interest and corruption of the regulatory process. We need to explicitly protect against another savings and loan debacle or a financial collapse that brought on the Great Depression of the 1930’s.

The ultimate compromise was to adopt, and endorse, the operating subsidiary compromise reached by the Treasury Department and the Federal Reserve. This “compromise” places several significant restrictions on the financial subsidiaries of national banks.

For instance, financial subsidiaries may not engage in (1) insurance or annuity underwriting, (2) real estate investment or development and (3) merchant banking, for at least 5 years and then only if the Federal Reserve and Treasury jointly agree. Further, there is an overall or “aggregate” investment cap which limits the size of financial subsidiaries of national banks as well as other additional “firewalls” and safety and soundness provisions.

I support the FED/Treasury compromise. I believe we have struck the right balance on the operating subsidiary. During the Conference I recommended relaxing and imposing an aggregate investment limit to address safety and soundness concerns. I am happy that the FED/Treasury compromise incorporates my suggestions.

While I would have preferred a flat out prohibition on the operating subsidiary, the 5 year minimum waiting period with joint agreement between the Treasury and the Federal Reserve is acceptable.

I am more concerned, however, about the aggregate investment limits. In my opinion the limit is too high. I proposed a $100 million limit on equity investment in all operating subsidiaries controlled by a national bank. The FED/Treasury compromise “limits” the aggregate size of all operating subsidiaries controlled by a national bank to 45 percent of aggregate assets of the parent bank or $550 billion, whichever is less. This may, in fact, be no limit at all.

The aggregate investment limit is intended to make sure that the financial subsidiaries do not pose a safety and soundness risk to the national bank and in my opinion should not be more than 10 percent. As one who was in Congress during the savings and loan crisis, I would encourage the OCC and Treasury to take a “go slow” approach in the financial subsidiary area in terms of both new activities and “aggregate” size.

Another issue which is central to this bill is the unitary thrift holding company and whether the mixing of banking and commerce is appropriate. Fortunately the Federal Reserve and Treasury Department were united on this issue. Both supported—along with consumer groups—closing the unitary thrift holding company “loophole” and prohibiting the transfer of a grandfather unitary thrift holding companies to commercial entities because of concentration of economic power as well as safety and soundness concerns. Those were my concerns—along with making sure we have a consistent policy and level playing field between bank and thrift holding companies—as well. The Gramm-Leach-Billey bill closes the “loophole” and prohibits transfer of grandfathered unitaries to commercial entities. It was the right thing to do.

And for the record, I must mention the loan loss provision. I would also like to briefly mention the loan loss provision in this Bill which I authored. Section 241—which passed the House by a vote of 407–20—is extremely important and is a “good government” provision. It requires the SEC to consult and coordinate with the Federal Banking agencies prior to taking any action with respect to an insured depository institution’s loan loss reserves.

I am not going to go into detail regarding the SEC’s actions with respect to SunTrust Bank and the FASB Viewpoints Article. Let me just say that over a period of 9 months the SEC created significant confusion in the banking industry, the accounting profession and the Federal Banking agencies on what the accounting rules are for bank loan loss reserves. Their failure to adequately consult and coordinate with the Federal banking agencies on this issue is well known.

Under Section 241 we expect the SEC to establish an informal process with the Federal Banking agencies for consultation and coordination on individual loan loss cases. The SEC has suggested that the consultation and coordination requirement will slow the review process and penalize banks and bank holding companies. It is not our intention that the consultation and coordination process should delay SEC processing of filings. Rather, the process which the SEC establishes should be designed to expedite resolution of SEC staff questions. The informal process we envision should involve telephone conferences, the faxing of relevant information between staffs, as well as other methods of communication which could expedite as quickly as possible the resolution of individual loan loss reserve cases.

In closing, Madam Speaker, I want to make it clear that I support Gramm-Leach-Billey strongly. It is a very good bill. It deserves our support. I encourage you to vote for the Conference Report.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

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

Mr. KUCINICH. Madam Speaker, pursuit of happiness is an inalienable right which supercedes the banking industry, the securities industry, and the insurance industry.

In a democratic society, the right to privacy facilitates the pursuit of happiness. It is the right to be left alone by powerful government, by powerful corporations. The growth of databases requires government to be a vigilant watchdog to protect the right to privacy. S. 900 puts the watchdog to sleep.

I ask, under title V, where it says “Exceptions.”

This subsection shall not prevent a financial institution from providing non-public personal information to a non-affiliated third party to perform services for or functions on behalf of the financial institution, including marketing of the financial institution’s own products or services, or financial products or services offered pursuant to joint agreement between two or more financial institutions.

So much for the right of privacy.

Madam Speaker, I include for the RECORD a copy of an article by Robert Scheer from the L.A. Times:
Do you really want your insurance agent, bank loan advisor or stockbroker to have a list of all the medical and dental tests you've taken, the gifts you purchased and the minute details of your credit history and net worth? That's what can happen if this Congress does not get serious about the way with landmark legislation permitting insurance companies, banks and stockbrokers to affiliate and thus merge their massive computer information systems. This will permit surveillance of your personal habits on a scale unimaginable even by any secret police agency in human history.

You'll be an open book, to be plumed and exploited for profit, thanks to financial industry deregulation about to be passed with massive congressional support and the blessing of President Clinton.

Lobbyists for the financial oligarchs defeated a crucial amendment to this legislation proposed by Sen. Richard C. Shelby (R-Ala.) that would have required bankers, stockbrokers and insurance agents to get consumers' permission before sharing what should be personal information about you. Any member of Congress who votes for this bill thus is denying you your basic right to privacy and ensuring that the most intimate details of your life can be freely exchanged throughout our wired world for gossip if not solely for profit.

When it comes to serving the interests of the banks, insurance companies and stockbrokers that represent the most important source of campaign money for Republicans and Democrats alike—$145 million in the last two years—there is but one political party. That's the bipartisan party of political greed representing corporate conglomerates, and it has no qualms about skewering the ordinary consumer.

Once again, everyone who mattered—except consumers—was taken care of when the big congressional deal was cut last week in a closed back-room conference committee meeting. The scam brokered at 2 a.m. eliminates the firewall what has existed for 66 years between your bank, your insurance company and those who trade your securities. It also condones including everything from credit card bills to medical records would be allowed by this legislation to freely exchange the details of your personal profile, accurate or not, and without your permission.

Given the immense databases of information that now can be rapidly searched and exchanged, no detail of your personal life will be off limits to those who snoop for profit. That cross-referencing to all aspects of your life is what the lobbyists paid for.

"I would say it's probably the most heavily lobbied, most expensive issue" that Congress ever has dealt with, said Ed Yingling, the chief lobbyist for the American Bankers Assn. Yingling told the New York Times, "This was our top issue for a long, long time. The resources devoted to it were huge, and we fought hard and nimbly." Yingling isn't kidding about those resources: $163 million on financial industry lobbying in the past two years, much of it to the members of Congress and the four players. Chris Dodd of Connecticut, the top Democrat on the Senate Banking Committee, received $325,124 between 1993 and 1998 from the insurance companies to do business in a cost-effective manner and way, and produce the new product at lower cost that we want for the financial services industry.

Third, the bill allows new competition without endangering small banks. A big commercial company will not be able to buy a savings and loan and engage in unfair competition against a small, local bank.

Fourth, this legislation contains important new standards to protect the financial privacy of American consumers. Financial services providers will have to protect consumer information and inform consumers about how this information will be used.

Finally, this legislation contains the commitment for banks to meet the needs of low-income Americans through the Community Reinvestment Act. CRA standards are maintained while giving some relief to small banks with excellent community lending records.

It is time for the financial services laws of our country to catch up with the needs of the American people. This legislation will benefit every American seeking to improve his or her family's financial security by saving and investing more.

Let us move our Nation into the next century. I urge passage of the rule and the conference report.

Madam Speaker, I rise in strong support of the conference report on S. 900, the Gramm, Leach, Billey Financial Services Modernization Act of 1999. This is the long-awaited final step in the decades-long effort to update our financial services laws. I urge my colleagues to seize the opportunity to pass this historic legislation which will benefit individual Americans and help keep our economy strong.

As we have heard many times, Congress has been trying to update the Glass-Steagall Act since the 1930's and the Bank Holding Company Act since the 1950's. Previous attempts to pass financial services reform often failed because one financial industry or another felt that past bills put them at a disadvantage. I have seen several of those attempts fail in the six and a half years I have been in Congress. That struggle is finally over. The banking industry, the securities industry and the insurance industry agree that we must modernize these laws to improve competition and meet the changing needs of consumers.

Madam Speaker, I am pleased that this legislation accomplishes a number of important goals that will provide better financial services for millions of Americans and make American businesses in the financial services industry more competitive.

First, it will eliminate outdated regulations that hinder competition. More competition will give consumers more choices to save and earn money on their investments.

Second, the bill will provide sound regulation, balance, and flexibility for businesses. Banks will be able to choose the type of structure that is best for them. This will allow companies to do so but in a cost-effective manner and way, and produce the new product at lower cost that we want for the financial services industry.

Third, the bill allows new competition without endangering small banks. A big commercial company will not be able to buy a savings and loan and engage in unfair competition against a small, local bank.

Fourth, this legislation contains important new standards to protect the financial privacy of American consumers. Financial services providers will have to protect consumer information and inform consumers about how this information will be used.

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Let us move our Nation into the next century. I urge passage of the rule and the conference report.
Third, the bill allows new competition without endangering small institutions. We are protecting small banks from potential unfair competition by ending a loophole that allows commercial firms to own a savings and loan institution. This compromise on the unitary thrift charter will provide commercial firms which now own a savings and loan to retain them, but in the future, only financial companies will be permitted to purchase these institutions. In other words, a big commercial company will not be able to come into a small town and use a savings and loan as a springboard in unfair competition against a small local bank. This will help prevent possible conflicts of interest and potential unfair competition.

Fourth, this legislation contains important new standards to protect the financial privacy of American consumers. Financial service providers will have to protect consumer information; they will have to clearly tell their customers what their privacy policies are; and, consumers will have the right to choose not to have their information shared with unaffiliated third parties. Also, this legislation will not replace any additional privacy protections in any state. It will also make it a federal crime for unethical individuals to attempt to gain private financial information through deceptive tactics. These standards are an important step in protecting the basic financial privacy of all consumers.

And finally, this legislation continues the commitment for banks and new financial service holding companies to meet the needs of everyone in the community through the Community Reinvestment Act. CRA standards are maintained without increasing the regulatory burden, particularly for small banks. Republicans and Democrats alike should be proud we are continuing this commitment in a manner that is fair to communities and financial service businesses.

It is time for the financial services laws of our country to catch up with the needs of the American people. Our constituents have been looking for affordable products to give their families financial security. We are past the days when people were satisfied with a simple savings account or life insurance policy. Most Americans want to maximize their earnings and to find products that will give them better returns.

The financial services marketplace has been struggling to meet consumers needs within a regulatory structure that was created sixty years ago.

The changes in this legislation will ultimately benefit every American seeking to improve his or her family’s financial security by saving and investing more. This legislation will help them achieve that goal by making more savings and investment products available in one-stop shopping at competitive prices.

As a member of the banking committee, I have often been frustrated by the long days and seemingly endless hours of negotiation that have gone into this legislation, but I strongly believe that these long hours of work have produced a piece of legislation that will help carry our nation’s economy into the next century. It will help produce good products, more choices and hopefully lower prices for Americans, and it will help our nation’s financial services business grow and compete successfully into the future.

Madam Speaker, we owe Chairmen Jim Leach and Tom Boley our thanks for persevering through tough negotiations on the myriad of issues in this bill and to our colleague Senator Gramm for pushing this bill to completion in the Senate. This bill also has a true bipartisan imprint and the contributions of Congressmen Falal Ferrand and Dingell should be recognized.

The time is now to bring American financial services into the twenty-first century. This legislation achieves that goal and I urge the house to take the final step by passing this conference report today.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. Menendez), the vice chairman of the Democratic Caucus.

Mr. Menendez. Madam Speaker, I thank the distinguished gentleman for yielding time to me.

Madam Speaker, with all the rhetoric out there, there may be people listening to this debate who do not know what difference this bill can make in their daily lives. I think they deserve to.

In a word, it is about choice. It is about consumers having more choices. If they do their banking at a small community bank and buy their insurance from a local independent agent, they can continue doing that. Nothing in this bill changes that, but it will open the doors to new innovations for people who might want them.

With this bill, it is likely we will be able to dramatically reduce the fees and prices we pay for financial services when we choose to do business with a single company that offers banking, insurance, stock and mutual fund needs, all under one roof.

Credit cards with permanently-fixed low interest rates may be offered, along with these unified accounts. We may see new generation ATM machines where on the way home from work we can view our mutual fund, checking and savings account, pay all our bills, from whichever account we decide, and then withdraw some cash for dinner, all in one stop.

In fact, with this bill, consumers will see a whole new range of options to cut their costs and make their lives more convenient.

It is also true that with these options comes legitimate concerns about privacy. That is why this bill statutorily bans the sale of our account information to third-party telemarketers. That is why we give consumers the right to decide whether or not their information can be shared with any unaffiliated party.

There are, in fact, a whole host of provisions in this bill that will protect consumer privacy. Those against this bill want different privacy provisions, an opt-in, an opt-out, a broader ban. We can debate that all day, but remember, without this bill, consumers will continue to have no privacy protections and will have no access to these lower-priced services.

That is why a vote against this bill is in my mind a vote against progress. A vote for this rule and for this bill is a vote for protecting consumers’ privacy and increasing consumer choice. I urge my colleagues to support the conference report to S. 900, and I want to congratulate, on our side of the aisle, the gentleman from New York (Mr. LaFalce) and the gentleman from Minnesota (Mr. Vento) for all of their hard work.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Rocky Ridge, Alabama (Mr. Bachus), the chairman of the Subcommittee on Domestic and International Monetary Policy.

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

Mr. BACHUS. Madam Speaker, if Members do not know where Rocky Ridge is, it is at the end of Rocky Ridge Road. We used to tell people, if you could find it, you can have it. Not many people took us up on the challenge.

In 1993, Glass-Steagall. In 1993, if we wanted to travel across the United States, we had to do so on gruel U.S. roads, U.S. highways, or dirt top U.S. highways, dirt roads. If we wanted to travel on an airplane, there were three-engine Ford tri-motor airplanes, bi-planes. They are in the Smithsonian today.

Our railroads, we had steam engines on our railroads. If we want to see a steam engine today, we have to go to China. They are mothballing their last few steam engines.

Today we still have Glass-Steagall. Now, imagine traveling across the Nation on gruel U.S. highways. Imagine how time-consuming that would be. Imagine how inefficient steam engines would be if they pulled our freight trains. Imagine flying home on the weekends in a biplane. That is what our banks and financial institutions are attempting to do every day with a law that was passed in 1933.

1993 was the year that Albert Einstein emigrated to America. He became famous and now he has died, but we still have Glass-Steagall, until we pass this bill. Glass-Steagall will mean $15 billion worth of savings to the American people each year. Not only will they save money through convenience and competition, they will save time. Time is money. It will be much more convenient.

It is time that we turned American ingenuity loose.

Madam Speaker, this legislation, in addition to making historic reforms to the structure of our financial services industry creates new protections for consumers, including a prohibition on a financial institution disclosing non-public personal information inappropriately. In creating this new regime, I thought it important that we understand that the realities of day-to-day business for certain financial institutions necessarily involves the disclosure of such information and to make clear that we did not intend to interfere with such legitimate actions.

Companies chartered by Congress to operate in the secondary mortgage market are one such example. Because these companies do not engage in mortgage transactions directly...
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with the consumer, they are not in a position to provide the notices and disclosures that we call for in Title V. Sweeping them within Title V's purview would have created burdens and uncertainty without furthering the Title's consumer protection objectives. Therefore, the Conference Report contains language I authored that these institutions fall outside Title V's definition as long as they do not sell or transfer non-public personal information to non-affiliated third parties. The Conference Report contains language I authored that these institutions engage in activities outside the provisions of Section 502.

Let me make clear that the types of "transfers" that would pull these institutions back within Title V's scope are transfers other than those contemplated by Sections 502(b)(2) or 502(e). For institutions covered by Title V, we recognize that the uses of non-public, personal information that Sections 502(b)(2) or 502(e) contemplate are legitimate. This same standard applies to the secondary market institutions covered by Section 509(3)(D). To the extent that these companies go beyond these parameters, I expect that they will be generally subject to Title V.

Finally, I am offended at the seemingly intentional misrepresentation by certain mortgage finance and mortgage lending groups of the potential effects of my amendment's effect. My objective in offering this amendment and securing its inclusion in the Conference Report was to exempt those operating in the secondary mortgage market from Title V to the extent that they engage in uses of information that Title V accepts as appropriate and as creating no additional obligation on the part of those institutions. In this manner, I wanted to ensure that these companies remain able to fulfill the important purposes that Congress charted them to serve. Consumers in communities throughout the country benefit from the liquidity and the access to affordable housing finance that these institutions provide; indiscriminately subjecting secondary mortgage market entities would have made consumers no better off—and perhaps worse off.

Mr. MAKEY. Madam Speaker, I yield 2 minutes to the gentleman from New York (Mr. LAFALCE), the ranking member.

Mr. LAFALCE. asked and was given permission to revise and extend his remarks.

Mr. LAFALCE. Madam Speaker, I thank the gentleman for yielding time to me.

Madam Speaker, I rise in support of the remarks of the Conference Report on S. 900 and H.R. 10. In July the House passed its version of financial modernization (H.R. 10), with a broad bipartisan vote of 343–86. The Senate passed a partisan product by a narrow margin of 54–44. The White House clearly indicated it would veto that Senate version due to its negative impact on the national bank charter, highly problematic provisions on CRA and its non-existent privacy protections.

The conference report necessarily represents a compromise between the two versions. But it is a good compromise that effectively modernizes our financial services industry under strong regulatory controls, but also includes strong protections for consumers and communities consistent with the original House bipartisan product. As a result, the conference report supports the conference report.

I support this bill for very simple and fundamental reasons. There are clear gains for consumers, for communities and for our financial services system if this bill is enacted. There are clear losses if it is not.

Without this bill, banks will continue to expand into the securities and insurance business as they have been doing on thousands of occasions for many years under current law. However, they would continue to do so: Without the broader application of CRA this bill authorizes; without any privacy protections whatsoever for consumers; without the consumer protections included in this bill that ensure consumers can now engage in securities and insurance activity without satisfactory CRA performance being a factor at all. For the very first time, the conference report applies CRA to banks and their holding companies in the context of expansion into activities such as securities, insurance underwriting and merchant banking.

The conference report also deletes Senator GRAMM's CRA exemption for small or rural banks. It deletes Senator GRAMM's "CRA safe harbor" that would have blocked community comments on most banks' CRA applications and shifted the burden of proof unfairly to community groups. For small banks, it targets CRA regulatory resources on banks with the poorest CRA records, creating an incentive for better community reinvestment performance. It ensures that the regulators have complete authority to examine banks regarding their CRA performances as frequently as they believe necessary.

The conference report also provides for disclosure of a limited set of CRA agreements. But it substantially narrows the overbroad provisions of the Senate bill and attempts to minimize the reporting burden on community groups. Community groups are bringing new capital and new financial services into low income communities through these agreements. We, and they, have every reason to be proud of that record. This disclosure provision, to the very limited degree it applies, can only make that proud record apparent to everyone.

I would be remiss if I did not note that these legislative efforts have a human face. First of all, I want to thank Chairman LEACH who kept this a fair and bipartisan process despite often heavy and unfortunate pressure to do otherwise. I would also like to thank the Chairman's staff—Tony Cole, who we all hope is recuperating well, Gary Parker, and Laurie Schaffer, and Legislative Counsels Jim Wert and Steve Cope. I want to especially thank the Democratic Committee staff, especially Jeanne Roslanowick and Tricia Haisten, with Steve Cope. I want to especially thank the Democratic Committee staff, especially Jeanne Roslanowick and Tricia Haisten, with Steve Cope. I want to especially thank the Democratic Committee staff, especially Jeanne Roslanowick and Tricia Haisten, with Steve Cope. I want to especially thank the Democratic Committee staff, especially Jeanne Roslanowick and Tricia Haisten, with Steve Cope. I want to especially thank the Democratic Committee staff, especially Jeanne Roslanowick and Tricia Haisten, with Steve Cope. I want to especially thank the Democratic Committee staff, especially Jeanne Roslanowick and Tricia Haisten, with Steve Cope.
This is a good bill which Democrats can be proud to support. I urge your support of the conference report on S. 900.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Fullerton, California (Mr. ROYCE), a member of the Committee on Banking and Financial Services.

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

Mr. ROYCE. Madam Speaker, the historic legislation that we are considering today is a win for consumers, a win for the U.S. economy and a win for America’s international competitive position abroad.

American consumers will benefit from increased access, from better services, from greater convenience and from lower costs. They will be offered the convenience of handling their banking insurance and securities activities at one location.

More importantly, with the efficiencies that could be realized from increased competition among banks, insurance and securities providers under this proposal, there is the promise of ultimately saving an estimated $38 billion in the estimates of our U.S. Treasury Department. This reduction in the cost of financial services is, in turn, a big win for the U.S. economy.

Finally, this legislation is a win for America’s international competitive position, as it will allow U.S. companies to compete more effectively with foreign firms for business around the world.

This legislation is 30 years overdue, Madam Speaker, and I urge my colleagues not to delay its passage any longer. Let us support the rule and let us support the bill.

Madam Speaker, the historic legislation that we are considering today is a win for the consumer, a win for the U.S. economy and a win for America’s international competitive position abroad.

American consumers will benefit from increased access, better services, greater convenience and lower costs. They will be offered the convenience of handling their banking, insurance and securities activities at one location.

More importantly, with the efficiencies that could be realized from integrated financial services, is in turn, a big win for the U.S. economy.

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American consumers will benefit from increased access, better services, greater convenience and lower costs. They will be offered the convenience of handling their banking, insurance and securities activities at one location.

More importantly, with the efficiencies that could be realized from increased competition among banks, insurance and securities providers under this proposal, consumers could ultimately save an estimated $18 billion annually.

This reduction in the cost of financial services is, in turn, a big win for the U.S. economy.

Finally, this legislation is a win for America’s international competitive position, as it will allow U.S. companies to compete more effectively with foreign firms for business around the world.

This legislation is 30 years overdue, Mr. Speaker, and I urge my colleagues not to delay its passage any longer. At this time, I would like to make a few clarifying remarks.

Included in Title VI of the bill before us are complex changes in the structure of the Federal Home Loan Bank (FHLBank) System. I believe these changes will enhance the ability of the System to help member institutions serve their communities, though there is enormous work yet to be done to implement these changes.

The risk of re-establishing the FHLBA’s operations, at one location, is intense controversy among banks, insurance and securities activities at one location.

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maintaining and reinvigorating the Community Reinvestment Act’s relevance in the new financial world.

This is a good compromise that reflects much of the House-passed bill in content if not wholly in form. We repeal Glass-Steagall and allow both securities and insurance companies and banks. The commercial ownership loophole is closed for unitary thrift holding companies. We enhance the Federal Home Loan Bank System. We establish consumer protections in law for the sales of non-deposit products by banks. The financial provisions of the CRA provisions are substantive, substantial Federal policy advances. Importantly, this bill enhances the viability of smaller community banks and financial entities vital to extending services and credit through our greater economy: rural and urban.

With regard to privacy, I well understand some sought greater consumer privacy provisions. But the perfect should not be the enemy of the good. This conference agreement lays a solid foundation of financial privacy set into our regulated financial marketplace. The differences between our primary bill and the Senate bill are the net result of what I consider to be good work. As the gentleman from New York (Mr. L.康) and the ranking member, the gentleman from Iowa (Chairman LEACH) and the ranking member, the gentleman from New York (Mr. LaFalce) for the outstanding work they have done to see this legislation through to completion, and I urge my colleagues to support the rule and passage of this historic bill.

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

Madam Speaker, as we can tell from the expressions with which we’ve been on the floor tonight, this legislation is not only historic but has required a great deal of work, a bipartisan work, and I am very proud of the House of Representatives and the Congress that has done something that is great for consumers.

It is hard work. We are hearing about it tonight. Just another example of what great work this Congress has done.

Madam Speaker, I yield 2 minutes to the gentleman from Allentown, Pennsylvania (Mr. TOOMEY), a member of the Committee on Banking and Financial Services.

Mr. TOOMEY. Madam Speaker, I rise in support of this rule and the legislation under consideration today. The Gramm-Leach-Bliley Financial Services Modernization Act is probably the most important financial legislation to come before Congress since the Glass-Steagall Act mandated a separation between banking and the securities industry back in 1933.

Today there is virtually unanimous agreement among economists, academics, policymakers and most importantly the men and women actually creating and providing financial services across America today. The repeal of Glass-Steagall is necessary so that consumers can get the products and services they desire and American financial firms can compete in the global marketplace.

Madam Speaker, I would like to highlight just one small part of this sweeping legislation. I am particularly pleased that this bill includes an important provision regarding certain derivative transactions, especially credit and equity swaps. These somewhat obscure but very important tools used by businesses, including financial services firms, to manage a variety of risks that they face. This bill reaffirms that swap contracts are legitimate bank products that can be executed and adequately regulated by and will continue to be regulated by banking supervisors.

I would also like to congratulate the many Members who have worked very hard, some for many years, on financial modernization. In particular, I would like to salute the gentleman from Iowa (Chairman LEACH) and the ranking member, the gentleman from New York (Mr. LaFalce) for the outstanding work they have done to see this legislation through to completion, and I urge my colleagues to support the rule and passage of this historic bill.

Mr. BENTSEN. Madam Speaker, I yield 2 minutes to the gentleman from Houston, Texas (Mr. BENTSEN).

Mr. BENTSEN. Madam Speaker, as a member of the committee and the conference committee, I strongly support this rule and urge my colleagues to support it. I believe that this comprehensive banking reform legislation will bring new benefits to consumers by encouraging competition among the banking securities and insurance industries.

The United States’ financial industry is the strongest and soundest in the world today because of our dynamic market economy and strong regulatory regime. Yet as the financial markets mature they have been restrained by the Glass-Steagall law that requires financial companies to separate their various activities.

By repealing Glass-Steagall, Congress will bring new competition to financial services so that consumers can purchase products more efficiently and more cheaply. The net effect will be to promote more competition and create more products at lower prices and better protect American consumers.

While the bill does not create the ideal financial holding company model or charter, it does repeal portions of existing regulatory constraints dating back to the Great Depression commensurate with a market that has matured greatly through market disintermediation brought on by broader concepts of franchise.

Additional, it protects CRA for smaller banks. It in no way excludes or exempts smaller banks from CRA, which some members in the other body tried to do.

This is really a win-win, and in terms of privacy, as other speakers have said, this codifies new law as it relates to privacy. If we do not pass this bill, consumers will be worse off as it relates to privacy and I would encourage my colleagues to pass it.

Mr. SESSIONS. Madam Speaker, I yield 2 minutes to the gentleman from Palm Bay, Florida (Mr. WELDON), a member of the Committee on Banking and Financial Services.

Mr. WELDON of Florida. Madam Speaker, I thank the gentleman from Texas (Mr. Sessions) for yielding me this time.

Madam Speaker, when I was first elected to Congress and later appointed to serve on the Committee on Banking and Financial Services I was very surprised to learn that the laws governing the financial service sector of our economy were relics of the Depression, that the Glass-Steagall Act was passed in 1933 and that for years the Congress had been unable to pass important and badly needed new legislation to modernize the laws governing the banking,
insurance and securities industries in the United States.

Well, tonight we are finally getting that job done and modernizing those laws. This may not be a perfect bill but it is a good bill. It is a good bill because it will make it easier and less expensive for the public to access banking and financial services.

Our international competitors in Europe and Asia long ago adopted more modernized changes to the laws governing their financial service sectors. We now in the U.S. will have modernized ours, and in doing so we will improve the competitiveness of the American economy and allow it to continue its place as the most competitive economy on the globe.

Much credit goes to the gentleman from Iowa (Chairman Leach) and the ranking member, the gentleman from New York (Mr. LaFalce) for this bill, as well as all others. It is the significant input in this effort, to include the Treasury Department and the Federal Reserve, particularly Chairman Greenspan. I encourage all of my colleagues on both sides of the aisle to vote yes and vote yes on final passage of this legislation.

Mr. Moakley. Madam Speaker, I yield 1½ minutes to the gentlewoman from Rochester, New York (Ms. Slaughter).

Ms. Slaughter. Madam Speaker, I thank the gentleman from Massachusetts (Mr. Moakley) for yielding me time.

Madam Speaker, I have some strong concerns about the conference report, but I do want to thank the conferences for including Section 733 entitled Fair Treatment for Women by Financial Advisors. This short but important section, based on an amendment I brought to the floor, is the emphasis of this legislation that individuals offering financial advice and products should offer such services and products in a nondiscriminatory, nongender specific manner.

The language is in response to estate planning documents that keep women from controlling their inherent financial assets. Some estate planning publications and sales literature for trusts use three themes. One is that women should be relieved of the burden of managing money because they cannot learn. Second, if they have money on their hands, they will be vulnerable to shysters and, third, they might require more financial privacy than the man’s hard-earned money over to somebody else.

Now, this is not an old problem. In a 1998 estate planning guidebook it instructs its benefactor to consider the question if, quote, a man should subject the bequestderiving assets which administration of property often involves if she has had no experience with it.

It goes on to state that if she has had no prior experience in money matters, an executor is prepared to handle large sums of money. If this is true, she herself would not want to be burdened with administration of property.

How kind of them to look out for protecting the wife.

It is past time that these outdated themes are addressed and discriminatory financial practices are brought out in the open as we move forward to modernize the financial services industry, and it is my personal hope that this bill includes no bail-out provisions should some of this go wrong in the future.

Mr. Sessions. Madam Speaker, I yield 2 minutes to the gentleman from Des Moines, Iowa (Mr. Ganske).

Mr. Ganske. Madam Speaker, I rise in support of the rules and the bill. I am particularly pleased that the unitary thrift loophole which allows commercial firms to control savings and loan charters has been closed in this bill.

Both Treasury Secretary Rubin and Federal Chairman Greenspan testified in support of my proposal to restrict unitaries. In his Senate testimony, Greenspan stated, "The Board supports the elimination of the unitary thrift loophole, which currently allows any type of commercial firm to control a federal savings and loan institution. Failure to close this loophole would allow the conflicts inherent in banking and commerce combinations to further develop in our economy and complicate efforts to create a fair and level playing on all for all financial services providers."

What would be the result if Microsoft purchased Washington Mutual with its 2,000 branches and $165 billion in assets? It certainly would have raised the specter of too big to fail.

But, Madam Speaker, I especially want to commend the gentleman from Iowa (Mr. Leach) for his patience and endurance in brokering this agreement between members of the conference committee and in balancing the interests of everyone, from small community banks and large international insurance firms, to consumers and investors.

The challenge was to find equilibrium between maintaining safety and soundness in the Nation’s banking system and providing for a fair and efficient competition in the financial services marketplace.

There are many who deserve a lot of credit for this bill. But at the top in my book is the gentleman from Iowa (Chairman Leach) for his patience and endless efforts to get this done. We should take care of what ordinary people need for their families as well.

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

Madam Speaker, thank goodness we have an open debate here tonight and we are able to vote about the need for privacy rules and regulation, the most comprehensive ever in the marketplace.

Madam Speaker, I yield 3 minutes to the gentleman from Brightwaters, New York (Mr. LaZio), to help explain this a little bit further, a member of the Committee on Banking and Financial Services and the Committee on Commerce.

Mr. LaZio. Madam Speaker, let me, first of all, begin by complimenting the gentleman from Iowa (Mr. Leach), the chairman of the Committee on Banking and Financial Services; the gentleman from New York (Mr. LaFalce), the ranking Democratic member; the gentleman from Ohio (Mr. Oxley), chairman of the Subcommittee on Finance and Hazardous Materials; and the gentlewoman from New Jersey (Mrs. Roukema); and the gentleman from Virginia (Mr. Bliley) for their outstanding leadership in getting this bill to the floor.

For 25 years, we have been working on this effort. Today we are on the verge of making it a reality. For the
first time in history, we are going to require a financial institution to actually have a privacy policy and to put it in plain English.

Madam Speaker, for years, we have been hearing about the trend of global marketization today globalists are talking about reality. Geographic borders no longer block the flow of capital, creating a whole new world of economic opportunity. The question is: Are we poised, are we prepared to take advantage of this opportunity? Are we willing to embrace that is the question that is posed today. That is what the Financial Services Modernization Act is designed to do.

Madam Speaker, rather, this bill will remove the red tape that threatens to strangle our financial institutions as they enter the new global marketplace.

Americans believe deeply in competition. They trust the free market. Why? Because, year after year, competition brings more services, more choice, lower prices, and more wealth.

Many financial conglomerates are already responding to their customers' needs, offering a full menu of financial products and services. But that does not mean that, when Glass-Steagall barriers are torn down, every bank will be a broker or that every broker will be an insurer.

Customers will gravitate to the best managed, lowest price financial services provider. This legislation will give American companies the freedom that they need to meet this challenge. It will give the freedom to remain the world leading financial institution.

Madam Speaker, while I support this legislation strongly, I must point out that it fails short in one important area. It does not provide for a full two-way street for the securities industry to engage in banking and so-called 'woofie provision.' Woofies would have allowed firms with institutional and corporate customers to provide those customers with a full range of financial services without any additional risk to the Federal Deposit Insurance System. I am disappointed they were cut out of the conference report at the last second.

Nevertheless, Madam Speaker, I strongly support this bill. It will encourage competition in the financial services industry both here and abroad. It will spur the creation of new financial instruments and new markets to the benefit of consumers and businesses alike.

With that, I want to urge all of my colleagues to vote for this bill. Let us make sure that American banking is ready for the 21st century.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. OBEY), the ranking member of the Committee on Appropriations.

Mr. OBEY. Madam Speaker, this bill is consumer fraud masquerading as financial reform. There is nothing wrong with modernizing financial institutions. It is nice to see that my colleagues are going to try to set up one-stop shopping services for financial services. But returning 1999 to 1929 is not reform in my book.

The proponents say they are making advances by providing privacy protections. But they say that consumers are going to be faced with the new megamerger world. Insurance companies, banks, and investment companies are all going to be owned by the same people.

Supporters brag about consumer privacy rights that they are protecting, and they are careful to say that they are providing protection in the case of all unaffiliated third parties. That is true, but big deal.

What they do not tell you is that they are giving away the privacy store in terms of all affiliated parties. Because one is going to have the same people owning one's banks, owning one's insurance company, owning one's stock brokerages. That means they are going to have one's banking information with every single affiliate, and they are going to be able to contract with the telemarketers and spread that same information around.

Sometimes this House makes me sick, to get life insurance. I said, let us have a study on the escalating fees that banks are charging. I said, let us do something about surcharging at ATMs. The consumers got nothing. We were voted down on every attempt to do something for consumers. This is the big boys' bill. This is the big banking bill. This is nothing for the people.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentlewoman from Florida (Mrs. MEEK).

Mrs. MEEK of Florida. Madam Speaker, I am sure that those of my colleagues who have come to the floor and have applauded this bill are naive. They do not see the people that they are going to be able to contract with. The people owning one's banks, owning one's insurance, they are going to have all of one's information. They are going to have one's bank account. They are going to have one's tax returns. They are going to have everything. Privacy, CRA, fair housing, and the people got nothing.

Now, they come in and say to these people, get life insurance. I said, let us have a study on the escalating fees that banks are charging. I said, let us do something about surcharging at ATMs. The consumers got nothing. We were voted down on every attempt to do something for consumers. This is the big boys' bill. This is the big banking bill. This is nothing for the people.

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Mrs. MEEK of Florida. Madam Speaker, I am sure that those of my colleagues who have come to the floor and have applauded this bill are naive. They do not see the people that they are being affected by this bill most.

I am opposed to this bill, that this bill brings in a strong element of discrimination, particularly in fair housing. Fair housing is an area I have fought for since the 1960s. We finally got a bit of fair housing. Now, they come in and say to these big conglomerates they are going to let the insurance companies come in now; and they can do redlining, and they do not care, because it is not within the big prospectus of the bill.

But now it is going to be even harder for people to get a house. If one cannot get insurance, I repeat, one cannot get a house. So what is that other than discrimination?

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expanding it; but they limited it by protecting the banks.

Now, do not let anybody fool you, the banks have made a lot of money. They have gone into these neighborhoods, and they have been able to help in those neighborhoods. But what my colleagues are doing now is that they are letting other players into this ball game. These other players may or may not have the kind of outlook on these problems as banks do.

So they are saying that is okay because it does not involve us. But it does involve you in that, if you do not expand it, you are not going to be able to capitalize on the gains you have been made through the community reenactment.

Now, I know my colleagues do not like CRA. I have come from neighborhoods where CRA is sort of like a bad word, like some kind of plague on us. But my colleagues must go back to the fight they are supporting and putting severe restrictions on these groups, make it hard for them to fill out the paper work, do not punish the banks, make it hard for these poor little community-based groups to fill them out. Then bang them over the head with some big provision for the Federal Government to come in on it.

You are talking about keeping the Federal Government off your backs. You put it on the backs of poor people. Shame on you.

Madam Speaker, I rise in opposition to the Conference Report because it weakens the Community Reinvestment Act when we should be strengthening and expanding it. Clearly, there is a need to modernize and update this nation's banking and financial services laws. Nonetheless, because the CRA provisions are flawed and have gotten worse since leaving the House, I cannot support this bill.

Madam Speaker, the CRA has brought economic development, hope, and opportunity to low and moderate income communities in urban and rural areas across the country. The CRA has been the primary vehicle to expand access to capital and credit in my District and in other low income and minority communities throughout the country.

CRA was created to combat discrimination by encouraging federally insured financial institutions to meet the credit needs of the communities they serve. CRA requires federally insured banks to seek business opportunities in poor areas.

Since its enactment in 1977, financial institutions have made more than $1 trillion in loans in low income communities, more than 90% of them in the past seven years. As a result, neighborhoods have improved as more residents have been able to buy homes and more small businesses have succeeded. The CRA has been an enormous success.

We should be expanding the reach of the CRA, not restricting it. Unfortunately, the Conference Report moves in the wrong direction on CRA. It fails to adequately protect and promote access to capital and credit and fails to capitalize on our opportunity to expand the CRA.

While the CRA language in the Conference Report clearly is an improvement over the language in the bill passed by the Senate, the conference report language in fundamentally flawed. The conference report eliminates the requirement that financial holding companies maintain compliance with the CRA. It limits CRA oversight of banks and thrifts by severely reducing the frequency of CRA exams for most urban and rural banks with assets of under $200 million, and highly burdensome reporting requirements on community groups that are parties to CRA agreements with banks and imposes severe penalties on the community groups for non-compliance.

The bill significantly extends the time between CRA exams for small banks, allowing such banks to take full advantage of all of the new powers under the banking bill even if their performance in low-income areas declines dramatically during this period. It also fails to protect customers of banks owned by insurance companies from illegal discrimination.

Under the bill, insurance companies found guilty of violating the Fair Housing Act are not prohibited from affiliating with banks, even though their insurance agents may become the from the bank affiliates.

Madam Speaker, as we seek to modernize the financial services industry, we must not miss this unique opportunity to modernize the Community Reinvestment Act. We need a bill that will create a financial system that works for all Americans. For main street, not just wall street. For these reasons, I oppose the Conference Report.

Mr. SESSIONS. Madam Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. BAKER).

Mr. BAKER. Madam Speaker, I thank the gentleman for yielding me this time.

I think some folks have really missed the boat tonight. If my colleagues do not want privacy restrictions, then vote against this bill. The first Federal privacy statute ever. Who does it apply to? Banks, insurance agents, securities companies.

Does it apply to Walmart? Does it apply to General Motors? Does it apply to anyone else in the world? No. For the first time it applies to financial institutions and financial in nature only. They cannot sell an individual.'s private information, without that individual's permission, to a third party.

Some people wanted to go further. They wanted to really shut it down. They wanted to make sure credit unions could not do their work behind the counter by contracting with third parties to handle their check-clearing processes.

Some people wanted to go further, fine, deal with the credit unions and small banks of this country and tell them they cannot do their business any longer.

I think some people have missed it. Big bank bill? This bill, for the first time, provides 15-year fixed rate interest rate loans for small businesses, rural, and agricultural communities through small hometown banks. Small banks shut down Walmart. If my colleagues want to make sure Walmart in your town soon, running the hardware department, running the tire department, running the frozen food department, and yes, running your local bank, vote against this bill.

There is a loophole that has been shut down that would allow Wal-Mart coming soon to your hometown to run your bank.

Small bank? Consumer? This bill is it. I cannot imagine what my colleagues are thinking.

Mr. MOAKLEY. Madam Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Madam Speaker, I rise in opposition to the rule and in opposition, strong opposition, to the bill. This bill is pro megabank and it is against consumers. And I would say to the people listening tonight, Are you tired of calling banks and getting lost in the automated phone system, never locating a breathing human being? This bill will make it worse.

Are you fed up with rising ATM fees and service fees that now average over $200 a year per account holder? This bill will make it worse.

Are you skeptical about banks that used to be dedicated to safety and soundness and savings but are now pushing stocks and insurance and debt? This bill will make it worse.

Are you tired of the megafinancial conglomerates and mergers that have made your community a branch economy? Are financial centers so far away, whose officers you never know, who never come to your community? This bill will make it worse.

Punitive reporting requirements in this bill are aimed at disabling community groups that are the only groups in this country that hold these institutions accountable for the depositors' money. It is going to make them a target of Federal reporting requirements.

So why do community groups oppose the megabank bill like the megabank bill? Because of the Office of Governmental Affairs, the Fair Housing Alliance, the National Low-Income Housing Coalition, the Coalition of Community Development Financial Institutions, Consumers Union, the Volunteers of America? Sounds like the folks that live in my neighborhood, my colleagues.

I would say this is one of the worst conceivable bills ever to come before this body, simply because it does not pay attention to the majority of the American people who never come to your hometown to run your bank.

Ms. KAPTUR. Madam Speaker, I rise in opposition to the rule and in opposition, strong opposition, to the bill. This bill will make it worse.

Mr. SESSIONS. Madam Speaker, I yield 1 minute to the gentleman from
Salt Lake City, Utah (Mr. Cook), a member of the Committee on Banking and Financial Services.

Mr. COOK. I thank my colleague from Texas for yielding the time, and I want to say, Madam Speaker, that I rise in support of this bill and the Committee on Rules, the Committee on Commerce, and my chair, the gentleman from Iowa (Mr. LEACH), along with my other colleagues, to create a rational and balanced structure to bring our country's financial services finally into the 21st century.

I commend the conference committee for their tireless efforts to bring about compromise; ensuring adequate consumer privacy protections and reinforcing important CRA provisions. The enormous benefits to the economy and consumers of financial services will be seen for years to come.

Today's current confused state of financial services law is not the result of any policy decision by Congress, rather it is the result of chipping away Glass-Steagall by unelected regulators and court decisions. The legislation before us will bring order to the law, to reflect the reality of today's markets. Advances in technology are presenting financial companies with new opportunities to better serve their customers here at home and to compete for business around the world. Without congressional action establishing a consistent legal framework in the United States, we risk losing international opportunities to other nations.

While on the whole I believe the Gramm-Leach-Bliley act promotes needed legal consistency and makes United States companies more competitive, it could have been improved in several areas.

I supported stronger CRA and privacy provisions than those in the bill before us; but, overall, I support this bill and the bill.

Ms. HOOLEY of Oregon. Madam Speaker, I rise in support of the rule and the bill.

Many of my colleagues are concerned that this bill does not enact strong enough privacy protection for consumers, and I would like to address some of those concerns. Current law, today, current law provides no protection for consumers' financial privacy. None. Zero. Zip. A bank under current law can sell personal financial information to whomever they want, whenever they want, and however they want. They can even sell a customer's account number. There is nothing a customer can do.

With the enactment of this legislation, for the first time ever, companies will be required to fully disclose how customer information will be used; and for the first time ever, companies will have to allow consumers to say no to the sharing of personal information with third parties.

Could we have done better? Absolutely. But this is a step in the right direction. Today, we have the opportunity to enact a bill with new privacy protections.

Madam Speaker, I would also like to thank the ranking member, the gentleman from New York (Mr. LAFalce), and the gentleman from Iowa (Mr. LEACH) for the wonderful leadership they have shown, and I urge support of this rule and the bill.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentleman from Washington (Mr. INSLEE).

Mr. INSLEE. Madam Speaker, I too want to compliment the gentleman from New York (Mr. LAFalce) and the gentleman from Iowa (Mr. LEACH) for their work on this bill. They both showed courtesy and professionalism.

But I must speak against this bill, because the way this bill is written tonight it is a clear and present danger to the existing privacy rights of America. This bill is the single greatest threat to Americans' basic and fundamental privacy interests of any legislation, considered by any legislative body in America, ever.

The reason is, and I want my colleagues to understand this, because this is what is going to happen if this bill becomes law. When these mega-affiliates are allowed to exist, what is going to happen is our bank accounts, the first time we happen to get $5,000 cash in our bank accounts, a computer will spit that information out to the affiliated stock broker who will call us at 7 o'clock at night and try to sell us hotstock.com stock. And the second thing that will happen is every single check we have written is going to go to the affiliated life insurance company so they can profile our lifestyle to decide whether to sell us life insurance.

We are going backwards on privacy. We are creating a new organism. These affiliates will threaten our privacy. We should reject this bill.

Mr. MOAKLEY. Madam Speaker, I yield 1 minute to the gentleman from Texas (Ms. JACKSON-LEE) and was given permission to revise and extend her remarks.

Ms. JACKSON-LEE of Texas. Madam Speaker, I thank the gentleman from Massachusetts for yielding me this time, and I rise to support the rule and to support this bill.

This is not the best bill that we could have had. There are many problems with this bill. But this bill has been long in coming. And I want to thank those who fought hard and fought long for some of the provisions covering the Community Reinvestment Act provisions.

CRA, the Community Reinvestment Act, works in my community. The Tejano Center for Community Concerns was able to build some 15 homes and build a school for high school dropouts. But we have not gone far enough. I believe we should come back to the floor of the House and deal with the sunshine provisions and, yes, I believe that the reporting provisions dealing with smaller banks should be addressed again as well.

I think the President of the United States needs to join this Congress in the need for a privacy bill and he should sign a freestanding privacy bill. Because, although we have a study that determines whether or not a consumer's privacy will be violated, we do need a freestanding privacy bill to ensure that the privacy of Americans will truly be protected.

But I am pleased that there is no discrimination against those who have suffered domestic violence if they seek credit opportunities and I am further pleased that there is protection for women who are seeking access to credit sources; and I also am delighted to see that there is a provision that deals with determining whether or not there is a malicious securing of the financial records of consumers thereby violating a consumer's privacy. It is not a perfect bill, but it is a bill that we should vote for and create new opportunities for all Americans.

Mr. MOAKLEY. Madam Speaker, will the Chair inform us of the remaining time for both sides?

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. MOAKLEY) has 1 minute remaining, and the gentleman from Texas (Mr. Sessions) has 1 minute remaining.

Mr. MOAKLEY. Madam Speaker, I yield the balance of my time to the gentleman from New York (Mr. HINCHLEY).

Mr. HINCHLEY. Madam Speaker, one thing about this rule is, it is consistent with the bill. I will have an opportunity to speak against the bill shortly, but the rule itself is totally consistent with the bill. The rule is unfair and the bill is unfair.

We have 1 hour to debate the most comprehensive change in financial services legislation in the Nation in the last 65 years. This is one of the most important bills to come before this Congress in decades, and we are going to spend 1 hour this evening debating here on the floor of the House of Representatives.
This country will suffer from it. Untold millions of our citizens will suffer from the contents of this bill. We will look back on the way we debated it, the short shift we gave to the consideration of all the momentous consequences of this bill and the unfairness with which we allocated the time and we will regret it. We will regret it, the public policy point of view and politically. This is a big, serious mistake.

Mr. SESSIONS. Madam Speaker, I yield to the gentleman from Texas for yielding me the time.

Madam Speaker, I rise in strong support of this rule and S. 900, which passed the other body today by a vote of 98-0.

Although this legislation addresses the needs of the financial community, consumers are the big winners. If we pass this conference report, consumers will be able to open a checking account, secure a retirement plan, purchase insurance policy, and invest all with one company with no capacity to go to other financial services companies.

Our rural communities will benefit from the provisions to reform the Federal Home Loan Bank. This provision gives smaller banks greater access to funds for making loans to small businesses and small farmers while establishing an improved capital structure for the system.

I urge my colleagues to join together to vote for this bill and this conference report to move the financial services industry forward and give our consumers the choices they need in today's world.

Mr. SESSIONS. Madam Speaker, I urge unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H.R. 355. The SPEAKER pro tempore. (Mrs. EMERSON). Is there objection to the request of the gentleman from Texas?

There was no objection.

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

Madam Speaker, I urge support of this fair rule for the hard work that has taken place during this year of the 106th Congress.

Madam Speaker, I yield back the balance of my time, and I move the previous question on the resolution.
The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mrs. EMERSON). Pursuant to House Resolution 355, the conference report is considered as having been read.

For further report and statement, see proceedings of the House of Tuesday, November 2, 1999, at page H11225.

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Iowa (Mr. LEACH), the gentleman from New York (Mr. LAFalCE) each will control 30 minutes.

Mr. DINGELL. I rise to inquire, Madam Speaker, if my good friend, the gentleman from Minnesota (Mr. Vento), who is claiming time in opposition to the bill is in fact opposed to the bill.

The SPEAKER pro tempore. Is the gentleman from Minnesota (Mr. Vento)?

Mr. LAFalCE. I rise to claim time in opposition to the legislation.

The SPEAKER pro tempore. The Chair will recognize the gentleman from Michigan (Mr. DINGELL) each will control 20 minutes.

Mr. DINGELL. Madam Speaker, I rise to claim time in opposition to the legislation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. LEACH. Madam Speaker, I ask unanimous consent to divide the time that has been authorized in half and share it with the gentleman from Virginia (Mr. BILLEY), the distinguished chairman of the Committee on Commerce.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

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

Madam Speaker, yes, this is a historic day. If the House follows the Senate lead where over 28 to 8 vote this conference report was adopted earlier today, the landscape for delivery of financial services will shift. American commerce will be made more competitive, and the American consumer will be better served.

Unlike current law, financial institutions, banks, insurance companies, securities firms, are constrained in market niches. Under the new legislative framework, every industry will be allowed to compete head to head with a complete range of products and services.

Over the decades, modernization approaches have been offered many times in many ways. The particular approach taken by the committees of jurisdiction is one based upon the following premises: 1, that no parts of America, whether an inner city or rural hamlet, should be denied access to credit; 2, that in an expanding competition and finance should increase consumer access to a wider variety of products at the most affordable prices; 3, that while competition should be opened up in finance, the American model of separating consumer finance from banking should be maintained; 4, the privacy protections of American consumers should be expanded in unprecedented ways; 5, that the public protections contained in the prudential regulatory regime should be rationalized and made stronger; 6, that the international competitiveness of American firms should be bolstered.

These are the premises and the effects of this legislation. If there is an institutional tilt to the balanced approach taken by the Congress, it is to and for smaller institutions. In a David and Goliath competitive world, this legislation is the community bankers' and independent insurance agents' sling-shot. They and the customers they serve will be greater in extent than under the status quo or any alternative modernization approach.

Madam Speaker, I would simply conclude by expressing gratitude to all the participants in this process. Particularly my friends, the gentleman from New York (Mr. LAFalCE) and the gentleman from Minnesota (Mr. Vento), their Senate counterpart, PAUL SARBANES; the gentleman from Virginia (Mr. BILLEY) and the gentleman from Ohio (Mr. OXLEY) for their leadership in the Committee on Commerce, and the gentleman from Michigan (Mr. DINGELL) and the gentleman from Massachusetts (Mr. MARKEY) for their constructive dissent.

In the Committee on Banking and Financial Services, I am particularly grateful for the patience of so many Members, but I am obligated to cite in particular the wisdom and choice counsel of the vice chairman, the gentleman from Florida (Mr. McCOLLUM), and an exceptionally strong team of advice the gentleman from Louisiana (Chairman BAKER), the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Illinois (Mr. BACHUS), the gentlewoman from New York (Mr. LAZIO and Mr. KING). To them I express great personal gratitude for help, and profound apologies where I have differed or could not help them.

As only Members understand, Congress has many dimensions, and this bill would not have been made possible without the input of a thoroughly professional staff. At the risk of oversight, let me thank on behalf of the House Tony Cole, Gary Parker, Laurie Schaffer, John Land, Natalie Nguyen, Alison Watson, David Cavicke, Jeanne Roslanowick, and our counselors at the Legislative Counsel's office Jim Wert and Steve Cope.

I would also like to express appreciation for the contributions of Virgil Mattingly of the Federal Reserve, Harvey Goldschmidt of the SEC, Undersecretary of the Treasury, JERRY HAWKE, our comptroller, and Donna Tanoue, chair of the FDIC.

Let me also make a comment about process. This bill has been led in the Senate by an extraordinarily strong group of leaders, Phil GRAMM of Texas. While the House approach has differed somewhat with that of the Senate, the big picture is that the Senate acted decisively in a timely manner in legislation, the framework for which has been close to and is now identical with that offered this evening to the House. Each side has moved to the other, and the end product is overwhelmingly in the public interest.

It has been my view from the beginning of consideration of financial reform that few legislative efforts require more bipartisan and biinstitutional cooperation than this one. The need for a cooperative approach has become more self-evident as issues of the day have become more personalized and partisan.

In this light, I would like to thank the minority as well as the majority leadership of the House, Secretary Summers as well as Chairman Greenspan and Chairman Levitt, for their profound contributions to this legislation. It is truly bipartisan, supported by the executive branch and the Federal Reserve.

Madam Speaker, the legislation before the House is historic win-win-win legislation, updating America's financial services system for the 21st Century.

It's a win for consumers who will benefit from more convenient and less expensive financial services, from major consumer protection provisions and from the strongest privacy protections ever considered by the Congress.

It's a win for the American economy by modernizing the financial services industry and saving an estimated $18 billion annually in unnecessary costs.

And, it's a win for America's competitive position internationally by allowing U.S. companies to compete more effectively for business around the world and create more financial services jobs for Americans.

It would be an understatement to say that this has not been an easy, nor a quickly-prodiced piece of legislation to bring before the House.

For many of the 66 years since the Congress enacted the Glass-Steagall Act in 1933 to separate commercial banking from investment banking, there have been proposals to repeal the act. The Senate has twice passed repeal legislation and last year the House approved the 105th Congress version of H.R. 10.

The bill before us today is the result of months and months of tough negotiation and compromise: among different congressional committees, different political parties, different industries, and different regulators. No single individual or group got all—or even most—of what they wanted. Equity and the public interest have prevailed.
It should be remembered that while the work of Congress inevitably involves adjudicating regulatory turf battles or refereeing industrial groups fighting for their piece of the pie, the principal work of Congress is the work of the people—to ensure that citizens have access to the widest range of products at the lowest prices that taxpayers are not put at risk; that large institutions are able to compete against their larger international rivals; and that small institutions can compete effectively against big ones.

We address this legislation in the shadow of major changes in the financial services sector, largely the result of technological innovations and decisions by the courts and regulators, who have stepped forward in place of Congress. Many of us have concern about certain trends in finance. Whether one likes or dislikes what is happening in the marketplace, the key is to ensure that there is fair competition among industry groups and protection for consumers. In this regard, this bill provides for functional regulation with state and federal bank regulators overseeing banking activities, state insurance and securities regulators governing securities activities and the state insurance commissioners looking over the operations of insurance companies and sales.

The benefits to consumers in this bill cannot be stressed more. First, they will gain in improved convenience. This bill allows for one-stop shopping for financial services with banking, insurance and securities activities being available under one roof.

Second, consumers will benefit from increased competition and the price advantages that competition produces. These are increased protections on insurance and securities sales and a required disclosure on ATM machines and screens of bank fees.

Fourth, the Federal Home Loan Bank reform provisions expand the availability of credit to farmers and small businesses.

Fifth, the bill also contains important consumer privacy protections.

Among other things, the bill:

1. Bars financial institutions—including banks, thrifts, credit unions, securities firms and insurance companies—from disclosing customer account numbers or access codes to unaffiliated third parties for tele-marketing or other direct marketing purposes.

2. Enables customers of financial institutions, for the first time, to "opt out" of having their personal financial information shared with unaffiliated third parties, subject to certain exceptions related largely to the processing of customer transactions. A financial institution would be permitted to share information with an unaffiliated third party to perform services or functions on behalf of the financial institution and to enter into certain joint marketing arrangements for financial products or services, as long as the institution fully discloses such activity to its customers and enters into a contractual agreement requiring the third party to maintain the confidentiality of any such information.

3. Requires all financial institutions to disclose annually to all customers, in clear and conspicuous terms, its policies and procedures regarding the disclosure of information to both non-affiliated third parties and affiliated entities.

4. Directs relevant Federal and State regulators to establish comprehensive standards for ensuring the security and confidentiality of consumers' personal information maintained by financial institutions, and to protect against unauthorized access to or use of such information.

5. Accords supremacy to State laws that give consumers greater privacy protections than the provisions in the Act.

6. Makes it a federal crime, punishable by up to five years in prison, to attempt to obtain private customer financial information through fraudulent or deceptive means. Such means could include misrepresenting the identity of the person requesting the information or otherwise tricking an institution or customer into making unwarranted disclosures of such information.

In terms of enforcement, the Act subjects financial institutions that violate the new consumer privacy protections to a wide range of possible sanctions, including: Termination of FDIC’s insurance; Federal Reserve Cease and Desist Orders barring policies or practices deemed violations of the Act’s privacy provisions; removal of institution-affiliated parties, including bank directors and officers, from their positions, and permanent exclusion of such parties from further employment in the banking industry; and civil money penalties of up to $1,000,000 for an individual or the lesser of $1,000,000 or 1% of the total assets of the financial institution.

The other major beneficiaries of this legislation are America’s small community financial institutions. In this regard, I’d like to emphasize the philosophic underpinnings of this legislation. Americans have long held concerns about bigness in the economy. As we have seen in other countries, concentration of economic power does not automatically lead to increased competition, innovation or customer service.

But the solution to the problem of concentration of economic power is to empower our own financial institutions to compete against large institutions, combining the new powers granted in this legislation with their personal service and local knowledge in order to maintain and increase their market share.

For many communities, retaining the local, independent bank means gained that bank the power to compete against mega-giants which are being formed under the current regulatory and legal framework.

The conference report provides community banks with the tools to compete, not only against large mega-banks but also against large mega-banks. Hence, the appropriateness for commercial banks to compete against large mega-banks.

Large financial institutions can already offer a variety of services. But community banks are usually not large enough to utilize legal forms such as the S&L. Therefore, the creation of a unitary thrift holding company to which financial institutions—commercial as well as financial—have turned.

One of the most controversial provisions prohibits commercial entities from establishing trusts in the future and allows for those commercially owned trusts currently in existence to be sold only within the financial community, the same rules which apply to banks.

The reason this restriction on commerce and banking is being expanded is several fold. First, savings associations that once were exclusively devoted to providing housing loans, have become more like banks, devoting more of their assets to consumer and commercial lending. Hence, the approach to cause comparability between the commercial bank and thrift charter is self-evident.

Second, this provision must be viewed in light of the history of past legislative efforts affecting the banking and thrift industries. The S&L industry has tapped the U.S Treasury for $140 billion to clean up the 1980s S&L crisis. In 1996, savings associations received a multi-billion dollar tax break to facilitate their conversion to a bank charter. Also, in 1996, the S&L industry received a $6 to $7 billion to help pay over the next 30 years for their FICO obligations, that part or the S&L bailout costs that remained with the thrift industry.

For many years, during this time period, Congress has liberalized the qualified thrift lender test and the restrictions on the Federal savings association charter. These legislative changes are in addition to the numerous advantages that the industry has historically enjoyed, such as the exemption from the international banking laws.

The conference report contemplates Congressional grant of benefits to the thrift industry by repealing the SAIF special reserve, providing voluntary membership by Federal Savings and Loan associations in the Federal Home Loan Bank System, allowing state thrifts to keep the term “Federal” in their names, and allowing mutual S&L holding companies to engage in the same activities as stock S&L holding companies.

Opponents of this provision correctly argue that commercial companies that have acquired thrifts (so-called unitary thrift holding companies) before and after the S&L bailouts of the 1980s have not, for the most part, caused taxpayer losses. However, the Federal deposit insurance fund that was bailed out by the taxpayers covered the entire thrift industry including the unitary thrift holding companies, and the $6 to $7 billion of thrift industry liabilities that were transferred to the commercial banking industry benefitted unitaries as well as other S&Ls. The transfer was made with the understanding that sharing liabilities would be matched by ending special provisions for the S&L industry and that comparable regulation would ensue.

The bill benefits smaller, community banks and the customers they serve in the following additional ways:

1. Federal Home Loan Bank System reforms. The FHLB charter is broadened to allow community banks to borrow for small business and family farm lending. The implications of this FHL 8 mission expansion are extraordinary. In rural areas, it allows, for the first time, community banks to have access to long-term capital comparable to the Farm Credit System, which is a Federal Home Loan Bank System is empowered as a Government Sponsored Enterprise to tap national credit markets at near Treasury rates. The bill thus creates greater competitive equity between community banks and the Farm Credit System and greater credit cost savings for farmers. With regard to interlocks, the same principle applies. If larger financial institutions choose to emphasize relationships with larger corporate and individual
customers, the ability of community banks to pledge small business loans as collateral for FHLB System advances will allow them to serve comprehensively a small business and middle-class family market niche. Most importantly, if the present trend continues of American savers putting less money in banks and more money into money-market mutual funds, this FHLB reform assures community banks the liquidity—at competitive costs—they will need for generations to come.

2. Additional Powers. In recent years, sophisticated money-center banks have developed powers, under Federal Reserve and OCC rulings, that have allowed them to offer products which community banks in many states are frequently precluded from offering. This bill allows community banks all the powers as a matter of right that larger institutions have accumulated on an ad hoc basis. In addition, community banks for the first time are authorized to underwrite municipal revenue bonds.

3. Regulatory relief. The legislation provides modest regulatory relief for banks with assets under $250 million. Those with an "outstanding" Community Reinvestment Act rating will be examined for compliance only every five years, while those with a "satisfactory" rating will be reviewed every four years.

5. Prohibition on deposit production offices. The legislation expands the prohibition on de-posit production offices contained in the Reigle-Neal Interstate bill to include all branches of an out-of-state bank holding company. This prohibition ensures that large multi-state bank holding companies do not take deposits from communities without making loans within them.

6. Competition. The powers under the Act will provide community banks a credible basis to compete with financial institutions of any size or any specialty and, in addition, to offer, in similar ways, services that new entrants into financial markets, such as Internet or computer software companies, may originate.

In a competitive world in which consolidation has been the hallmark of the past decade, the framework of this bill assures that community banks have the tools to remain competitive. If larger institutional arrangements ever become consumers, they need the necessary competitive capability and, where needed, incentivize the establishment of new community-based institutions.

What the new flexibility provided community banks means is that consumers and small businesses in the most rural parts of America will be provided access to the most up-to-date, sophisticated financial products in the world, delivered by people they know and trust. Without financial modernization legislation, the trend toward de-neighborhood and banking, as well as more faceless interstate banking, will be unstoppable. Community based institutions need to be able to compete with larger institutions on equal terms or growth and economic stability in rural America will be jeopardized.

Several other sections of the legislation also deserve comment:

**COMPLEMENTARY ACTIVITIES**

The Act permits the Federal Reserve Board to allow financial holding companies to engage in various complementary activities that, while not financial in nature or incidental to traditional banking, are complementary to financial activities. The Act provides that this authority be exercised on a case-by-case basis under the application procedure currently applicable under the Bank Holding Company Act to nonbanking activities. This procedure requires the Board to consider whether the public benefits of allowing the financial holding company to conduct the proposed complementary activity outweigh potential adverse effects. This would require the Board to consider whether the proposal is consistent with the purposes of the Bank Holding Company Act. It is expected that complementary activities would not be significant relative to the overall financial activities of the organization.

**FOREIGN BANKS**

For foreign banks that wish to be treated as financial holding companies, Section 103 requires that the Federal Reserve Board establish capital and management standards comparable to those required for U.S. organizations, giving due regard to national treatment and equality of competitive opportunity. The purpose of the provision is to ensure that foreign banks continue to be provided national treatment, receiving neither advantages nor disadvantages as compared with U.S. organizations. Accordingly, foreign banks that meet comparable standards are entitled to the full benefits of the Act.

The Act eliminates the application process for financial holding companies that meet the new criteria relating to capital and management. This is an important provision; it enhances efficiency and reduces regulatory burden but it also has certain consequences. One is that the Federal Reserve Board no longer has an application process through which to determine adherence by foreign banks to capital and management standards. Foreign banks operate in different home country regulatory environments, with differing accounting and reporting standards. The Board has used the applications process to assess the capital levels of individual banks seeking to expand their operations in the United States to ensure the equivalency of their capital to that required to U.S. banking organizations. Section 103 is intended to give the Board the ability to set comparable standards and establish a process for determining a foreign bank's adherence to those standards before the bank may take advantage of the Act's provisions. Such a determination could be accomplished through an on-site examination, or through a mutual evaluation conducted in connection with the foreign bank's certification to be treated as a financial holding company and thereby attain the benefits of the new powers.

**MERCHANT BANKING**

One important provision of the Act is that it would authorize financial holding companies to engage in merchant banking activities but subject to a number of prudential limitations. For example, the Act would permit a financial holding company to engage in merchant banking only if the company has a securities affiliate, or a registered investment adviser that performs these functions for an affiliate insurance company. In addition, the Act allows a financial holding company to retain a merchant banking investment for a period of time to enable the sale or disposition of that reasonably foreseeable and generally prohibits the company from routinely managing or operating a non-financial company held as a merchant banking investment.

Importantly, the Act also gives the Federal Reserve and the Treasury the authority to jointly develop implementing regulations on merchant banking activities that they deem appropriate to further the purposes and prevent evasions of the Act and the Bank Holding Company Act. Under the authority, the Federal Reserve and Treasury may define relevant terms and impose such limitations as they deem appropriate to ensure that this new authority does not foster conflicts of interest or undermine the safety and soundness of depository institutions or the Act's general prohibitions on the mixing of banking and commerce.

**SECURITIES ACTIVITIES OF FINANCIAL HOLDING COMPANIES**

Currently, bank holding companies are generally prohibited from acquiring more than five percent of the voting securities of a company that conducts activities that are not closely related to banking. I would like to make clear that by permitting financial holding companies to engage in underwriting, dealing and market making, Congress intends that the five-percent limitation no longer applies to bona fide securities underwriting, dealing and market-making activities. In addition, voting securities held by a securities affiliate of a financial holding company in any underwriting, dealing or market-making capacity would not need to be aggregated with any shares that may be held by other affiliates of the financial holding company. This is necessary to allow bank-affiliated securities firms to conduct securities activities in the same manner and to the same extent as their nonbank affiliated competitors, which is one of the principal objectives of this legislation. I would also like to make clear that the elimination of the five-percent restriction is intended to apply to bona fide securities underwriting, dealing and market-making activities and not to permit financial holding companies and their affiliates to control non-financial firms in ways that are otherwise impermissible under this Act.

**EFFECTIVE DATE FOR ENGAGING IN NEW ACTIVITIES**

New Section 4(k)(4) of the Bank Holding Company Act, as added by Section 103 of the bill, explicitly authorizes bank holding companies to engage in a laundry list of financial activities. These activities are permissible upon the effective date of the Act without further action by the regulators. However, refinements in rulemaking may be necessary and desirable going forward. For example, the Federal Reserve Board and the Treasury Department are specifically authorized to jointly issue rules on merchant banking activities. If the regulators determine that any such rulemaking is necessary, they should act expeditiously.

In closing, while the financial modernization legislation provided protection and competition in the delivery of financial products, it repudiates the Japanese industrial model and foretells trends toward mixing commerce and...
banking. The signal breach of banking and commerce that exists in current law is plugged, which has the effect of both stopping the potential "keiretzuings" of the American economy and protecting the viability, and therefore the value, of community bank charters. A reconsideration of the current bank modernization legislation by powerful interest groups attempted to introduce legislative language which would have allowed large banks to merge with large industrial concerns—i.e., to provide that Chase could merge with General Motors or Bank of America with Amoco. Instead, this bill precludes this prospect and, indeed, blocks America's largest retail company from owning a federally insured institution, for which an application is pending.

To summarize, tonight this Congress will pass a bank modernization bill true to America's fundamental economic values: excessive conglomeratization is deterred, consumer protections are enhanced, consumer choices are expanded, privacy protections are created for the first time under federal law, and the safely and soundness of the nation's financial system are maintained.

Madam Speaker, I reserve the balance of my time.

Mr. LAFALCE. Madam Speaker, I yield myself 3 minutes.

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

Mr. LAFALCE. Madam Speaker, I rise in strong support of the conference report on S. 900 and H.R. 10.

Before I begin, let me simply say that I would like to associate myself with each and every remark of the distinguished chairman of the Committee on Banking and Financial Services, the gentleman from Iowa (Mr. LEACH). He gave thanks to a great many individuals. I want to especially join him in giving thanks to those same individuals.

There are a few other individuals, though, that I should mention, and that is, the fine staff, not only Jeanne Roslanowick but Tricia Haisten and Dean Sagan and Jaime Lizarraga, Patty Lea on King, John Johnson-Oby, and the fine Senate staff of Senator SARBANES, most especially Steve Harris and Marty Gruenberg and Patience Singleton.

Also, I want to single out, this has been a bipartisan effort from within the Committee on Banking and Financial Services. The gentleman from Iowa (Mr. LEACH) the gentlewoman from New Jersey (Mrs. ROUKEMA), the gentleman from Minnesota (Mr. VENTO), myself, we would not have gotten here unless, when I was working with the administration and introducing a bill to the administration, who said they could support H.R. 665, two Republicans had not joined with me immediately in support of the administration's effort. That is the chairman of the Committee on Rules, the gentleman from California (Mr. DREIER) and the chairman of the Subcommittee on Capital Markets, Securities and Government Sponsored Enterprises, the gentleman from Louisiana (Mr. BAKER). They helped make this truly a bipartisan product.

Let us not kid ourselves, a lot of spin is being put on what has gone on. But this is largely the House product that we are witnessing today in the conference report, because the conference report, like the initial House bill, strengthens the prudential supervisory authority, excuses CRA, and privacy provisions, and that is why the administration is able to strongly endorse and support this bill.

Like the House product, the conference report before us ensures that banks will have no such provisions with respect to corporate control.

We include the strong privacy provisions that passed this House 427 to 1, except we strengthen those provisions by requiring specific records and ensuring that stronger State privacy laws are protected. The Senate bill had no privacy provisions. The House bill that passed the previous Congress, with a number of those individuals, it underscored it. It undermined the separation of banking and commerce. Title IV closes the unitary thrift loophole by barring future ownership of thrifts by commercial concerns, but some 800 firms are grandfathered and can engage in commercial concerns, even if they are not so engaged on the grandfather date.

Moreover, Title I allows new financial holding companies, which incorporate commercial banks, to engage in any complementary activities determined by the Federal Reserve. Any S&L holding company, whether or not grandfathered, can engage in activities determined to be complementary for financial holding companies. S. 900 clearly ignores the warnings that Senator Rubin gave to Congress in May: "We have serious concerns about mixing banking and commercial activities under any circumstances, and these concerns are heightened as we reflect on the financial crisis that has affected so many countries around the world for the past 2 years."

Fifth, the conference agreement would let banks evaluate and process other insurance claims without having to comply with State consumer protections. This means banks, of all people, will make important medical benefit decisions that patients and doctors should make. It is going to the National Association of Insurance Commissioners; S. 900 would prevent up to 1,781 State insurance protection laws and regulations from being applied to banks that conduct insurance activities.

Sixth, the conference agreement with regard to the recommutation of mutual insurers that will have a devastating effect upon State regulation and upon the investors and insurance customers.
DEAR MEMBER OF CONGRESS:

On behalf of our 700 member community organizations, the National Community Reinvestment Coalition (NCRC) urges you to vote against the Gramm-Leach-Bliley Financial Services Modernization Act of 1999. NCRC believes the Gramm-Leach-Bliley bill will undermine progress in neighborhood revitalization by chipping away at the provisions of CRA (Community Reinvestment Act). It also misses a vital opportunity to greatly expand access to credit and capital to America's working class and minority communities by modernizing CRA as Congress modernizes the financial services industry.

During the 1990s, a strengthened Community Reinvestment Act (CRA) has played a major role in increasing access to loans and investments for working class and minority communities. We have already pointed out that the recent update of the CRA by law passed in the mid-1990s is a key modernization of financial law that will be a great tool in the modernization of our financial services system.

We also hasten to point out that the "have and maintain" provision is unlikely to have any practical effect. Due to the bank regulators' rampant grade inflation, none of the largest holding companies that would most likely be affected by this clause have any desire to lose an Satisfactory CRA rating. Satisfactory CRA ratings have become so automatic that the OCC granted a "Satisfactory" rating to a large institution which takes deposits and makes loans throughout the nation. The current practice of CRA exams occurs once every two years keeps small banks on their toes because they know that the next exam is just around the corner.

In addition, NCRC objects to the so-called "sunshine" provision of this legislation. While no one can argue with the concept of sunshine, the provisions in this bill provide no real sunshine and are aimed instead at chilling the First Amendment rights of advocates. By requiring all financial reporting requirements only of those groups which comment on applications and the CRA records of banks, this bill provides a disincentive for community participation in the CRA process. Additionally this bill prevents banking agencies from monitoring the level of loans and investments made under CRA agreements during CRA exams and merger applications. These provisions are bad public policy designed solely to restrict the ability of communities to demand accountability and continue reinvestment from their financial institutions.

NCRc understands the symbolic importance of the "have and maintain" CRA rating clause in this bill. We believe that the requirement that financial holding companies have at least a "Satisfactory" CRA rating in order to merge or engage in new activities is useful because it will give the industry even more incentive to avoid failing CRA ratings. On a practical level, however, this so-called "extension of CRA" is largely illusory. By not requiring applications and public comment periods when financial holding companies merge or engage in new activities, this bill eliminates the most effective tool communities have to insure the accountability of financial institutions to their community.

We also hasten to point out that the "have and maintain" provision is unlikely to have any practical effect. Due to the bank regulators' rampant grade inflation, none of the largest holding companies that would most likely be affected by this clause have any desire to lose an Satisfactory CRA rating. Satisfactory CRA ratings have become so automatic that recently the OCC granted a "Satisfactory" rating to a large institution which takes deposits and makes loans throughout the nation.

Finally, we want to be sure that you are aware of one high profile group that has endorsed the bank was in violation of the nation's fair lending laws.

We refer you to the testimony of Mr. Robert Gramlich recently estimated that CRA-related home, small business, and economic development loans total $17 billion annually.

We also hasten to point out that the "have and maintain" provision is unlikely to have any practical effect. Due to the bank regulators' rampant grade inflation, none of the largest holding companies that would most likely be affected by this clause have any desire to lose an Satisfactory CRA rating. Satisfactory CRA ratings have become so automatic that recently the OCC granted a "Satisfactory" rating to a large institution which takes deposits and makes loans throughout the nation.

We refer you to the testimony of Mr. Robert Gramlich recently estimated that CRA-related home, small business, and economic development loans total $17 billion annually.

Thank you for your attention to this matter. We hope you will take action that will strengthen this law and modernize it to serve the needs of our communities.

Sincerely,

JOHN TAYLOR, President and CEO.

NATIONAL COMMUNITY REINVESTMENT COALITION, October 29, 1999.

Hon. William Jefferson Clinton,
President of the United States of America.

The White House, Washington, DC.

Dear Mr. President: On behalf of our 700 member community organizations, the National Community Reinvestment Coalition (NCRC) respectfully urge you to veto the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 when it comes before you. We appreciate this Administration's commitment to fighting off the most anti-CRA aspects of the Senate version of financial modernization.

The Gramm-Leach-Bliley bill as proposed will undermine progress in reinvestment and miss the vital opportunity to greatly expand access to credit and capital to America's traditionally underserved communities. NCRC thought that the financial modernization bill offered an ideal opportunity for this Administration to put its stamp on the evolution of the financial services industry by modernizing and updating CRA so that it would continue to be relevant to the challenge of neighborhood revitalization in the 21st century. Unfortunately, the bill that is about to be passed fails to do that in any significant way, while at the same time chipping away at major provisions of the current law.

NCRC understands the symbolic importance of the "have and maintain" CRA rating clause in this bill. We believe that the requirement that financial holding companies have at least a "Satisfactory" CRA rating in order to make a financial merger affects only a minority of the largest holding companies that would most likely be affected by this clause. We are unaware of any others. Additionally, this bill prevents bank agencies from monitoring the level of loans and investments made by our institutions. We are also aware of one high profile group that has endorsed this bill eliminates the most effective tool communities have to insure the accountability of financial institutions to their community.

We also hasten to point out that the "have and maintain" provision is unlikely to have any practical effect. Due to the bank regulators' rampant grade inflation, none of the largest holding companies that would most likely be affected by this provision have any desire to lose an Satisfactory CRA rating. Additionally, this bill prevents bank agencies from monitoring the level of loans and investments made under CRA agreements during CRA exams and merger applications. These provisions are bad public policy designed solely to restrict the ability of communities to demand accountability from their financial institutions.

Thank you for your attention to this matter. We hope you will take action that will strengthen this law and modernize it to serve the needs of our communities.

Sincerely,

JOHN TAYLOR, President and CEO.

NATIONAL COMMUNITY REINVESTMENT COALITION, October 29, 1999.
DEAR REPRESENTATIVES: We write today to express our opposition to the Conference Committee Report on the Gramm-Leach-Bliley Financial Modernization Act. We are dismayed at the inclusion of the legislation of Subtitle B, the Redomestication of Mutual Insurers. We submit that Subtitle B is not in the public interest, rather it is anti-consumer. This provision would circumvent well-designed and thought-out state policy to defend its inclusion in the legislation. It would allow financial services modernization or even to financial services modernization or even to prove that the Subtitle B is indeed vital to the public interest, rather it is anti-consumer. This provision would circumvent well-designed and thought-out state policy to defend its inclusion in the legislation. It would allow financial services modernization or even to financial services modernization or even to prove that the Subtitle B is indeed vital to the public interest, rather it is anti-consumer. This provision would circumvent well-designed and thought-out state policy to defend its inclusion in the legislation. It would allow financial services modernization or even to financial services modernization or even to prove that the Subtitle B is indeed vital to the public interest, rather it is anti-consumer. We stand ready to work with you continue to improve the Community Reinvestment Act.

Sincerely,

JOHN TAYLOR, President and CEO.

NATIONAL CONFERENCE OF STATE LEGISLATURES, NATIONAL CONFERENCE OF INSURANCE LEGISLATORS,


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JOHN TAYLOR, President and CEO.

NATIONAL CONFERENCE OF STATE LEGISLATURES, NATIONAL CONFERENCE OF INSURANCE LEGISLATORS,

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Mr. LEACH. Yes. There are two sub-
sections that should be read together. One that calls for a listing of expenses and the other that stipulates regu-
lations promulgated under this provision not establish undue regulatory bur-
dens. While tensions exist between these two sections, the clear intent is to allow regulatory discretion in imple-
menting the reporting requirements.

For instance, meal expenses and taxi-
cab receipts are not contemplated as having to be reported under this new section. In addition, it is clear, as indi-
cated in the conference report, that in the vast majority of cases groups may comply with the disclosure and report-
ning requirements through the filing of audited statements or tax returns.

Mr. LAFALCE. Well, that is very im-
portant. It is my understanding that the conference committee intended to allow compliance by the filing of an annual financial statement.
or Federal income tax return. It is not the intent that this provision require a reporting of any particular expense but rather a listing of the categories of expenses, if any, required to be reported. Is that also the understanding of the gentleman?

Mr. LEACH. Yes, it is my understanding, and I understand as well that the gentleman may be inserting for the Record a further elaboration of this issue which reflects our mutual understanding of how this section is to be treated.

Mr. DINGELL. Madam Speaker, I yield 2 minutes to the distinguished gentlewoman from California (Ms. Waters), a member of the Committee on Banking and Financial Services.

Ms. WATERS. Madam Speaker, serving on the Committee on Banking and Financial Services I understand and I understood for a long time that one day we would have a bill that would allow these entities to come together, banking, insurance, and real estate, and commercial interests to merge. I knew that would happen, but I always knew that we could protect the consumers if we wanted to do that. What I am surprised about is the mean-spirited way in which we have undermined the Community Reinvestment Act.

There was no need to have CRA on the table except for one person, who does not like CRA, came into the conference committee, determined that he was going to weaken it, and he did. These reporting requirements are unnecessary. They are simply there to intimidate. What other situation do we have where two private entities, with an agreement, have to report on it? No place, no place else but with CRA. I do not care what they say the intent is. CRA has been weakened.

The rural communities and the inner cities will feel the impact of it because the activists will go away. They will not be able to comply with these requirements. But that is not what is going to undo what we do here tonight. The poor people do not have the power. The activists could not stand up against the big banks. I knew that Citicorps, and Travelers would not undo their relationship. They would have had to undo it in 2 years if we did not have this law tonight because they acted on their own to come together and merge, but I knew they would fail. Too big to fail.

What is going to undo what we do here tonight is the invasion of privacy of American citizens. What has been done is the opportunity has opened up for one conglomerate to know everything there is to be known about an individual and their family, everything from their medical, financial records, everything. We will pay a price for this. We have paid a price for mistakes in the past as we dealt with the S&Ls. This will be another one that we will regret.

Mr. BLILLY. Madam Speaker, I yield as much time as he may consume to the gentleman from Ohio (Mr. Oxley), the chairman of the Subcommittee on Commerce, Justice, State and Judiciary, pro tempore (Mrs. Emerson). The gentleman from Ohio (Mr. Oxley) has up to 3 minutes.

Mr. OxLEY. Madam Speaker, I rise in support of this historic legislation. We are replacing Glass-Steagall finally, after 65 years, with Gramm-Leach-Bliley, which participated in this effort. There is a great deal of credit for a job well done. We have had the heart and the courage. A lot of people have doubted us because it took us a long time but we are here tonight to pass this bill.

It sets a standard, a strong standard, for consumer safeguards and establishes a strong regulatory foundation for financial services.

Let me mention a few highlights. This year in our committee I introduced the first ever comprehensive financial privacy protections for consumers. It was adopted by the full House and stronger provisions with the work of the gentlewoman from New Jersey (Mrs. Roukema) and others in the House-Senate conference committee. Under current law, consumers have no ability whatsoever to find out how their personal financial information is being shared. This bill, for the first time, gives them that ability. If we want strong consumer protections, particularly a right to privacy, vote for this legislation because to keep the status quo is to have no privacy protection whatsoever. It protects account numbers and access codes. It protects strong State privacy laws from being overridden, and that is very, very important.

I find it interesting that some Members, while recognizing that everything in this bill is an improvement over current law, still would not enact any protections, nothing at all, if we cannot load up the bill with every bell and whistle that they want. This is partly why this bill has been sabotaged in every effort in the last 65 years until this Congress demonstrated the leadership to move it forward.

The Gramm-Leach-Bliley Act affords real protections and safeguards for Americans that become law, not just empty words and political posturing. The privacy protections are only some of the many pro-consumer entitlements in the bill. Under current law, individual consumers have no statutory protections governing bank sales of insurance. This bill provides that protection.

Domestic violence. Protection against domestic violence discrimination. State insurance regulators now have stronger tools to protect consumers when regulating. In fact, this bill establishes the consumers’ right to functional regulation of all financial activities, which is the bedrock of this legislation, this functional regulation. I am proud that this bill does that.

This bill makes our system work, and it makes our financial system strong and safe and the envy of world. I am proud to congratulate all of those who were involved in this effort, particularly the gentlewoman from Iowa (Chairman Leach), the gentleman from Virginia (Chairman Bliley) for their strong efforts in this regard.

Madam Speaker, I would be remiss at this time in not mentioning the hard work and dedication of a young man named Greg Koczanski, who was senior vice president of Citigroup, and many of my colleagues knew him, as we discuss this legislation that was so important to Greg.

As many of my colleagues know, Greg died in a tragic hiking accident earlier this year in Colorado. He was a devoted family man, an avid sportsman, and true professional in every sense.

I salute Greg for the time and energy he committed to the process of moving this bill forward. S. 900 bears the imprint of his hard work.

Madam Speaker, the gentleman from Massachusetts (Mr. Markey), a good friend of mine, always likened this bill to Sisyphus rolling that boulder up the hill, and he was doomed, doomed to have that boulder roll back on him and time and time again, doomed for eternity to the gentleman from Massachusetts, no longer, no longer do I have to hear that speech in the Committee on Commerce or on the floor. For that reason and that reason alone, it is important that we pass this bill tonight.

Mr. LEACH. Madam Speaker, I yield 1 minute to the gentlewoman from New Jersey (Mrs. Roukema), the distinguished chairman of the Subcommittee on Financial Institutions and Consumer Credit.

Mrs. ROUKE MA. Madam Speaker, I want to clarify the questions regarding the privacy title.

Section 503 requires financial institutions to provide customers with a copy of the financial institution’s privacy policies and practices. These documents must be provided to customers at the time the customer establishes a relationship with the financial institution and not less than annually during the continuation of that relationship.

What about single-event transactions, as they are known, with a financial institution? What does section 503 require of financial institutions if the relationship with the customer is single-event transactions, like the purity of teller’s checks, money orders, or remote bill payments at businesses that do not have an ongoing relationship?

Madam Speaker, what would we do if those bill payments are done at businesses that do not have an ongoing relationship?

Mr. OxLEY. Madam Speaker, will the gentlewoman yield?
Mrs. ROUKEMA. Yes, I will be pleased to yield to the gentleman from Ohio.

Mr. OXLEY. Madam Speaker, as we discussed, in single-event transactions such as the ones the gentlemanwoman from New Jersey put forward, financial institutions must disclose to the customer their privacy policies and practices at the time the transaction is entered into. A customer relationship is created, but it is over in an extremely short amount of time. In these types of transactions, continuing relationship between the financial institution and the customer is created. For this reason, the financial institution is not required to provide its privacy policies to such customers annually. That was clearly our intent.

Mrs. ROUKEMA. Madam Speaker, I appreciate that.

Mr. LEACH. Madam Speaker, if the gentlemanwoman will yield, I agree with the interpretation just expressed.

Mr. OXLEY. Madam Speaker, I yield to the gentleman from Texas for 45 seconds.

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

Mr. BENTSEN. Madam Speaker, let me first say I support this legislation, and I want to commend the chairman and the ranking member of the Committee on Banking and Financial Services for the work they have done and the staff for the work they have done. Besides the financial and monetary policy reasons for doing this bill, I think there are some important facts we have to understand. I concur with the gentlemanwoman from California (Ms. WATERS) that CRA should not have been part of this legislation, but we have to thank the facts of it. It was part of the legislation. Because of this legislation, we have the stronger CRA language for businesses that want to get into other financial businesses. That is not in the current law.

We also have a stronger law as it relates to smaller institutions because, even though they get a longer interval before they have a CRA review, the bill is written in such a way that allows the regulator to go in if there is a material change. So I think CRA actually came out better.

The sunshine may be somewhat of a nuisance, but it was very narrowly tailored in the final stages of this bill.

With respect to privacy, the point has been made, and it cannot be denied, that the provisions in this bill would not exist without this bill. Consumers are better off by enacting these provisions. We will have to revisit privacy. Everyone knows it. But if we fail to pass this bill, consumers will be worse off as it relates to privacy.

Mr. DINGELL. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts (Mr. MARKAY), a member of the Committee on Commerce.

Mr. MARKAY. Madam Speaker, we are told how difficult it is, how complex it is to deal with all of these privacy issues. But when Citigroup is doing business in Germany, financial Germans say that every German citizen has the right to protect all their information, the right to say no, they do not want it shared. Citigroup gives every German citizen a contract protecting their information. Not obliged, but it is a contract that same contract to American citizens in their own country. Citigroup says no, we cannot do it in America. It is too complex.

Now, the American laws have figured out how to ensure one's tax returns do not get shared, how one's driver's license information does not get shared, one's video cassette rentals, one's cable TV viewing habits, one's telephone call records, the location of where one is when one is using one's cell phone.

Yes, we can pass laws for that. But the financial services industry says, it would really ruin our synergies if you made it necessary for us to protect your private information, your checks. If one is using a check for one's child's psychiatrist, for one's prostate cancer, for one's wife's breast cancer, no, one cannot protect that information. It is our product to sell to market.

There is only one thing that really exists here. One gets one notice, and one gets one notice only from these banks. Here is what one is going to get: Notice, you have no privacy.

They are going to be legally required to tell one, one has no privacy. Commerce out of a conscience. Profit before privacy. Can we not have a balance in this country?

William Shakespeare, 5 centuries ago: "Who steals my purse steals trash; 'tis something of value. But he that filches from me my good name robs me of that which not enriches him, and makes me poor indeed."

"Twas mine, 'tis his, and has been slave to thousands."

But "he that filches from me my good name robs me of that which not enriches him, and makes me poor indeed."

Here, Madam Speaker, one's good name enriches the financial services industry and will make each family poor, indeed, as it is robbed, stolen, filched, and capitalized upon by the financial institutions in this country. Vote no on this bad bill.

Mr. LEACH. Madam Speaker, I yield 45 seconds to the distinguished gentlemanwoman from New York (Mrs. KELLY).

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

Mrs. KELLY. Madam Speaker, I thank the distinguished gentleman from Iowa for yielding me the time.

Madam Speaker, I rise today in strong support of the passage of the Gramm-Leach-Bliley Financial Services Act of 1999. This conference report truly bridges the disagreements that have torn apart past efforts to update our financial services laws and brings our laws into the 21st century. The true winner in this effort is the consumer. They win on two fronts: first with savings, and second through the greatest expansion of financial privacy. Two provisions are especially noteworthy, and will benefit consumers money. The NARAB provision will solve a difficult and costly multistate insurance licensing issue by creating a single higher national standard.

Another provision will allow banking firms to sell mutual funds to their customers without having to go through third-party distributors that do not provide any added value to the bank or customers.

This legislation is a true win-win for the American people, and I urge my colleagues on both sides of the aisle to join me in favor of the passage of this historic legislation.

This legislation has been decades in the making and I am pleased to have been part of the effort to make this legislation a reality. Of course, this would not have been possible without the excellent work of my chairman and his top notch staff who set the best example we can all strive for.

As for privacy, this legislation represents the greatest expansion of personal financial privacy in the history of American finance. Consumers will benefit from the mandatory disclosure by financial institutions of privacy policies and the consumer opt-out choices to prevent the sale of confidential information to unaffiliated parties. This is only two of the many positive privacy provisions.

I want to go into greater detail on the provisions of this legislation that will create NARAB—the National Association of Registered Agents and Brokers. This subtle, which I authored, will streamline the insurance agent and broker licensing process.

Allow me to read something that demonstrates both the desire of state regulators to achieve the goal of establishing uniform or reciprocal licensing standards goal and the great impediments to its attainment:

"Our Commissioner's efforts to establish reciprocal licensing standards have not been fully prepared to go before their various legislative committees with recommendations for a system of insurance law which shall be the same in all States—not reciprocal, but identical; not retaliatory, but uniform.

This statement expressing the desire for a more uniform insurance regulatory system was made by George W. Miller, the New York Insurance Commissioner who founded the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner who founded the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner, at the close of the very first meeting of the National Association of Insurance Commissioner.\]
for states to change those out-of-date laws and regulations.

Now that this legislation stands at the brink of enactment, state insurance regulators must recognize that NARAB is the tool they need to make licensing less of a burden, and less of an add-on cost to consumers. Throughout the three-year debate on this provision, some state insurance commissioners argued that they're getting the job done on their own, and NARAB is unnecessary. Unfortunately, they've been saying that for 150 years. With NARAB’s enactment into federal law, there is no choice but for state licensing laws to move into alignment with the broader modernization goals of this legislation.

Madam Speaker, it is an embarrassment that the separate nations of Europe have done more to harmonize their insurance licensing laws, compared to the separate states of America. NARAB will help change that.

The Gramm-Leach-Bliley Act is good for business and consumers in many ways. It's important to note, though, that many of the provisions of this legislation only bring the regulation of banks into line with what's already happening in the marketplace. NARAB stands out as one of the key elements of this legislation that represent true modernization. I was pleased to author this element of the bill, and am grateful for the wide support it has enjoyed throughout this process.

Most of all, speaking as a moderate, I feel honored to have played a role in the enactment of important legislation that has had true bipartisan leadership. As it should be, this is a legislative product that should make us all proud.

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Madam Speaker, I thank the gentleman from New York for yielding to me the floor.

Madam Speaker, for the last 4 years, there are probably few people in this body who have spent more time on this issue and on this bill than I have. I have read every bill and every draft from front to back and back over and again and studied the provisions.

There are some problems with the bill that came out of the conference bill. In many respects, it is not as good a bill as the bill we passed out of the House. But for every problem in the bill, there are also some good things in the bill. So, on balance, I have decided that this is a bill that is worthy of support.

We should continue to work on the problems that exist with the bill. We should address those problems dealing with privacy, reporting under the CRA requirements, and other provisions that I think are lacking.

But on balance, we should vote for the bill, and, therefore, I rise in support of the bill.

Mr. LEACH. Madam Speaker, I yield 45 seconds to the gentlewoman from Illinois (Mrs. BIGGERT).

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

Mrs. BIGGERT. Madam Speaker, I rise in support of the conference report. Many of my colleagues have voted a good part of their congressional careers to making this bill a reality.

As a freshman member of the Committee on Banking and Financial Services, I was privileged to work with the staff on this bipartisan bill that will modernize our Nation's banking, insurance, and security industries.

Two decades in the making, this bill will allow our Nation's financial institutions, security companies, and insurance companies to successfully compete in the global market.

I commend the House and the Senate conferees as well as the administration who were able to work together to approve this legislation. While it may be long overdue, I believe it will be well worth the wait.

I congratulate the gentleman from Iowa (Chairman LEACH), the gentleman from Virginia (Chairman BLILEY), and the gentleman from New York (Mr. LAFALCE) for their CRA ratings.

I ask all my colleagues to vote for this historic measure, and I urge the President to sign it into law.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the distinguished gentleman from Illinois (Mr. GUTIERREZ).

Mr. GUTIERREZ. Madam Speaker, I am a proponent of the Community Reinvestment Act, which is why I am going to vote against this conference report.

I am not pleased that S. 900 weakens the Community Reinvestment Act while strengthening banks' abilities to expand into insurance and securities business. I am not pleased that S. 900 sacrifices adequate consumer privacy for the sake of corporate interests.

S. 900 strays too far from acceptable CRA provisions originally in H.R. 10, which required banks to have a satisfactory CRA rating in order to affiliate with insurance and securities firms, and, this was in order to maintain that affiliation, they must maintain their satisfactory CRA rating.

Unfortunately, this maintenance provision has been stripped from the bill.

Sure, S. 900 requires banks to have a satisfactory CRA rating to expand into lines of business, but under this bill, once a bank’s affiliating frenzy is over, once it gets as big as it wants by merging with securities and insurance firms, it is no longer required to maintain the bank’s satisfactory CRA rating.

On privacy, this bill gives banks the right to share all information about consumers with their affiliates. Personally, I do not necessarily want my bank information to be shared with anyone.

While S. 900 does give consumers the option to opt out of a bank's information sharing arrangement with unaffiliated third parties, a consumer, I want America to understand this clearly, a consumer cannot opt out when the financial institution enters a joint marketing agreement with unaffiliated third parties.

This means that if my bank has an agreement with a telemarketer down the street, the bank can share my information and the information of all Americans with whichever financial institution that should be shameful, Madam Speaker.

Mr. LAFALCE. Madam Speaker, I yield 2 minutes to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Madam Speaker, I want to thank the chairman of the Committee on Banking and Financial Services and the ranking member for the hard work they did on this bill and moving it through the process and never forgetting that the consumer came first.

Madam Speaker, with all the heated debate around the details of this bill, I fear that we have lost sight of what we are trying to do. We are, as the Washington Post recently pointed out, trying to deregulate the financial services industry today, not deregulate it.

Banks already use loopholes and regulatory waivers to get their hands into new lines of businesses, supposedly barred by the old Glass-Steagall Act. With this bill giving banks, insurance companies, and security companies new powers, it also creates a sound, legal framework which addresses the actual condition of today's financial services marketplace.

For those of my colleagues that are concerned about consumer protection, understand that the most important thing we can do to protect consumers is to create a strong regulatory system that oversees financial services as they are today, not as they were, and the bill does that.

Why else have we worked so hard to create this bill? For four reasons: to create a more competitive financial services sector, to build a stronger economy, to create new opportunities for consumers, and to protect the consumer.

When this bill is passed, companies will be more internationally competitive, will operate more efficiently at home, and will provide a broad array of new services and products to the consumers, and provide for the first time privacy protection for the consumer.

As a conferee and a supporter of S. 900, I ask for my colleagues' yes vote today.

Mr. DINGELL. Madam Speaker, how much time do we have remaining?

The SPEAKER pro tempore (Mrs. EMERSON). The gentleman from Michigan (Mr. DINGELL) has 1½ minutes remaining, the gentleman from New York (Mr. LAFALCE) has 11 minutes remaining, and the gentleman from Iowa (Mr. LEACH) has 2 minutes remaining.

Mr. DINGELL. Madam Speaker, I yield ½ minutes to the gentleman from Oregon (Ms. HOOLEY).

Mr. LUTHER. Madam Speaker, earlier this year, Attorney General Mike Hatch of the State of Minnesota brought a civil lawsuit against a large
national bank for sharing customers’ personal information with a tele-
marketing company. When this became
known to the public, the people of Min-
nesota were outraged. So what hap-
pened? The bank quickly agreed to
change its policies to allow everyone agreed
to when the public truly found out
what was going on with the sharing of
their information. It is the minimum
standard every bank in America ought
to adhere to. All it says is people have
the right to say no.

Now, this legislation has been going
on for 15 years, as has been mentioned
here. I would ask why, after that much
time, could we not spend 15 minutes to
draft a provision to protect the con-
sumer? And that is all we are
asking. For those of my colleagues
who suggest we could pass a separate
bill on the privacy issue, I ask, what
are the chances of passage of that bill
when this bill cannot have a real pri-
vacy provision with all of the interest
groups supporting this legislation? The
chances of that would be very slim.

Madam Speaker, I will conclude by
just saying it is time to reject business
as usual in Washington. We can stand
up for the people and their right to pri-
vacy in America. We have a solemn res-
ponsibility to do that. I urge my col-
leagues to reject this legislation.

Mr. LAFALCE. Madam Speaker, I
yield 1 minute to the gentleman from
Connecticut (Mr. MALONEY).

Mrs. CAPPS. Madam Speaker, I rise
in support of this conference report.

The laws governing our banking insur-
ance and securities industries are woefully out of date. Congress has tried for
years to repair them and that goal is
finally now being achieved with this
legislation. This bill will ensure that
America remains the world’s leader in
financial services and, more impor-
tantly, it will bring consumers more
choices at lower prices.

We all know, though, that a major
issue in this bill has been consumer
privacy. The legislation before us takes
a step forward, but many challenges re-
main. I am pleased that the conference
report includes the sound and
medical privacy provisions that were in
the House-passed bill. But the con-
ference report remains deficient in pro-
tections for consumers’ financial pri-

As the gentleman from Michigan (Mr.
DINGELL) and the gentleman from Mas-
sachusetts (Mr. MARKET) have pointed
out, the bill still does not allow con-
sumers control over who has access to
their financial information. Therefore,
Congress must revisit privacy protec-
tions. However, overall the conference
report remains a positive step forward for
our economy, and I urge my col-
leagues to support it.

Mr. DINGELL. Madam Speaker, I
yield 1 minute to the gentlewoman
from Illinois (Ms. SCHAUKOWSKY), a
member of the Committee on Banking
and Financial Services.

Ms. SCHAUKOWSKY. Madam Speaker,
as a member of the Committee on
Banking and Financial Services, I am
in strong opposition to S. 900.

Winners-Losers. In this bill it is pain-
fully clear. Banks, insurance compa-
nies and securities firms. Big winners.
Losers? Working class communities and
consumers.

This bill helps create corporations
that can afford to ignore families and
small businesses down the street due to
a weakened Community Reinvestment
Act. CRA has brought literally a tril-
lion dollars’ worth of loans into starv-
ing communities since its passage in
1977. But S. 900 lowers the requirements
for CRA compliance and maliciously
betrugs community-based groups that
are fighting for investment in their
neighborhoods.

Huge financial conglomerates get ac-
to their customers’ most private
information, which they can use with-
out permission. When a widow receives
the funds from her husband’s insurance
policy, the insurance company can
share that information with its broker-
age firm which can then barrage the
grieving woman with stock offerings.

The bank that gives us a loan for our
child’s education can sell her address
at a credit card company, which then
entices her with a card at school. If we
have a bad day on the stock market,
mak e a claim against our health insur-
ance, we can kiss that mortgage good-
by. Write checks to a psychiatrist or
an oncologist and then just try to get
a new health insurance policy.

Why should we be for this? We should
not be for this. I urge my colleagues to
vote “no.”

Mr. LAFALCE. Madam Speaker, I
yield 2 minutes to the gentleman from
Connecticut (Mr. MALONEY).

Mr. MALONEY of Connecticut.

Madam Speaker, I rise in support of
this legislation. For more than 20
years, Congress has attempted to over-
haul the Nation’s banking laws while the
marketplace has moved leaps and
bounds beyond the current law. Fi-
nally, today, we have an historic op-
portunity, the opportunity to pass the
most important financial services leg-
islation.

Thanks to the work of the chairman,
the gentleman from Iowa (Mr. LEACH),
and the ranking member, the gen-
tleman from New York (Mr. LAFALCE),
we have come together to craft a finan-
cial modernization bill which benefits
everyone. Our economy will benefit
from passage of this bill by being sup-
plied with more access to capital, which
will continue to fuel our econ-
omic growth. To our financial institu-
tions, this bill means increased effi-
ciency and increased competitiveness
in the global marketplace. And our
consumers will benefit from increased
competition, which translates into
greater choices, more innovative serv-
ices, and lower prices for financial
products.

Under today’s financial moderniza-
tion conference report, banks will still
be required to have a good track record
in CRA compliance and CRA commu-
nity reinvestments as a condition for ex-
panding into new busi-
nesses. And there is the first time
that a bank’s rating under Community Re-
investment Act will be considered
when it expands outside of traditional
banking activities. The financial mod-
ernization agreement will also apply
CRA to all banks, without exceptions,
and it preserves existing procedures for
public comments on banks.

A note on privacy. Under existing
law, information on everything from
account balances to credit card trans-
actions can already now be shared by
a financial institution without a cus-
tomer’s knowledge. Under this bill, fi-
nancial institutions will, for the first
time, be required to notify consumers
when they intend to share such infor-
mation with third parties and allows
consumers to opt out of any such infor-
mation sharing.

The privacy protections included in
this legislation are clearly an impor-
tant step forward for America’s con-
sumers. I urge passage of the con-
ference report.

Mr. DINGELL. Madam Speaker, I
yield 3½ minutes to the gentleman
from California (Mr. INSELL), a mem-
ber of the Committee on Banking and
Financial Services.

Mr. INSELL of California. (Mr. INSELL asked and was given
permission to revise and extend his
remarks.)

Mr. INSELL. Madam Speaker, if we
are indeed stewards of our constituents’
privacy, why should we give banks the
right to strip us of privacy? Why
should we give banks the ability to tell
everyone in the world who are their af-
filiates about our banking accounts
and how to fill out our checks? Why should we do this?

And who will come to this floor to-
tonight and say to the American people
that it is okay for banks to violate our
privacy and to give our bank accounts
to their affiliates so they can tele-
market us? Who will come here tonight
and say that? No one. Because every
single Member of this chamber, of both
parties and both genders, of all beliefs,
know that is wrong, and it ought to be
overruled.

Why is this so important? Because
this is a brave, new and threatening
world in the financial services indus-
try. This is not the little bank on the
corner any more. The little bank on
the corner did not have any incentive
to violate our privacy. They wanted
to keep our privacy. But when we create
this new organism of banking, as sure
as God made little green apples, that
the affiliated insurance companies and
the affiliated stockbrokers are going to
want to use your financial accounts
so they can sell everything on
this green Earth to us over the phone
at 7 o’clock at night.
Now, many of us are concerned about the financial forces at work trying to pass this bill. I will just leave my colleagues with one thought. When consideration of deregulation of the savings and loan industry came about, only a fraction of this chamber voted against it, and all 26 Members felt the same fear and concern we do.

Vote to send this bill back for more work. Vote for privacy. Defeat this bill tonight.

Mr. LAFAULCE. Madam Speaker, I yield 1½ minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Madam Speaker, I rise in support of the Gramm-Leach-Bliley Act.

To say that Glass-Steagall effectively separates banking and securities is to ignore the realities of the marketplace. Today, banks can buy securities firms and banks can sell insurance. This bill provides legal and regulatory clarity.

While on the whole, the act makes U.S. companies more competitive, I would like to have seen it improved in several areas. With regard to privacy, the act recognizes the principle of Federal regulation of consumer privacy for the first time. I would have liked to have seen stronger language. In the conference, numerous amendments toughening the privacy language were offered and defeated on largely party lines. I look forward to returning to this issue next year.

I would also like to have seen stronger CRAs, a goal toward which the gentleman from New York (Mr. LAFAULCE), the ranking member, ably fought. Even so, I believe the positives far outweigh the negatives.

Perhaps most importantly, the conference committee upheld the strict separation of banking and commerce, a goal which the gentleman from Iowa (Chairman LEACH) has long championed.

Madam Speaker, the markets have already overwhelmed the Glass-Steagall wall. Gramm-Leach-Bliley will provide new modern rules allowing U.S. companies to move forward and compete globally in the new Internet economy.

I urge a yes vote.

Mr. DINGELL. Madam Speaker, I yield 1½ minutes to the distinguished gentleman from California (Mr. LEE).

Mr. LEE. Madam Speaker, I thank my colleagues for yielding me the time.

Madam Speaker, I rise in strong opposition to S. 900. There is no question that we need to update 1930's laws on financial services. I joined with many colleagues to try to craft a bill so that it would also, however, protect consumers. Financial services are making big gains with this bill, and consumers should be included. Unfortunately, they have been left out.

For example, pro-consumer amendments offered were rejected by the conference committee. Strong consumer privacy provisions were rejected by the conference committee. It is terrifying to know that Big Brother is here to stay as a result of this bill. Sharing the private financial information among financial institutions should really scare us to death.

My anti-redlining, non-discriminatory amendment was blocked by the House Committee on Banking and Financial Services. It was blocked by consideration of this bill without even taking a vote to discuss it. What does that say about our democracy?

With regard to the Community Reinvestment Act, punitive reporting required of community groups building affordable housing, for example, can create unwarranted witch hunts. I wanted to cast an aye vote for financial modernization but only if consumers, ordinary people, could also benefit from these megamergers.

Unfortunately, the bill went in the wrong direction. Mr. LAFAULCE. Madam Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN asked and was given permission to revise and extend his remarks.

Mr. CARDIN. Madam Speaker, I rise in support of the conference report, with reservations.

Congress has been working for many years to reform the Nation's outdated financial services laws. After several attempts at crafting comprehensive legislation, I am pleased to see that the House, the Senate and the administration have reached agreement on a bill that accomplishes the task while preserving financial regulation along functional lines.

After 65 years, it is important that we modernize our financial services laws. This legislation does provide the necessary legislative framework to allow financial institutions to compete fairly in the market. That is in the best interest of my constituents and I shall support the conference report.

However, I must express my disappointment that the conference report does not provide customers the opportunity to prevent the disclosure of information to affiliated companies. It does allow them to opt-out of disclosures to companies with whom their financial institutions have no affiliation, except when the institutions have entered into a joint agreement. This may result in the free exchange of personal information, such as bank balances, credit card transactions, and check receipts, between life insurance companies, mortgage issuers, stockbrokers and other commercial entities without the consumer's knowledge or consent.

This situation is particularly troubling because Congress has not yet passed medical privacy legislation. It is important to recognize that the HHS Secretary's proposed medical privacy regulations, set to take effect next February, are restricted in scope to health providers, health insurers, and health information clearinghouses. Limited by legislative authority granted to the Secretary, she cannot limit the secondary release of information beyond these specific entities. Therefore, once this financial services bill becomes law, information that an individual voluntarily discloses to a life insurance company may then be forwarded legally without an individual's assent to any of its affiliates and to any unrelated financial institution that has entered into a joint agreement with that insurance company.

It is my hope that the 106th Congress and the administration will return to this issue early next year in order to strengthen the privacy safeguards. Only then will we be able to provide American consumers innovation, convenience, and safety in financial services, as well as guaranteeing the privacy of their most personal information.

Mr. LAFAULCE. Madam Speaker, I yield 1 minute to the distinguished gentleman from California (Mr. SHERMAN).

Mr. SHERMAN asked and was given permission to revise and extend his remarks.

Mr. SHERMAN. Madam Speaker, banks, insurance companies, and stock brokerage firms are combining today; and the cold walls and distinctions between financial products that fit in one area and another are beginning to break down.

The question is not whether we will have the perfect bill but whether we will have a bill at all. This bill requires that consumers are given disclosure when they go into a bank that a particular product is not FDIC insured. They have no such protection now.

It prevents the combination of financial and commercial enterprises in a way that could endanger our entire financial system. It provides modest privacy protections that we do not have under current statute.

We can wait for the perfect bill, turn our back, and watch the combination of financial enterprises occur with nothing to ensure that the public interest is protected, or we can instead vote for an admittedly imperfect bill.

This is a major step forward in protecting the public interest.

Mr. DINGELL. Madam Speaker, I yield 1 minute to the distinguished gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.

Mr. DAVIS of Illinois. Madam Speaker, we have heard a great deal all evening about how good this bill is. I agree, it is good. It is good for the banks, good for the corporations, good for business, good for small banks who want to continue to compete without CRA. But it is not good for consumers.

It is not good for consumers who desire privacy protection. It is not good for disadvantaged and distressed communities that have been redlined, discriminated against, raped, and abandoned. It is not good for consumer activists who generated CRA in the first place. And so, it is a good bill, but it is not good enough to protect CRA. It is a good bill, but not good enough.

I urge that we vote to protect CRA.

Vote against it.

Madam Speaker: we have heard from many quarters that this is a good bill and in many ways it is. However, in several instances it
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does not do what some suggest that it does. The so-called privacy protection of customers being given an opportunity to “opt-out” clearly demonstrates the corporate benefits this bill intends. If this bill will benefit consumers, let the corporations sell themselves by mandating that consumers must “opt-in” before they have informed consent as to what will happen with their personal information. Financial literacy is already faced with a plethora of challenges let alone teaching consumers how to search for obscure fine print to protect privacy. One key lost opportunity is the failure to insist that expanded financial powers be accompanied by an appropriate expansion of CRA.

The proposed small bank exam schedule borders on an outright exemption given the “twice a decade” schedule proposed. I also am afraid that some of the report language will discourage communities from commenting or even contacting a financial institution regarding their communities credit needs.

This bill will not further community reinvestment; therefore, notwithstanding its other positive feature, I cannot support it.

Mr. VENTO. Madam Speaker, I rise, of course, in strong support of this. I certainly admire the passion and the intensity of our colleagues that have certain views that I share and certainly admire the passion and the intensity of our colleagues that have certain views that I share.

The proposed small bank exam schedule strips away responsibilities and authority. There are a lot of good things in this particular bill. The focus of the lengthy and public debate was on the national bank charter vis-a-vis the state of the financial services industry and instead brings the law up to date. This was the last thing that we have sought.

I respect the fact that the gentleman from Iowa (Chairman LEACH) and the ranking member fought like lionesses in a Circus arena in behalf of their communities, and I cannot support it.

The principal provisions of this bill which have recognized the rusting and weakened and rotten chains of Glass-Steagall are finally recognized, and Congress is getting out in front and rationalizing and putting a policy in place in which our financial foundation, a dysfunctional system, can work. That is what this is really all about. I think we have made some progress, we have advanced and improved consumer protections in this bill. We should be proud to vote for it and proud to work for the results, not simply polarization that this Congress I think too often has in the past.

The conference report on S. 900 is a balanced, a balance between the House-passed bill and the Senate-passed bill. It is a balance between the state of the financial services industry and instead brings the law up to date.

I worked upon and signed this conference report on S. 900, the Financial Services Modernization Act, in an effort to pave a path for the future that will provide financial opportunities for American consumers and communities across this country and that will keep our financial services sector competitive in the world economy.

We have a new law that will remove the rusted chains of Glass-Steagall and that will help insure that consumers receive quality financial services and new protections. The measure removes the barriers preventing affiliation between banks, insurance and securities entities and provides financial services firms the choice of conducting certain financial activities in bank holding companies or in subsidiaries of bank structures on a safe and sound basis. The agreement will not undermine the national bank charter vis a vis state banks, foreign banks, or the activities of U.S. banks that have subsidiaries abroad with relative powers.

The conference agreement brought resolution to the differences over traditional bank securities powers. We have successfully shut down the commercial loophole by prohibiting the sale of unitary trusts to commercial entities. The congressional legislation has been established on matter from insurance sales to anti-trust/anti-concentration law enforcement. Importantly, the bill enhances the viability of smaller community banks and financial entities vital to extending services and credit through our greater economy; rural and urban.

We do not have complete parity for affiliation between banks and insurance and securities firms with regard to commercial activities because of the 15 year grandfather provisions.

The conference report which I think too often has been criticized and misunderstood deregulated banking and thrift charters and merged the two deposit insurance funds that remain separate in law today. I would have also hoped that we could have included fair housing compliance on insurance affiliates, low-cost banking accounts and application of Community Reinvestment Act-like requirements on products that are similar to bank products, such as mortgages. There are, however, no perfect bills produced through the Congressional process with 535 views in the mix with the Administration’s phalanx of regulatory policy work.

The focus of the lengthy and public debate over this legislation has been the opening of the financial services marketplace to new competition and the reduction of barriers between financial services providers. It is equally important that this bill is a positive step for our constituents and the communities in which they live, as well.

In general, there are inherent benefits of being able to provide streamlined, one-stop shopping with comprehensive choices to consumers. According to the Treasury Department, financial services modernization could mean as much as $15 billion annually in savings to consumers. Hopefully, some of these dollars will materialize. We also have added other policy victories for consumers across the country.

We have modernized the Community Reinvestment Act (CRA) in a positive manner. The CRA was enacted by Congress in 1977 to combat discrimination. The CRA encourages federal insured depository institutions to meet the credit needs of their entire communities by providing credit and deposit services in the communities they serve on a safe and sound basis—a basic reaffirmation of the purposes of federal deposit insurance. According to the National Community Reinvestment Coalition, the law has helped bring more than $1 trillion in commitments to these communities since its enactment. Across this great
nation, organizations, belonging to NCRC, ACORN, LISC, Enterprise, Neighborhood Housing Services, and others, have engaged CRA to work with their local financial institutions to make their communities better places to live.

Importantly, the conference agreement will continue to ensure that CRA will remain essential and relevant in a changing financial marketplace. It is not everything I wanted or supported during the several amendments process. It does, however, further the goals of the Community Reinvestment Act by requiring that all of that a holding company’s subsidiary depository institutions have at least a “satisfactory” CRA rating in order to affiliate as a Financial Holding Company or to engage in any of the new financial activities authorized under this Act. This strengthens and modernizes the reel of CRA in that current law does not have a CRA satisfactory requirement for non-bank activities in which banks now seek to engage. The Federal Reserve Board has informed us that thousands of applications have been approved without any CRA test that this bill will apply. According to the Treasury Department, if a bank were to proceed without having a satisfactory CRA, the regulators have strong enforcement authority, including monetary penalties, cease and desist and divestiture, that they could apply.

The House rightly rejected the other body’s proposed small bank exemption and safe harbor provisions for CRA. We did accept, however, a modified disclosure and reporting system. I strongly disagree with the burdensome, so-called “sunshine” and reporting provisions in the Senate bill. They certainly raise the specter of harassment of pro-CRA groups. However, very few would oppose openness and public disclosure. Certainly, the disclosure of information could spell out the effectiveness of these groups working so hard in our communities and the effectiveness of the CRA itself.

I believe the reporting requirements, although improved, remain an extraordinarily difficult policy as structured in this measure. It no doubt will be more of a burden to community groups and banks who currently do not file such status reports. However, we were able to streamline the reporting requirements and to limit who should file a report even as we gave the regulators substantial authority to properly oversee such provisions. We should be mindful of the Administration’s and regulators’ expressions of good will to take a common sense approach with regards to its implementation. Hopefully they will help make these disclosure and reporting requirements more workable. Congress certainly must closely monitor the implementation of these provisions and their effects.

The conference report also contains two studies: one evaluating business lines associated with CRA and another looking at the impact of the changes or impact of this law on CRA. I am concerned about the short turn-around of the report required of the Federal Reserve Board. I would hope that this important study of the default and profitability of CRA loans will not be rushed to the point of not doing an adequate or fair job solely to meet an arbitrary deadline. Further, this study should not be limited to CRA affirmatives but rather examine all credit unions (affiliated, commercial or other) activities that would qualify or be given as credit to financial institutions for CRA—and certainly not just to those loads or actions that qualify under the CRA reporting provisions of section 711 of the Act.

Other positive consumer provisions include the requirement that institutions ensure that consumers are not confused about new financial products including and anti-coercion provisions governing the marketing of financial products. A new program to provide technical assistance to low income micro-entrepreneurs, known as the PRIME act, will be created with enactment of this Conference Report. ATM fees will have to be fully disclosed not only on the computer screen, but also on the ATM machine itself.

I am disappointed that the conference committee rejected provisions I initiated which encouraged public meetings in the case of mega-mergers between banks which both have more than $1 billion in assets where there may be a substantial public impact because of the larger merger. This would have provided our constituents with the important opportunity to express their views regarding mega mergers and their impact in our communities.

As my colleagues are aware, this conference report contains landmark financial privacy protections for consumers. Today, there is no federal law to protect your privacy or to stop banks who sell your financial data to third parties. With enactment of this agreement, Congress will give consumers real choices to protect their financial privacy. This conference report will provide some of the strongest privacy provisions to ever be enacted into any federal law. This agreement, based upon the strong House provisions that I helped draft, has an affirmative mandate upon all financial entities, whether federal or state, so that all banks, brokers, insurance companies, credit unions, credit card companies, and many others must protect your personal financial information.

Furthermore, consumers will have an important choice of “opt-out” of most information sharing with unaffiliated third parties. Financial institutions will no longer be able to share your customer account numbers or access codes with unaffiliated third parties for the purpose of telemarketing. When you open an account and each year thereafter, you will receive a full disclosure of the privacy policies of your bank, credit union, securities firm, mutual funds or insurance companies. If the policy is not strong enough, this gives you the choice to choose a new company or to communicate your concerns to that financial enterprise.

Importantly, this conference agreement provides that financial institutions have an affirmative responsibility to protect and respect your financial privacy. Federal regulators are given the authority to set standards which guide the regulated and which will protect the security and confidentiality of a customer’s personal information.

We were successful in improving upon the House provisions by agreeing to allow states to give even more privacy protection to consumers under the Federal law. The House passed bill, H.R. 10, in this conference report. Mindful of the deep concerns raised by our colleagues on the Commerce Committee and many others outside the Congress, we finally deleted these admittedly less than perfect provisions in the bill in lieu of improving them. The House approved a convoluted motion to instruct the conferees to do as much.
I had and still have concerns about the leap of faith that this action—deleting the provisions—required. I hope that we will not be disappointed I note the recriminations that have already been voiced by some.

I am pleased that the President has recently proposed the privacy provisions as a result of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) law and hope that they will provide the protection we sought to assure and that there are no loopholes in medical privacy with regard to financial institutions. Consumers should not be forced to disclose and make public private medical data just to get insurance coverage. Although this legislation creates a new affiliated bank holding company structure that allows insured banks and bank subsidiaries to join, that must not translate into misuse and abuse of medical records by insurance companies and affiliates. No one should be able to share private medical or genetic information to base credit upon or for other unrelated purposes.

Madam Speaker, we have been in the trenches on this bill for the last five years, following more than 20 years of debate on financial modernization. We are at the goal line. I lowew more than 20 years of debate on financial resources. It is a mass move-

It is a bad bill.

This bill is a very significant expan-

I urge my colleagues to support the con-

This bill, if nothing else, is a brilli-

This bill does. It treats them, over the ob-

And we must always be careful to ac-

They are trying very hard to preserve

We recognize that, throughout this debate, supportive legislators—including members of the Massachusetts delegation—worked to support CRA and to limit the damaging changes demanded by Senator Phil Gramm (R-Texas) and other opponents. We therefore very carefully reviewed the complicated changes that were finally adopted in the conference committee report. Unfortunately, we believe the changes do not adequately serve the needs of the low and moderate-income families and individuals who live in the communities we serve.

Specifically, the current bill would hurt these communities by:

allowing cross affiliation between financial service companies but not during the public opportunities to provide input through an application process. The House version that passed earlier this year would have required public hearings for cross-industry mergers and very large bank mergers. This language is no longer included in the bill.

Allow cross affiliation without extending CRA requirements beyond banks. It is there-

require divestiture for failure to maintain a Satisfactory or higher CRA rating. Language previously included in the conference committee report allowed federal regulators to require divestiture for failure to maintain a moderate CRA rating. This language has been removed. Even if effective penalties were included, the provision requires bank affiliations to maintain a Satisfactory CRA rating. The CRA rating of 80% of all banks meet this standard because the regulations require minimal CRA activities.
bail them out also at the taxpayers’ expense. But it did not show.

Having said that, what we are creating now is a group of institutions which are too big to fail.

Not only are they going to be big banks, but they are going to be big every-thing, because they are going to be in securities and insurance, in issuance of stocks and bonds and underwriting, and they are also going to be in banks. And under this legislation, the whole of the regulatory structure is so obfuscated and so confused that liability in one area is going to fall over into li-ability in the next. Taxpayers are going to be called upon to cure the fail-ures we are creating tonight, and it is going to cost a lot of money, and it is coming.

I just be prepared for those events.

You are going to find that they are too big to fail, so the Fed is going to be in and other Federal agencies are going to be in to bail them out. I just expect that.

With regard to the privacy, let us take a look at it. We are told about all the protections that you have here. If you want to have a good laugh, laugh at it, because here is the joke: The only thing the banks are going to be required to say with regard to what they are going to do with re-gard to this information is nothing, from your health to your financial situation, to everything else, is “we are going to stick it to you.” The privacy that you are going to have under this legislation is absolutely nothing. And what is going to drive that is going to be a simple fact, and that is that the banks are all going to be competing with the most diligence, and the result will be that those protec-tions are going to be manifested in a race to the bottom.

Consumers, investors and the American public will have no protection to their privacy whatsoever under this bill. The only thing the banks have to say and the other institutions have to say is “we are going to stick it to you.”

Vote against the conference report. Mr. LAFALCE. Madam Speaker, I yield myself such time as I may con-sume.

Madam Speaker, first of all, we are about to vote on a bill, a bill voted on earlier today and passed by the Senate 90 to 8. Insofar as my Democratic col-leagues are concerned, 38 Democratic Senators voted yes, 7 voted no.

There seems to be unanimity of opin-ion that your privacy, and this is every-thing, from your health to your financial situation, to everything else, is “we are going to stick it to you.” The privacy that you are going to have under this legislation is absolutely nothing. And what is going to drive that is going to be a simple fact, and that is that the banks are all going to be competing with the most diligence, and the result will be that those protec-tions are going to be manifested in a race to the bottom.

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Consumers, investors and the American public will have no protection to their privacy whatsoever under this bill. The only thing the banks have to say and the other institutions have to say is “we are going to stick it to you.”
These provisions apply to banks, securities companies and insurance firms. They also apply to mortgage companies, finance companies, travel agencies and credit card companies.

As far as enforcement, the act subjects violations to punishments that include termination of FDIC insurance, removal of officers and civil penalties up to $1 million or 1 percent of the assets of the institutions. These provisions are powerful. The penalties are severe.

To vote against this legislation is to vote against the most powerful privacy provisions ever brought before this floor. This is a balanced, pro-consumer, pro-privacy bill, and I urge its adoption.

Ms. JACKSON-LEE of Texas. Madam Speaker, today I rise in support of H.R. 10, the Financial Services Competition Act of 1999 and S. 900 the Financial Services Modernization Conference Report. I would additionally like to acknowledge the hard work of the Banking and Commerce Committees, as well as the House-Senate conferences. However, I would be remiss if I did not mention some of the important concerns that I also have with this legislation. First, let me mention some of the positive aspects of the bill. I support the fact that the rules that our nation’s financial institutions operate under to bring their activity in line with the realities of life in today’s America.

Today’s report represents groundbreaking financial services legislation that would dismantle much of the Depression era laws currently hindering the financial services industry from engaging in a modern global marketplace. This measure would further permit streamlining of the financial services industry thereby creating one-stop shopping with comprehensive services choices for consumers. This streamlining of financial services will not only mean increased consumer confidence, it would also mean increased savings for consumers. The Treasury Department estimates that financial services modernization could mean as much as $35 billion annually in savings to consumers.

Many provisions of the Community Reinvestment Act (CRA) remain in the conference report. The CRA, enacted in 1977 to combat discrimination in lending practices, encourages federally insured financial institutions to help meet the credit needs of their entire communities by providing credit and deposit services in the communities they serve. Indeed, in many respects, the conference report strengthens the CRA. Under this measure, CRA will be applied to the new national and wholesale financial institutions, which are institutions that could only accept deposits above $100,000 and are not FDIC-insured. Additionally, the conference report provides consumer protection provisions that require institutions to ensure that consumers are not confused about new financial products along with strong anti-tying and anti-coercion provisions governing the marketing of financial products. Further, the bill requires that all of a holding company’s subsidiary depository institutions have at least a “satisfactory” CRA rating in order to affiliate as a financial holding company and in order to maintain that affiliation.

Madam Speaker, CRA is a success story. Between 1993 and 1997, the number of home purchase loans to African-Americans soared 62 percent; Hispanics saw an increase of 58 percent; Asian-Americans nearly 30 percent; and loans to Native Americans increased by 25 percent. Since 1993, the number of home mortgages extended to low- and moderate-income borrowers has risen by 38 percent. Indeed, in my District, Hispanic students from the East End District of Houston historically have had a high dropout rate. Using funds made available by the CRA, the Tejano Center for Community Concerns built the Raul Yzaguirre School for Success to meet the special needs of students from low-income families in this inner-city neighborhood. This school has performed outstandingly in its 3 years in existence. In the past 2 years, the school’s students average Texas assessment of academic skills scores increased 18 to 20 percent.

Madam Speaker, while I am happy with the protections granted to CRA by this Financial Services Modernization Conference Report, I also have serious concerns. This bill does not contain a CRA sunshine provision, which is the most troublesome part of the bill for many communities. This may have a profoundly chilling effect on the efforts to forge partnerships with banks in their local communities. This bill also falls short of increasing protections to CRA by rewriting the rules for the financial services industry, thus, creating a new creature called a financial holding company. This bill also fails short in adequately protecting customers of banks affiliated with insurance companies that have a track record of racial discrimination under the Fair Housing Act.

Additionally, the conference report does not extend the CRA to non-banking financial companies that affiliate with banks. Specifically, the conference report does not require securities dealers and real estate companies and commercial and industrial affiliates engaging in lending or offering banking products to meet the credit, investment and consumer needs of the local communities in which they serve. This means that affiliates’ banking and lending products from the CRA is significant because businesses such as car makers and credit card companies, securities firms and insurers are increasingly behaving like banks by offering products such as FDIC insured depository services, consumer loans, as well as debt and commercial loans. Additionally, private investment capital is decreasingly covered by CRA requirements. Making it more difficult for under served rural and urban communities to access badly needed capital for housing, economic development and infrastructure.

Madam Speaker, I am also troubled by the fact that the conference report did not address key concerns by Democrats to address issues such as redlining, stronger financial and more consumer protection against predatory lending. There is a study however, included in the conference report that calls for the Treasury Department of look at the extent to which services have been provided to low-income communities as a result of CRA. This study was the borrower protection white paper mentioned in the bill. If this study shows that this bill has had a negative impact on low income communities I will revise my position for this bill.

Lastly some of the other provisions of this conference report that I support are the domestic violence discrimination prohibition which states that the status of an applicant or insured as a victim shall not be considered as criterion in any decision with regard to insurance underwriting; the privacy protection for identifiable information in institutions; the affirmative actions provision; the study of information sharing among financial affiliates; and the fair treatment of women by financial advisers. Both our financial service laws and consumer protection laws need to be modernized. On balance, the modernization is a positive move in the right direction to achieve this goal. I urge my colleagues to join with me in supporting this bill.

Mr. LEVIN. Madam Speaker, today, we are considering a measure which is long overdue. The Financial Services Modernization Act will help keep the American finance industry competitive and at the same time provide one-stop shopping for consumers. I recognize that the bill the House is debating today is the product of nearly 20 years of effort and compromise. It is a good bill, but it is not a perfect bill.

In particular, I want to comment on two key sections of this bill. The provisions of this bill deal with the Community Reinvestment Act (CRA) ensure the continuation of this vital program, but they could have been stronger. Under this agreement, the Community Reinvestment Act will continue to apply to all banks. Further, for the first time a bank’s rating under CRA will be considered when it seeks to expand into new financial activities. However, I would have liked to see more banks covered under the CRA. The $250 million asset threshold in the conference report has the effect of giving too many banks a 5-year “safe harbor” from CRA examinations. The conference would have done better to hold to the more reasonable $100 million threshold included in the House-passed bill.

I am also concerned about the privacy protections contained in this legislation. In a word, these protections are inadequate. Consumers should have the right to control who has access to their personal financial information. The privacy provisions contained in this legislation are an improvement over current law, but they don’t go far enough. It is vital that Congress take additional steps to address this concern and I look forward to working with my colleagues on this.

Despite these concerns, I want to compliment the extraordinary effort that went into crafting this compromise. I urge my colleagues to support the Conference Report on Financial Services Modernization.

Mr. WAXMAN. Madam Speaker, the “Statement of Managers” on the financial services modernization bill, S. 900, contains an inaccurate description of the medical records provision that was in the House version of the bill, H.R. 10, but not in S. 900. The statement claims that the provision “requires insurance companies and their affiliates to protect the confidentiality of individually identifiable customer health and medical and genetic information.” In fact, the medical records language in H.R. 10 represented a major invasion of the privacy of millions of Americans.

This language would have allowed health insurers to disclose medical records without the consent or knowledge of the affected individual for a broad range of purposes, none of which were defined in the bill. These purposes
The anti-privacy medical records language in H.R. 10 also excluded essential privacy protections. For example, the provision failed to place any restrictions on law enforcement access to health records; provide individuals the right to access or inspect their health records; provide individuals the ability to seek redress when their privacy rights are violated; or prevent entities that obtained health information under the bill from disclosing the information to third parties, including to employers, to newspapers, or for marketing purposes.

The medical records provision, groups representing millions of individuals across the country opposed the language. Physicians, nurses, patients, consumers, psychiatrists, other professional mental health counselors, and employees whose privacy is advocated by their employers, and organizations representing individuals with disabilities, individuals with rare diseases, individuals with AIDS, and senior citizens, among others, all opposed this language. These groups included the American Medical Association, the American Psychiatric Association, the American Nurses Association, the Christian Coalition, the American Federation of State, County and Municipal Employees, the American Association of Retired Persons, and the Consumers Coalition for Health Privacy, among scores of others.

Further, 21 State attorneys general stated their privacy rights are violated; or prevent entities that obtained health information under the bill from disclosing the information to third parties, including to employers, to newspapers, or for marketing purposes.

I am pleased that S. 900 does not contain the anti-privacy medical records language that was in H.R. 10. However, while the omission of this provision prevents damage to peoples' privacy rights, there remains a need to address the lack of comprehensive privacy protection for Americans' health records.

The medical records provisions proposed by the Administration last week mark a step forward in establishing meaningful Federal medical privacy protections. The regulations, however, are limited by statutory constraints. Congress can and must act to build on the foundation established by the proposed regulations to ensure comprehensive medical privacy protection. I will continue to work to achieve that goal.

Under H.R. 10, any health insurer could have sold or disclosed the records of its patients to any health, life, disability, or other insurer, even if the individual associated no knowledge or consent. The provision also allowed health insurers to sell or disclose patient records for any "research project," whether it was research into credit ratings of the patients or research of mental health services to Members of Congress.

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Mr. SANDLIN. Madam Speaker, today marks a new day in the history of financial services. Passage of the S. 900/H.R. 10 conference report will allow consumers to benefit from improvements in the financial services system while protecting their privacy with unprecedented, extensive safeguards. I supported H.R. 10 when it passed the House in July, and I strongly support the conference report today.

This conference report is good news for consumers. It would expand the Community Reinvestment Act (CRA) to cover all financial institutions that have expanded institutions are held to the high standard of CRA. In addition, it would protect consumer privacy as never before.

The Financial services conference report is supported by big and small banks alike as well as by the securities and insurance industries because it would overhaul depression-era law that only increase costs for consumers, inhibit competition, and stifle innovation. This bill will ensure that consumers can reap the benefits of the changing financial services marketplace. Perhaps the most significant victory for consumers contained in this legislation is an unprecedented level of privacy protections. When this conference report is passed, these provisions will represent the most comprehensive federal privacy protections ever enacted by Congress. Moreover, this bill allows pre-emption of state laws in the event their privacy protections are even stronger.

Without its passage, banks will continue to expand their operations without statutory privacy protections and without enhanced community development provisions. A vote for this bill is a vote for community and community development alike. The benefits to consumers and to the American economy will be enormous, and I urge my colleagues to pass this landmark legislation.

Mr. KANJORSKI. Madam Speaker. I rise to support and speak about the financial services modernization conference report pending before us.

In general, because the financial services industry is undergoing sweeping changes—driven in part by domestic market forces, international competition, regulatory judgments, and technological advances—we need to update our federal laws. The compromise legislation that we are considering represents a reasoned, middle ground that strikes an appropriate balance by treating all segments of the financial services industry including insurance, securities, and insurance—fairly and equitably. Among other things, this bill would increase competition, promote innovation, lower consumer costs, and allow the United States to maintain its world leadership in the financial services industry. From my perspective, this legislation also benefits consumers and protects them pragmatically, although not perfectly.

The bill that we are voting on today contains a number of important elements that should be enacted into law.

First, the legislation takes prudent steps to prevent the indiscriminate mixing of banking and commerce. As a result, we will prevent the development of the cozy relationships between financial firms and commercial companies that helped lead to the disruption of the Japanese banking system earlier this decade.

Additionally, the legislation preserves the viability of the national bank charter and the role of the Treasury Department in regulating our financial system. The bill further establishes functional lines of financial regulation. As a result, regulators who know the financial activities best will oversee them.

Consumers will also receive new protections for their financial privacy as a result of this bill. For the first time, all financial institutions will have an "affirmative and continuing obligation" to respect the privacy of their customers, and the security and confidentiality of their information. Additionally, when a customer first opens an account—and at least annually thereafter—financial institutions must clearly and comprehensively disclose their privacy policies and practices.

The bill additionally protects and improves our community development laws. The legislation specifically states that "[n]othing in this Act shall be construed to repeal any provision of the Community Reinvestment Act of 1977." Moreover, as a result of the anti-privacy provisions, banks will be able to enter into new activities or merge if they are well capitalized, well managed, and in compliance with CRA.

Finally, the legislation includes a number of other important consumer protections such as prohibitions against coercive sales practices, and mandatory disclosures about the potential risks and the uninsured status of investment products and insurance policies. Banks must also make full disclosures of TMI fees.

Each of these changes to current law is important, and Congress should pass this legislation to enact them.

FEDERAL HOME LOAN BANK SYSTEM REFORM

During the deliberations over this legislation, I also sought to ensure that every community stands to reap the rewards of economic development. As a result, this bill helps to guarantee that community banks will not be crowded out of the financial marketplace of tomorrow. The report before us grants community banks the same powers and rights that larger financial institutions enjoy, including access to federal funds, regulatory orders, and allows them to organize in a manner that best fits an institution's business plans. Additionally, I assiduously worked to ensure that this legislation would not place small financial institutions at a competitive disadvantage.

Another way that the bill helps small banks to compete and small communities to thrive is found in Title VI. I am especially pleased that this compromise agreement makes significant strides in updating the Federal Home Loan Bank (FHLB) system. The bill ensures a vibrant system able to meet the challenges of the next century with modern rules and state-of-the-art financial products. America's homebuyers, small business owners, small farmers, and small communities will benefit from a reinvigorated FHLBank system.

Specifically, the legislation establishes voluntary membership on equal terms and conditions for all eligible institutions. The bill also expands access to FHLBank advances for community financial institutions, which are often small thrifts with limited access to capital, as well as to higher collateralization in the event of an emergency.

The changes in allowable collateral for FHLBank advances for community financial institutions pave the way for enhanced targeted economic development lending.

There was much need for this reform. Even though Congress authorized economic development lending in 1989 and the Federal Housing Finance Board (Finance Board) wrote permissive rules to encourage it, the system's collateral laws severely restricted such effects. It was as if we were simultaneously saying, "go make these loans, but they are illegal to the thrifts" and "the thrifts." This bill, a framework is in place for community financial institutions to offer safe, sound, and fully collateralized economic development loans. I
expect the FHLBanks and the Finance Board to prioritize the system’s economic development efforts.

Additionally, the legislation creates a flexible capital structure that is based on the actual risk of the system and not on antiquated subcription capital rules. This new, more permanent, capital system features two classes of stock, a revised leverage ratio, and the parameters for establishing a risk-based capital standard. In short, these changes—which come as a result of a true bipartisan effort—reflect the House-passed product, which called for the creation of a modern capital system as opposed to another study of capital plans by the General Accounting Office.

The modernization of the capital structure will be important as the FHLBank system fosters increased competition among lenders and assists well-capitalized community banks in obtaining stable and attractive sources of funding. These increases in liquidity will also translate into increased support for community and economic development lending within America’s rural and urban neighborhoods. Additionally, the capital modifications will alleviate some of the pressure to arbitrage excess capital to earn competitive returns for member institutions.

This bill additionally modifies the formula used to allocate the $300 million per year in the Resolution Funding Corporation (REFCorp) obligations of the FHLBank system. In crafting the legislation, we sought to find a fair and equitable way to allocate the obligation, without increasing or decreasing the FHLBanks’ overall contribution to resolving the savings and loan crisis. While switching to a flat percentage of net income is an improvement, the 20 percent figure ultimately adopted by the conference is not budget neutral and will significantly increase the FHLBanks’ annual payments. For example, under current estimates, next year the FHLBanks will pay 33 percent more toward their REFCorp obligation than in 1999. This was not the intention of the conference agreement, which states that the bill takes some important and positive steps in modernizing the laws and rules governing the FHLBanks. There remains, however, a need for some additional refinements, and I will work diligently with other Members of Congress to enact them into law in the future.

LONG-TERM CONCERNS

A sweeping, industry-wide regulatory reform bill like this one rarely comes along. Just as was the case after we enacted the Telecommunications Act of 1996, unintended consequences will occur. Among my concerns are the consequences of an ever-evolving global financial system, the effects of the bill on market concentration, and the insufficiency of privacy protections.

Our financial services marketplaces are increasingly global. If managed effectively, Americans ought to benefit from the new competitive companies created by this legislation by receiving more and better goods and services at a lower cost. Although this legislation promotes competition in our domestic markets, it does little to respond to the potential dangers resulting from economic globalization.

Jeffrey Garten, a former Clinton Administration Under Secretary of Commerce for International Trade, recently published an opinion piece in the New York Times on this point. In it he wonders how a sovereign nation responds effectively to problems when politics are national and business is global. Now that we have passed this bill, Congress needs to spend more time strengthening the ability of the worldwide financial system.

A wave of acquisitions and mergers in the financial sector will also result from this bill. Consequently, I am worried about the concentration of wealth and power in the hands of a few powerful individuals and companies. Moreover, such concentrations could result in new risks. In a recent speech, Federal Reserve Board Chairman Alan Greenspan said that megabanks are becoming “complex entities that create the potential for unusually large systemic risks in the national and international economy should they fail.” In short, we need to attentively watch our changing financial landscape in order to protect consumers from potential abuses of corporate power and guard taxpayers against another bailout like the savings and loan crisis of the 1980s.

Finally, although this bill contains the strongest federal privacy protections ever enacted into law, I have reservations. The passage of this legislation does not diminish the need for Congress to develop and enact comprehensive legislation in this area in the future. Dramatic transformations in the financial services industry suggest that the flow of information is no longer limited to notes penned on an application, paper compiled in a folder, or comments entered into a passbook. The rise of computerized financial networks allows corporations to amass detailed information in electronic files and share these data with others. While such databases may help businesses to better serve their customers, they can also result in a loss of confidentiality. Even though the conference agreement contains new federal rules allowing consumers to opt-out of sharing their information with third parties, we must take further action once we understand this electronic revolution more completely.

Although we may be completing our work today, it is important for us to remain vigilant in each of these areas. I, for one, plan to continue to closely monitor and carefully examine each of these issues.

CLOSING

Madam Speaker, in closing, I wish to thank Chairman LEACH and Ranking Member LA-FALCE for their strong leadership and bipartisan efforts to shepherd this complex bill through the legislative process. I also want to thank my colleague RICHARD BAKER, who serves as the Chairman of the Subcommittee on Capital Markets, Securities, and Government Sponsored Enterprises on which I am the Ranking member. Congressman BAKER and I have worked for more than five years to enact legislation to modernize the Federal Home Loan Bank system, and I am grateful for his advice and counsel in achieving this goal. Our success in seeing this issue through demonstrates the positive results one can achieve when Democrats and Republicans put politics aside and work cooperatively to achieve a public policy goal.

This conference report is the culmination of more than 20 years of work on the part of Congress, several Administrations, and federal financial regulators to create a more rational and balanced structure to sustain our nation’s financial services sector. While I may have concerns about market concentration, globalization, and privacy, overall this is a good package that effectively modernizes our domestic financial system, while ensuring strong protections for consumers and communities. I support this bill.

Mr. CAPUANO. Madam Speaker, I rise in opposition to the conference report for S. 900, the Gramm-Leach-Bliley Financial Services Modernization Act. While I do believe that our financial regulatory structure needs to be adapted to respond to the rapidly changing global marketplace, we should not abandon several core principles. Unfortunately, I believe this bill falls short in several important areas.

In particular, the bill fails to adequately modernize the Community Reinvestment Act to keep up with the changing financial landscape. The bill does make the CRA a condition of new affiliations, and requires a satisfactory or better CRA rating for banks that are offering new financial products. However, the bill does not subject insurance companies, investment firms, or other financial services companies that take deposits and make loans subject to the CRA. This will greatly lessen the impact of CRA as more and more individuals do their
The bill also includes an onerous CRA "Sunshine" provisions that will subject community groups to burdensome new regulations. I agree that there should be accountabilities for CRA agreements. Unfortunately, the bill mandates substantial reporting requirements for community groups and penalties for non-compliance, but offers the regulators no authority to enforce the CRA agreement itself. We should be punishing the bad actors, but most community groups are doing their best to provide the services that are needed resources to low- and moderate-income communities throughout the country. They deserve our continued support.

There has been considerable discussion regarding this legislation's impact on the personal privacy of Americans. I believe that we have a fundamental right to privacy of our personal financial information. While the bill does take some small steps to protect that right, financial services companies will still be able to share this information between affiliates. At the very least, Americans, should be given the opportunity of "opting out" of having their personal information shared with financial services firms. Not all customers will exercise that right. However for those who believe their information should not be shared under any circumstances, this simple choice should be available.

The bill also does not include an important amendment that we passed in the House Banking Committee. This amendment, sponsored by my colleague from California, Congresswoman Lee, would have prohibited insurance companies that are in violation of the Fair Housing Act from affiliating with other financial services companies. This simple amendment would require that these firms abide by the laws of this nation before they were allowed to expand. Unfortunately, this provision was removed without a vote before the bill came to the floor of the House.

This legislation makes sweeping changes to the way financial services are delivered and regulated in this country. I will continue to work for these simple protections for consumers and communities, and I urge my colleagues to vote against this measure until these concerns are addressed.

Ms. ESHOO. Madam Speaker, I plan to vote for the Financial Services Modernization Act Conference Report because I think there are some very important things for the American people. The new financial structure that the bill creates will provide consumers greater choice and efficiency. However, I also wish to state my deep concerns with the privacy provisions in the bill.

Every American cherishes their personal privacy. Whether in our homes, shopping with our credit cards, or surfing the web, we expect to be able to control who has access to our private lives.

A 1978 study by the Center for Social and Legal Research found that 64% of Americans were "very concerned" about threats to their privacy. By 1998, those concerned had risen to 88 percent. In a recent AARP study, 78% of respondents said they believe that current federal and state laws are not strong enough to protect their privacy from businesses that collect information about consumers.

We had an opportunity in the Financial Services Modernization Act to restore confidence to the American people by establishing high standards to protect the privacy of financial records and information. In the Commerce Committee, we unanimously adopted a provision that would have given Americans the right to say no to the sale or transfer of their most personal financial information.

Unfortunately the privacy provisions in this conference Report are very different. The bill allows banks to create huge financial structures that include everything from insurance companies to marketing and travel agencies, among which private customer information can be freely shared. Moreover, the bill allows banks to sell private information to any entity, whether it's a part of the financial structure or not, as long as they enter into a "joint agreement to perform services or functions on behalf of the bank." This includes marketing and the consumer does not have the right to say no.

I'm concerned that the privacy provisions in the Financial Services bill threaten to take us down a path where our bank managers know as much about us as our doctors and telephone companies know as much about us as our mortgage companies. The American consumer should have the right to opt out of their private financial information being sold or transferred to outside third parties and affiliates without their knowledge or permission. Thus, I urge the bank managers to go beyond what is required of them in this legislation and to enact policies that will provide comprehensive and meaningful protection of their customers' private records.

Mr. ACKERMAN. Madam Speaker, I rise today in support of the Financial Services Modernization Bill. This is indeed a momentous day as we prepare to pass this historic legislation.

S. 900 achieves many goals in financial modernization to better serve consumers and businesses. The measure creates one-step shopping for bank accounts, insurance policies and securities transactions, requires banks to disclose bank surcharges on ATM machines and on the screens of ATM machines before a transaction is made, and ensures that banks lend to all segments of their communities with the continued applicability of the Community Reinvestment Act.

I was particularly proud to be a conferee on the financial privacy section of this bill. After months of negotiations, we have crafted, what I believe, is a strong provision which will enhance the privacy that consumers want and deserve. Four provisions in particular evidence the achievements in the bill.

The first provision addresses disclosure requirements. Currently, financial institutions do not have to have privacy provisions to their customers. Consumers have a right to know what the policy is, and S. 900 will require these institutions to inform all new customers of their policy and to update existing customers at least once a year.

Second, the bill allows the people for consumers to "opt-out" of their financial institution's information sharing agreements with unaffiliated third parties. This arrangement strikes a balance between protecting consumer privacy and facilitating regular financial activities.

Third, the measure expressly prohibits financial institutions including banks, savings and loans, credit unions, securities firms and insurance companies, from disclosing a customer's bank account or credit card numbers to unaffiliated third parties for telemarketing, direct mail marketing or electronic mail purposes.

And finally, this legislation bans, with minor safety exceptions, the despicable practice known as pretext calling. This blatantly criminalizes another in order to trick an institution into providing confidential information, would be punishable by both imprisonment and fines.

I applaud the hard work and dedication of the Conferences from the House and the Senate, as well as the Department of the Treasury, the Federal Reserve and the White House. Without this cooperation, we would not be here today voting on S. 900. I encourage my colleagues to join with me and vote for the Financial Services Modernization bill, S. 900.

Mr. BERETUER. Madam Speaker, this Member rises today to express his enthusiastic support for the S. 900 Conference Report, which he signed as a conferee. Today marks the near-end of the two decade journey toward financial modernization.

In the outset, this Member would like to thank and commend the distinguished chairman of the Banking Committee and the Chairman of the S. 900 Conference Committee for Iowa [Mr. LEACH], for his successful, consensus-building leadership role in guiding financial modernization through a maze of complexities to the consideration of the S. 900 Conference Report today. In addition, the ranking member from New York [Mr. LAFALCE] also deserves to be commended for his role in the S. 900 Conference Report. Moreover, the leadership of the House Conference Committee and the Senate Banking Committee should be applauded for their collective role in the joint effort of financial modernization.

While there are many reasons to support the S. 900 Conference Report, this Member will enumerate eight reasons. First, this measure illustrates that a Federal statutory change in financial law is imperative. Second, the S. 900 Conference Report has provisions which will be of greater importance to rural, community banks, which there are many in this Member's congressional district. Third, this measure will allow financial companies, to offer a diverse number of financial products to their customers. Fourth, this conference report will have a distinct, positive effect on consumers. Fifth, this legislation will provide the first, Federal consumer financial privacy legislation. Sixth, this legislation allows for no mixing of banking and commerce through a commercial basket. Seventh, this measure balances the interest of a state in regulating insurance with that of an ability of a national bank to sell insurance. Finally, the S. 900 Conference Report is necessary to keep the United States in its preeminent position in the world, financial marketplace.

1. First, a Federal statutory change in financial law is imperative because Congress must call a halt to the recent trend of financial modernization, which the constituents list and judicial consent, instead we need to modernize the nation's banking laws through statute.

As a matter of fact, on the first day of Bank-
begin in the House, and so I commend you, Chairman LEACH, for launching this effort. We need to do this. We need to face up to our responsibilities as a legislative body. There is no doubt about that."

2. This Member supports the S. 900 Conference Report because it would provide great benefits to rural, community banks. Three particular provisions demonstrate this.

A. The unitary thrift charter is of significant concern to Nebraska community banks. One of the reasons this Member is unequivocally opposed to the conference report is because of its mixing of thrift activities with commercial ventures. However, this is not he sole reason—it also results in an extremely powerful variety of financial institutions. Fortunately, the conference report closes the unitary thrift loophole. It allows no new unitary thrifts to be chartered as well as allowing those in existence to not be sold to commercial firms.

B. Community banks will benefit from the Federal Home Loan Bank (FHLB) charter being expanded to allow community banks to borrow from the FHLB for family farming and small business lending. For the first time, in rural areas such as in Nebraska, it will give community banks access to the FHLB. In light of the agriculture situation today, this increased community bank liquidity will have beneficial implications on in particular the family farm.

C. The S. 900 Conference Report provides some regulatory relief for banks under $250 million in assets. Those banks with an "outstanding" Community Reinvestment Act rating will be allowed to comply only every five years and those banks with a "satisfactory" rating will be reviewed every four years.

3. The S. 900 Conference Report will allow financial companies to offer a diverse number of financial services to the consumer. This bill removes the legislative barriers within the Glass-Steagall Act of 1933 and the 1956 Bank Holding Company Act. As a result, the conference report will allow financial companies to offer a broad spectrum of financial services to their customers, including banking, insurance, securities, and other financial products, both either a financial holding company or through an operating subsidiary. Banks, securities firms, and insurance companies will be able to affiliate with one another through this financial holding company model.

In order for banks to be able to engage in the new financial activities, the banks affiliated under the holding company or through an operating subsidiary have to be well-capitalized, well-managed, and have at least a "satisfactory" Community Reinvestment Act rating.

4. This Member supports the S. 900 Conference Report because it is very pro-consumer. It will increase choices for the consumer in the financial services marketplace by creating an environment of greater competition. As a result, financial modernization will allow consumers to be able to choose from a variety of services from the same convenient financial institution. Financial modernization will give consumers more options.

Whether it be in rural Nebraska, or in New York City, consumers of financial products all across the United States deserve additional competitive options. Moreover, under the current setting, many rural communities are under-served in regards to their access to a broad array of financial services. Financial modernization will help ensure that the financial sector keeps pace with the ever-changing, needs and desires of the all-important consumer.

In addition, the Conference Report will also allow financial institutions to provide more affordable services to the consumer. Financial modernization will result in additional competition and in efficiency which in turn should result in lower prices for financial services to the consumer.

5. Fifth, this Member supports the S. 900 Conference Report as it provides the first, Federal consumer privacy legislation for American financial institutions. These privacy provisions are a pioneering, landmark advance forward by Congress in ensuring that consumer’s personal information is protected from unwanted disclosures by financial institutions.

The privacy provisions in the conference report include the following:

A. Prohibiting financial institutions—including banks, savings and loans, credit unions, securities firms and insurance companies—from disclosing customer account numbers or access codes to third parties for telemarketing or other direct marketing purposes;

B. Requiring all financial institutions to disclose annually to all customers its privacy policies and procedures;

C. Enabling customers of financial institutions, for the first time, the ability to “opt-out” of having their personal financial information from being shared with third parties;

D. Making it a Federal crime, punishable by up to five years in prison, to obtain or attempt to obtain private customer financial information through fraudulent or deceptive means; and

E. Allowing states to adopt greater privacy protections that are more protective for consumers.

6. Sixth, this Member has been a fervent advocate of keeping banking and commerce separate. In fact, this Member is quite pleased that the S. 900 Conference Report does not contain a “commercial market basket” which would have allowed the mix of commerce and banking—equity positions by commercial banks.

An amendment was initially filed, but not offered, in the House Banking Committee in the 106th Congress which would have allowed for the mixing of banking and commerce in a five percent market basket. However, this Member believes in large part because of expressed strong opposition, including vocal and effective opposition of this Member, this amendment was withdrawn for consideration in the Committee.

7. Seventh, this Member supports the S. 900 Conference Report because, it balances the interest of a state in regulating insurance with that of the interests of a national bank to sell insurance. At the outset, this Member notes that he has a distinguished record of supporting states rights, especially in the area of insurance regulation.

It is important to note that this conference report preserves state rights by providing that the state insurance regulator is the appropriate functional regulator of insurance sales. Whether insurance is sold by an independent agent or through a national bank, the state, and only the state, is the functional regulator of insurance in both instances. Moreover, this conference report also does not unduly burden the ability of national banks to be able to sell insurance.

8. Lastly, this Member supports the S. 900 Conference Report as its passage is necessary to keep the United States in its preeminent position in the world financial marketplace. U.S. financial institutions are among the most competitive providers of financial products in the world. However, the financial marketplace is currently undergoing three changes which are altering the financial landscape of the world.

The first of those changes involves a technological revolution including the internet through electronic banking. Technology is blurring the distinction between financial products. The other two changes include innovations in capital markets, and the globalization of the financial services industry.

This Member would like to note Section 502(e)(1)(C) of the S. 900 Conference Report. It is this Member’s understanding that credit enhancement done through the underwriting and reinsurance of mortgage guaranty insurance after a loan has been closed are secondary market transactions included within the exemption in Section 502(e)(1)(C) of the S. 900 Conference Report.

Financial modernization is the proper, appropriate step in the ever-changing financial marketplace. Consequently, in order to maintain America’s financial institution’s competitive and innovative position abroad, the S. 900 Conference Report needs to be enacted into law. In the absence of this bill, the American banking system could suffer irreparable harm in the world market as we will allow our foreign competitors to overtake U.S. financial institutions in terms of innovative products and services. We must simply not allow this to happen.

Therefore, for all these reasons, and many more that have been addressed today by this Member’s colleagues, we must, and will, pass the S. 900 Conference Report. This Member urges his colleagues to support the S. 900 Conference Report, the Financial Modernization bill.

Mr. GILLMOR. Madam Speaker, this bill makes the most important changes in the structure of financial institutions and services in over six decades. The financial combinations authorized by this bill can result in substantial savings in the cost of financial services. However, as institutions are combined, and as they become larger, it is essential that there be safeguards for safety and soundness to protect both consumers and taxpayers. The bill for the most part contains those safeguards.

While there was much discussion about each industry group wanting a level playing field tilted in their favor, the federal and state regulators also had their share of turf battles as over regulating and intruding into financial services functions in which they have no expertise.

While the Federal Reserve serves an umbrella regulator over Financial Holding Companies, I was concerned about the Fed getting into the jurisdiction of the already competitive in insurance and securities regulators. Consumers do not derive any benefit from additional layers of regulation that can only intrude into the marketplace.
My amendment in the Commerce Committee two years ago, which was included in the current bill, created the functional regulatory framework for financial holding companies. The purpose of this “Fed Lite” framework is to parallel the financial services affiliate structure envisioned under this legislation. This parallel structure eliminates the duplicative and burdensome regulations on businesses not engaged in banking activities, and importantly, preserves the role of the Federal Reserve as the prudential supervisor over businesses that have access to taxpayer guarantees.

The Information Revolution, like the Industrial Revolution, has made information much more widely available at a lower cost and in less time. Technology and innovation have altered and expanded the processes by which we use financial products and services.

But the increase in the availability and transmission of information has not altered the need for consumers to transact with financial institutions to take care of their financial requirements. People will need banking, insurance, and securities options. But they want these options in greater speed and convenience. Customers expect a financial relationship with their financial service provider that will benefit them with enhanced benefits and lower costs.

There is legitimate concern about the misuse of information. The tremendous human benefits that have come from these advances also carry with them unprecedented new threats to personal privacy. Personal privacy needs reasonable protections, because personal privacy is an important part of individual freedom. This bill for the first time put in place strong privacy provisions for the financial services industry.

With enactment of this legislation, consumers can go to a financial services provider that is able to complete globally, is subjected to be well-managed, well-capitalized, and have strong management. A rigorous, healthy and competitive financial services sector means more jobs, higher real earnings growth, and more tax revenues. Indeed, the finance sector accounted for half of the real earnings growth, and more tax revenues. We must recognize this changing climate, and we must modernize, or we will be left behind. Today, banks and thrifts control 37 percent of the nation’s assets.

The Finance Modernization Act of 1999 is a great step forward in improving our nation’s financial services system for the benefit of investors, consumers, community groups, financial services providers, and our nation’s economy. I strongly support passage of the conference report on S. 900.

Mr. SHAYS. Madam Speaker, I rise today in strong support of the conference report for the Financial Services Act. This bill is a wonderful testament to the important things we can accomplish when we set aside partisan differences and work together on the nation’s business.

Mr. SHAYS. Madam Speaker, I rise today in strong support of the conference report on the Gramm-Leach-Bliley Financial Modernization Act of 1999. For the first time in more than two decades, Congress, the Administration, financial regulators, and all sectors of the financial services industry have reached a consensus on legislation to modernize the financial marketplace.

The historic bill, which has been 20 years in the making, has the support of a majority of Congressional Republicans and Democrats, as well as the Administration.

S. 900 replaces outdated, Depression-era laws that separate banking from other financial services with a new system to enhance competition and increase consumer choice. The bill replaces the “firewall” provisions of the 1933 Glass-Steagall Act, as well as the 1956 Bank Holding Company Act. In doing so, financial companies—either through a financial holding company or through operating subsidiaries—will be allowed to offer a broad array of financial products to their customers, including banking, insurance and securities.

To be permitted to engage in the new financial activities authorized under the bill, banks affiliated under a holding company would have to be well-managed, well-capitalized, and have a satisfactory Community Reinvestment Act rating, thus ensuring that banks continue to lend to inner-city and minority communities.

Encouraging greater competition will lower prices for financial services and improve products, benefiting consumers and the economy. It’s true that some may benefit from these changes more than others. But fostering competition between financial institutions will ultimately ensure consumers have greater choices at lower cost.

Madam Speaker, the simple fact is, these banking reforms are long overdue. The anti-affiliation provisions of the Glass-Steagall Act are sorely outdated and have increasingly impeded the United States’ ability to compete in the new world economy.

Mr. SHAYS. Madam Speaker, I rise today in strong support of the conference report on S. 900.

Ms. ROYBAL-ALLARD. Madam Speaker, I rise in opposition to S. 900, the Financial Services Modernization Conference Report. I would be happy to support a financial modernization bill that improves choice, access and affordability for all Americans. Unfortunately S. 900 fails on all accounts. While I understand the need to update our antiquated banking laws and bring our country’s financial system into the 21st century, I am unwilling to do this at the expense of our consumers. It is unacceptable that we give the green light for the unprecedented conglomeration of banks, securities firms, and insurance companies that will result from most modest provisions to protect our consumers.

Earlier this year, I joined many of my colleagues in opposing the House’s financial modernization bill, H.R. 10. I opposed the bill because it failed to protect communities in regards to community reinvestment and privacy. Unfortunately, this conference report is no improvement.

First, S. 900 fails to adequately protect the Community Reinvestment Act (CRA), which has been instrumental in leveraging billions of dollars of investment into communities such as mine, where unemployment and poverty levels are still high above the national average. Specifically, S. 900 fails to require that banks maintain a “satisfactory” CRA rating after they have expanded across state lines. This would take advantage of the newly authorized activities under this bill. Moreover, S. 900 reduces the frequency of CRA examinations for small banks. Lastly, S. 900, under the guise of “sunshine disclosures”, targets community groups with an onerous and unnecessary reporting requirement in their community agreements with banks. Rather than promoting greater accountability, this sunshine provision will have a chilling effect on these community agreements, which have been so effective in opening access to credit in low income and minority communities.

Second, S. 900 fails to provide strong financial and medical privacy protections. If we’re
going to allow for the creation of mega-one-stop centers with access to information about millions of customers, consumers should have the right to say “no” to the distribution of their personal information to third parties and affiliates. Instead of giving consumers control over the utilization of their confidential information, the bill allows banks to share or sell it.

As I previously stated when I voted against the financial modernization bill earlier this year, I am not willing to trade the so-called perks of financial modernization—efficiency, choice, convenience, one-stop-shopping—for the destruction of the individual’s rights and financial privacy. 

S. 900 leaves our consumers even worse off than before. I urge my colleagues to oppose this bill.

Mr. DOOLITTLE. Madam Speaker, I support the passage of the S. 900 conference report because I believe it is a fair and balanced bill which will spur competition within the financial services industry, reinforce functional regulation and protect consumers.

This legislation is by no means perfect, but it does represent a reasonable compromise between the House and Senate versions of financial services modernization legislation. The issue of modernizing this country’s financial laws has been debated in Congress for over two decades and has not come to a resolution until now. The financial services industry has undergone dramatic changes in the past few decades and regulations have been formulated in a piecemeal fashion through regulatory decisions and court rulings. This has resulted in an uneven and often inequitable regulatory framework.

The Gramm-Leach-Bliley Act, for example, is trying to repeal the outdated restrictions that keep banks, securities firms, and insurance companies from getting into one another’s businesses. After all the debate, I think we have finally come up with something in this bill that will open up a whole new world of competition.

Financial services are becoming increasingly globalized, increasingly computerized, and increasingly seamless. Banking laws passed during the Depression simply will not do in the 21st century. I wish I had believed that the privacy language should be stronger. This bill establishes privacy laws where none currently exist and ensures that stronger state privacy laws will not be preempted. However, I think Congress needs to continue to explore the issue of how limiting I.P. rights to that kind of personal privacy that will become increasingly more important to consumers as marketplaces change and technology advances continue.

Mr. HYDE. Madam Speaker, I rise in support of S. 900, the Gramm-Leach-Bliley Act. For many years I have been trying to repeal the outdated restrictions that keep banks, securities firms, and insurance companies from getting into one another’s businesses. After all the debate, I think we have finally come up with something in this bill that will open up a whole new world of competition.

The clarification for the new financial holding company structure contained in §133(c) is consistent with, and in no way disturbs, those existing precedents. Even so, this is a big change and we are making in our banking laws, and I thought it would be most helpful to clarify this point with respect to financial holding companies in the statute. I think we have achieved that clarification with the language in §133(c) of the Conference Report. Similar language was a part of the House bill, and I appreciate the Senate conferees accepting this clarification.

As the shape of the new activities in which banks were going to be permitted to engage through operating subsidiaries became clear in conference, the conferees ideally would have further revised the House language to make a similar clarification, regarding consolidations of non-banking entities that are operating subsidiaries of merging banks. But the operating subsidiary situations so closely parallels the unprecedented I have mentioned that a clarification for that situation was probably unnecessary.

Of course, whatever aspect of a banking merger is not subject to normal Hart-Scott-Rodino premerger review will be subject to the alternative procedures set forth in the Bank Merger Act and the Bank Holding Company Act, including the automatic stay. So one way or another, there will be some avenue for effective premerger review by the antitrust enforcement agencies. These alternative procedures would be in some ways more potentially disruptive to the merging banking entities, particularly when the bank of concern involves non-banking entities. But it is our intent that the precedents will be followed.

In short, under this bill and the precedents, no bank is treated differently than it otherwise would be because it has some other business within its corporate family. Likewise, under this bill, no other business is treated differently than it otherwise would be because it has a bank within its corporate family.
The conference report also includes conforming language found in §133(a) to clarify that the Federal Trade Commission’s authority in the non-banking sphere is preserved. We though these provisions were advisable in light of the fact that the FTC’s enforcement authority specifically excludes banks and savings associations and should not include the non-banking entities that will be brought into the banking picture as a result of the new law. We have clarified that the existing exemption is limited to the bank or savings association itself and that the FTC retains jurisdiction over nonbank entities despite any corporate connections they may have with banks or savings associations. This clarification applies to the FTC’s jurisdiction over nonbanking firms under the FTC Act, and accordingly under any statute that may provide for enforcement under the Act like the consumer credit laws and the Telemarketing and Consumer Fraud and Abuse Prevention Act. For example, the FTC would continue to have jurisdiction over a telemarketer of financial services, even if it is a subsidiary or affiliate of a bank. The FTC’s authority would not be expanded or extended to any new statute that may not be enforced under the FTC Act. These provisions were also included in the House bill, and again, I appreciate the Senate conferees’ accepting them in the final conference report.

Mr. COMBEST. Madam Speaker, S. 900, the Gramm-Leach-Bliley Act, is an important step in revamping and modernizing America’s financial system. While there are both pluses and perils to the approach contained within this act, today I wish to highlight several provisions that are of particular importance to me. First, it is critical that the Senate and House act to clarify the intention of the Financial Services Modernization Act of 1999, as passed by Congress. This bill was designed to promote consumer protection and privacy as an integral part of financial reform. The conference report also includes conforming language found in §133(a) to clarify that the Federal Trade Commission’s authority in the non-banking sphere is preserved. We thought these provisions were advisable in light of the fact that the FTC’s enforcement authority specifically excludes banks and savings associations and should not include the non-banking entities that will be brought into the banking picture as a result of the new law. We have clarified that the existing exemption is limited to the bank or savings association itself and that the FTC retains jurisdiction over nonbank entities despite any corporate connections they may have with banks or savings associations. This clarification applies to the FTC’s jurisdiction over nonbanking firms under the FTC Act, and accordingly under any statute that may provide for enforcement under the Act like the consumer credit laws and the Telemarketing and Consumer Fraud and Abuse Prevention Act. For example, the FTC would continue to have jurisdiction over a telemarketer of financial services, even if it is a subsidiary or affiliate of a bank. The FTC’s authority would not be expanded or extended to any new statute that may not be enforced under the FTC Act. These provisions were also included in the House bill, and again, I appreciate the Senate conferees’ accepting them in the final conference report.

Again, no bank is treated differently than it otherwise would because it has some other business within its corporate family. Likewise, no other business is treated differently than it otherwise would because it has a bank within its corporate family. Let me again commend my friends Jim Leach, Tom Biley, and Phil Gramm, and everyone else who has worked on this legislation, and I ask my colleagues to support it.

Mr. PACKARD. Madam Speaker, I would like to urge my colleagues to support S. 900, the Financial Services Modernization Act Conference Report, when it is considered on the floor today. These improvements are long overdue for the benefit of investors, consumers, community groups, financial service providers, and our nation’s economy. This legislation will modernize America’s financial services industry to better serve consumers—individuals, small businesses and large enterprises—by fostering greater competition, increasing consumer choice, reducing regulatory burdens, and facilitating financial innovation. The conference report on S. 900 provides meaningful consumer protections against disclosure requirements and damage recovery protections and establishes consumer grievance procedures. The bill also modifies consumer privacy by barring financial institutions from disclosing customer account numbers for telemarketing or other direct marketing activities. S. 900 will also greatly increase the international competitiveness of the American financial services industry.

S. 900 provides comprehensive consumer protections including mandatory prohibitions on coercive sales practices, disclosure of ATM fees, and for the first time, definitions for Americans’ financial privacy. These new standards are a significant improvement over current law, where no standards exist. The conference report requires financial institutions to notify consumers and provide them with the ability to opt-out of the disclosure of personal financial information to unaffiliated third parties; prohibits third parties from sharing or selling a consumer’s personal financial information; provides strengthened and expanded regulatory authority to detect and enforce privacy

Furthermore, section 210 of Title II states that “Nothing in this Act shall supersede, affect, or otherwise limit the scope and applicability of the Commodity Exchange Act.” This section recognizes that transactions which are futures contracts or commodity options under the exclusive jurisdiction of the CFTC pursuant to the Commodity Exchange Act do not receive an exemption or exclusion from the Commodity Exchange Act because of anything in the Gramm-Leach-Bliley Act. The ability to be identified as a swap, to form in this act, be it a swap agreement, new hybrid product, or identified banking product, is exempted or excluded from the jurisdiction of the CFTC solely by virtue of anything contained in the Gramm-Leach-Bliley Act. The CFTC’s traditional exclusive authority is unaffected by this legislation.

The Privacy Title, Title V of the Gramm-Leach-Bliley Act, explicitly excludes persons and entities subject to the jurisdiction of the CFTC and the Federal Agricultural Mortgage Corporation and persons and entities chartered and operating under the Farm Credit Act of 1971, from the provisions of this Title. The purpose of sections 509(3)(B) and (C) and 527(4)(D), excluding the above-mentioned persons and entities from the definition of “financial institution,” is to make it clear that no provision of Title V will apply to farm credit system institutions nor to CFTC regulated persons.

Mr. COMBEST. Madam Speaker, I would like to commend my colleagues in both the House and Senate who served on the conference committee. Through their hard work, we have before us today a well balanced and thoughtful conference report that, after over two decades of trying, finally reforms our fragmented, antiquated financial services laws to benefit consumers, businesses and the economy.

I supported the House Banking version because financial modernization is desperately needed to address challenges currently taking place in the global marketplace. Today, America’s financial services industry is the most effective and competitive in the world. The banking system and other associated financial services institutions are the oil that keeps the pump to our economy. The industry’s ability to adapt to the swift and vast structural and technological changes in the marketplace have accounted for the record bank profits and the largest peacetime expansion since World War II.

The future of our nation’s financial services industry, however, is at risk—if both consumers and the system itself—should continue to rely on ad hoc adaptations without establishing a meaningful and prudent framework in which this system, undergoing such radical changes, can thrive. This conference report establishes such a responsible framework, with an eye allowing the industry to thrive and prosper, while providing the most progressive consumer protection safeguards ever enacted into law, among the many benefits of this landmark legislation, three are critically important:

S. 900 provides the creation of new financial holding companies, which can offer banking, insurance, securities, and other financial products and services, and can help small, low-income entrepreneurs start and expand their businesses in underserved areas.

S. 900 benefits our local communities by preserving and strengthening community institutions. The conference report contains language that banks have a good track record of community reinvestment as a condition for taking advantage of the bill’s newly authorized business activities and, for the first time, requires that a bank’s performance on community reinvestment be considered when it expands outside of traditional banking activities. In addition to these protections, this conference report creates a new program designed specifically to help small, low-income entrepreneurs start and expand their businesses in underserved areas.

S. 900 provides important new consumer protections including mandatory prohibitions on coercive sales practices, disclosure of ATM fees, and for the first time, protections for America’s financial privacy. These new standards are a significant improvement over current law, where no standards exist. The conference report requires financial institutions to notify consumers and provide them with the ability to opt-out of the disclosure of personal financial information to unaffiliated third parties; prohibits third parties from sharing or selling a consumer’s personal financial information; provides strengthened and expanded regulatory authority to detect and enforce privacy.
Mr. SANFORD changed his vote from "yea" to "nay." So the conference report was agreed to.

The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

Stated for:
Mr. KANJORSKI. Mr. Speaker, on rollcall No. 570, the final passage of the conference report on S. 900 the Gramm-Leach-Bliley Financial Services Modernization Act of 1999, I was away from Washington on official business. Had I been present, I would have voted "yea."

Mr. BEREUTER. Mr. Speaker, this Member was not recorded on rollcall vote No. 570, on passage of the conference report on S. 900, the Gramm-Leach-Bliley Act. Had he been present, he would have voted "aye."

### SPECIAL ORDERS

The SPEAKER pro tempore (Mr. ISAKSON). Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. DIAZ-BALART) is recognized for 5 minutes.

(Mr. DIAZ-BALART addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. FILNER) is recognized for 5 minutes.

(Mr. FILNER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. GOSS) is recognized for 5 minutes.

(Mr. GOSS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)
The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. EHLERS) is recognized for 5 minutes.

Mr. EHLERS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Brown) is recognized for 5 minutes.

Mr. BROWN of Ohio addressed the House. His remarks will appear hereafter in the Extensions of Remarks.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. Burton) is recognized for 5 minutes.

Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Minnesota (Ms. Waters) is recognized for 5 minutes.

Ms. WATERS addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.

PRESCRIPTION DRUG BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized for 5 minutes.

Mr. GUTKNECHT. Mr. Speaker, tonight I would like to talk about an issue that is becoming increasingly of concern to the American citizens, and that is the high prices that Americans in general and seniors in particular are being required to pay for prescription drugs.

A number of stories have appeared recently. A number of national news publications, MSNBC, the New York Times, the Washington Post, a Minneapolis paper recently did stories about what is happening in America relative to the high cost of prescription drugs.

Now, it has a tremendous impact on all Americans, but of particularly high impact on senior citizens where many of the people in my district, and I suspect this is not unusual to my district, it happens all over the country, seniors are paying two, three, four, in fact I talked to one couple that is paying over $1,000 a month for prescription drugs. It is a serious problem. It is here now. Every one has an opinion.

But let me just talk about what I think is one part of the problem that we could do something very serious about solving very quickly.

But before I do, I would like to read excerpts from a letter to the community from George Halvorson. George Halvorson is the president and CEO of HealthPartners in Minneapolis.

Let me just read, “The cost of prescription drugs varies to an amazing degree between countries.

“If you have a stomach ulcer and your doctor says, ‘you need to be on Prilosec,’ you would probably pay about $99.95 for a 30-day supply in the Twin Cities. But if you were vacationing in Canada and decided to fill your prescription there, you would pay only $30.88.

“Or, even better, if you were looking for a little warmer weather south of the border in Mexico, the same 30-day supply would cost you only $17.50.

“That’s for the same dose, made by the same manufacturer.

“If we could get only half the price break that Canadians get, our plan alone”, he is talking about one HMO in Minnesota, he says, “our plan alone could have saved our members nearly $35 million last year.”

Imagine what we are talking about throughout the entire country. He goes on to say, “When the North American Free Trade Act (NAFTA) was passed by Congress to allow free trade between us and our neighboring countries, HealthPartners decided to follow the lead of in Minnesota Senior Federation and buy drugs in Canada at Canadian prices. We were disappointed to learn of the rules and processes that kept us from succeeding. There is no free trade in prescription drugs. We need to do something about this.”

Well, I tell Mr. Halvorson, we intend to do something about it. But before we do something, one has got to understand it all comes down to section 381 of U.S. Code, Title XXI, section 381.

Let me just read for my colleagues what this section basically says, “The Secretary of Treasury shall deliver to the Secretary of Health and Human Services, upon his request, samples of food, drugs, devices, and cosmetics which are being imported or offered for import into the United States.”

The operative expression is “giving notice thereof to the Secretary.”

It goes on to basically say that people can bring drugs into the country as long as they are legal drugs and they have a prescription. But if there is a challenge to them, the burden of proof falls upon the FDA.

But, unfortunately, Mr. Speaker, that is not what is happening. What is happening today is, when seniors try to bring drugs, and particularly if they do it through mail order, back into the United States, the FDA puts the burden of proof on the seniors to prove that they are legal drugs and were manufactured in an FDA-approved facility.

What I am going to be doing here in the next day or two is introducing legislation to clarify that Americans will be able, going through their local pharmacy, to order drugs over the Internet or by web or through faxes with correspondent pharmacies in Canada or in Mexico as long as they are legal drugs produced in an FDA-approved facility. To allow them to do that.

We are talking about savings for some seniors of $300 or $400 per month.

Now, that may not seem like much to some of the folks in this room, but let me tell my colleagues, if one is living on a fixed income of $10,000, we are beginning to talk real money.

It is time for us to say loudly and clearly that we will not allow the FDA to stand between our consumers and our seniors in particular. We will not allow the FDA to stand between our consumers and lower drug prices.

It is a simple bill. I would hope that my colleagues would contact my office because we want to see this a broad-based bipartisan coalition to support this bill. We hope to introduce it in the next day or two. Please take a look at this legislation. We would like to have my colleagues join us on it.

STOP STALLING ON GUN SAFETY LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. Jackson-Lee) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, we finished one major piece of legislation, and I noted that many of the Members of this House were applauding the success of passing a financial services reform bill. I think there are many people in America that will appreciate that we have made that giant step.

But in the shadow of passing a bill that deals with numbers, statistics, and pieces of paper, and computers, we are still stalled on a real gun safety reform legislation and juvenile justice.

What a tragedy that, in about 5 days, more than 100 hours from now, this House may come to a conclusion for 1999. We will do in the shadow of seven deaths in Hawaii, two deaths in Seattle in the last 48 hours by individuals obviously deranged and using guns to kill people.

We will do it, likewise, in the shadow of four murders of teenagers this past weekend in Washington, D.C., in the shadow of a closing of a Cleveland high school where it is alleged that about four students have threatened to kill many, many students in that high school; or do it in the shadow of conversations we had just a few weeks ago that noted that many students that go to high school in America are fearful for their lives, are afraid of violence, have guns, have been bullied, have experienced prejudice.

Yet, the conference that is supposed to be on gun safety and juvenile justice idles away its time, refusing to concede to the National Rifle Association, refusing to provide real gun safety for America.

What are the issues that we are discussing in that conference? Are they so threatening to those of us who have taken an oath of office to do what is best for America, that we would not want to do it?

Does it make any sense that we continue to allow guns to get in the hands of criminals and children? Does it
make any sense that gun shows proliferate themselves around this Nation with the concept of unlicensed gun dealers being able to randomly sell guns to anybody who walks through the door?

Just recently in California, one of the largest gun shows in America was able to be held because the ordinance and law that had been passed by local officials who came together and said we do not want any more gun shows in our community after the tragedy of the Jewish Community Center was thwarted by a court.

I believe in the democratic process, the process of the judiciary, but there they were selling guns, selling guns by unlicensed dealers, and who knows how many criminals and possibly children had access to the guns.

This conference will provide opportunities to close the loopholes for gun shows so that unlicensed dealers could not get up or get where they could sell guns to unlicensed gun dealers.

It provides for trigger locks. It will eliminate the ammunition clips of fast guns that we really do not need for sports and other recreational Activities.

And I would offer an amendment to ensure that children are accompanied by adults when they go into these gun shows. If, because of the laws of this land, these gun shows continue to proliferate.

Do my colleagues know that in many States, unlike movies, where we are looking to curb the violence and we require children to be accompanied by an adult depending on the rating of the movie, they can walk in randomly in many States into these gun shows looking at weapons of war, fast ammunition clips, or guns with automatic clips, not looking at these. They are seeing these weapons of violence with no one attending to them.

So, Mr. Speaker, I think that it is a tragedy that in these waning hours we will watch more children die, maybe the tragedy of more workplace violence, more criminals getting guns illegally; yet we are sitting by as the hours are tick, tick, ticking away doing absolutely nothing. I think this is a shame on this Nation. I think it is a shame on this Congress.

I would ask Members in these waning hours to lift their voices and ask the collective leadership why, why we have not met in conference to talk about gun safety in America. When will we raise our voices but, at the same time, lift ourselves to act and to ensure that children are protected?

I hope that we will hear from someone in the near future. I hope we will hear from the Speaker of the House, I hope we will hear from the majority leader. I hope we will hear from the minority leader. I hope we will work in a bipartisan manner with the leadership in the Democratic caucus that has been asking that we move forward. I hope that we will hear from the other body that has been dragging their feet. The hours are tick, tick, ticking away. Thirteen children are dying, Mr. Speaker, every single day. What a shame on this House. What a shame on America.

The SPEAKER pro tempore (Mr. Isakson). Under a previous order of the House, the gentleman from Washington (Mr. Metcalf) is recognized for 5 minutes.

(Mr. Metcalf addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

IN SUPPORT OF SENATOR CAROL MOSELEY-BRAUN'S AMBASSADORSHIP TO NEW ZEALAND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. Davis) is recognized for 5 minutes.

Mr. DAVIS of Illinois. Mr. Speaker, I take this opportunity to express strong support for the confirmation of Senator Carol Moseley-Braun to the ambassadorship to New Zealand. I have known Carol Moseley-Braun both personally and professionally for many years and look forward to her service in this position.

Senator Moseley-Braun is an extraordinary individual. She has lived an extraordinary life, a life of breaking stereotypes, a life of shattering glass ceilings, a life of public service. She earned her law degree from the University of Chicago in 1972 and served as an assistant United States attorney from 1973 to 1977. In 1978, she was elected to the Illinois House of Representatives where she became the first female assistant majority leader. In 1988, Senator Moseley-Braun was elected Cook County Recorder of Deeds, ranking up seven more firsts. In 1992, she was elected to the United States Senate, becoming the first African American woman to serve in that honorable body.

Sometime ago, President Clinton nominated Senator Moseley-Braun to become our ambassador to New Zealand. As ambassador, Carol Moseley-Braun would be the highest ranking diplomatic official accredited to represent our interests in that Pacific Rim nation. I can testify from personal knowledge that Senator Moseley-Braun is well qualified to undertake those solemn responsibilities.

Throughout her career in public life, Senator Moseley-Braun has displayed tremendous ability, insight, and perceptivity on the great issues of the day. She is a woman of great personal charm who has been blessed with a remarkable talent to interact with people, to engage them in dialogue, and to represent her position to them with logic, clarity, and persuasiveness. I look forward to hearing from us well to the people of New Zealand.

Mr. Speaker, it is the long-standing tradition of the Senate to welcome to our country the people of New Zealand.

And I would like to thank the Senator from Illinois for her remarks.

Mr. WELDON of Pennsylvania. Mr. Speaker, when will we ask the question? When will this administration formalize their request to ask Russia for the details contained in secret KGB documents that define the significant number of locations throughout America where, during the Soviet era, military equipment, hardware, and possibly even material for weapons of mass destruction was stored in buried sites?

Mr. Speaker, 2 years ago the highest ranking foreign intelligence officer
ever to defect from the Soviet Union, Stanislav Lunev testified before my subcommittee and said that one of his jobs when he worked at the embassy here in Washington undercover as a Tass correspondent was to locate sites where the Soviets could drop equipment that could be stored in the soil of America.

Last Wednesday, again before my subcommittee, Oleg Gordielevsky, the highest ranking ever internal KGB intelligence officer, who now lives in Britain, testified that the KGB files, as documented by Mitrokhin, contained in a new book just released last month called The KGB Files, are in fact true. Those files document significant numbers of cases around the world, in Europe and in North America, where during the Soviet era the KGB arranged for the storage of military material and hardware on the soil of this Nation.

Mr. Speaker, we have known this for at least 6 years. The FBI has told me and the Pentagon has said publicly we have not yet asked the Russians for the specific sites.

This past weekend I spoke at an international terrorism conference in Europe, where I had a chance to meet one of the highest-ranking intelligence officials from Belgium. I was told by that official that in the last 2 months, Belgium has uncovered three sites where these materials were stored by the Soviet Union without the knowledge of the Belgian government. Switzerland has also identified one site that was booby-trapped where materials were stored.

Mr. Speaker, when is this administration going to ask the Yeltsin government to give us the KGB documents that identify the sites in California, in Montana, in Minnesota, in New York, in Texas, and across this Nation where specific caches of arms and military hardware and equipment were prepositioned during the Cold War?

It is absolutely a national disgrace that this administration, having known about this prepositioning of equipment for at least 6 years, has not yet seen fit to ask that question of the Yeltsin government.

This body needs a demand that this administration take action. Because, Mr. Speaker, the safety of the people of America are in question as long as those materials have not been identified and have not been removed by our Government.

In four instances, one in Switzerland and three in Belgium, sites have been found and they have been dug up. It is about time this administration asked the question of the Russian leadership where those sites are in America. We should demand no less from our Government.

PROPOSED OSHA REPETITIVE MOTION REGULATIONS

The SPEAKER pro tempore (Mr. ISAKSON). Under a previous order of the House, the gentleman from Colorado (Mr. TANCREDO) is recognized for 5 minutes.

Mr. TANCREDO. Mr. Speaker, a short time ago I received a communication from an individual in my district. For instance, one gentleman who owns a number of small businesses. He is head of something called The Bailey Company in Golden, Colorado. It is an Arby's franchise.


He goes on to explain what happened in his business a short time ago, and this I want to bring to the attention of the House and our colleagues in order to explain the problems we are going to face and we do face in small businesses throughout the United States. And those problems would become exacerbated by the actions of OSHA as they have been many times in the past. I want to refer specifically to an event that occurred in Mr. Eagleton's business.

“As an employer of approximately 1,500 people, we are concerned about the proposed OSHA repetitive motion regulations. An employee, Mary, worked at an Arby's restaurant in Jefferson County, Colorado, in 1998. On her first day of work, after 3 hours of light duty wrapping sandwiches in foil, she complained that her wrists hurt.

An employee of the Bailey Company filled out a first report of injury and sent her to our designated treatment facility. Mary was diagnosed with repetitive motion injuries. The ensuing series of treatments evolved in a $100,000 Worker's Compensation claim.

“The medical community is split on the legitimacy and causality of these injuries. For instance, athletes do repetitive exercises to strengthen their muscles; yet repetitive motion does not harm them. How does repetitive motion in other circumstances differ in the view of the courts?”

“Our position is that the proposed OSHA repetitive motion regulations should not be funded until definitive scientific studies are concluded.”

“J. Mark Eagleton, Senior Manager/ Director of Training and Personnel for The Bailey Company.”

Mr. Speaker, even though what we have just heard here is replicated, unfortunately, far too many times throughout the country, OSHA is nonetheless pushing ahead with its ergonomics regulation until the academy completes its ongoing study slated to be released mid-2001. This is a common-sense step and one which Members of the House and the other body should support.

ANNOUNCEMENT OF MEASURE TO BE CONSIDERED UNDER SUSPENSION OF THE RULES ON TOMORROW

Mr. TANCREDO. Mr. Speaker, pursuant to House Resolution 353, I announce the following measure to be taken up under suspension of the rules: H. R. 3075, Medicare Addbacks.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 44 minutes p.m.), the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. Sessions) at 12 o'clock and 53 minutes a.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3196, FOREIGN OPERATIONS, EXPORT FINANCING AND RELATED PROGRAMS APPROPRIATIONS ACT, 2000

Mr. DIAZ-BALART, from the Committee on Rules, submitted a privileged report (Rept. No. 106-450) on the resolution (H. Res. 362) providing for consideration of the bill (H.R. 3196) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, and for other purposes, which was referred to the House Calendar and ordered to be printed.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. LARSON (at the request of Mr. GEPHARDT) for today, on account of official business.

Mr. KANJORSKI (at the request of Mr. GEPHARDT) for today, on account of official business.
SPECIAL ORDERS GRANTED
By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:
(The following Members (at the request of Mr. MENENDEZ) to revise and extend their remarks and include extraneous material):
Mr. FILNER, for 5 minutes, today.
Ms. KAPTUR, for 5 minutes, today.
Mr. BROWN of Ohio, for 5 minutes, today.
Ms. WATERS, for 5 minutes, today.
Ms. JACKSON-LEE of Texas, for 5 minutes, today.
Mr. DAVIS of Illinois, for 5 minutes, today.
(Other Members (at the request of Mr. WELDON of Pennsylvania) to revise and extend their remarks and include extraneous material):
Mr. GUTKNECHT, for 5 minutes, today.
Mr. SIMPSON, for 5 minutes, on November 8.
Mr. METCALF, for 5 minutes, today.
Mr. WELDON of Pennsylvania, for 5 minutes, today.

SENATE BILLS REFERRED
Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:
S. 185. An act to establish a Chief Agricultural Negotiator in the Office of the United States Trade Representative; to the Committee on Ways and Means.
S. 976. An act to amend title V of the Public Health Service Act, to establish programs for community-based services for children and adolescents, to enhance flexibility and accountability, to establish programs for youth treatment, and to respond to crises, especially those related to children and violence; to the Committee on Commerce.

ENROLLED BILL AND JOINT RESOLUTION SIGNED
Mr. THOMAS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:
H.R. 609. An act to amend the Export Apple and Pear Act to limit the applicability of the Act to apples.
H.J. Res. 11. Joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes.

ADJOURNMENT
Mr. DIAZ-BALART. Mr. Speaker, I move that the House do now adjourn.
The motion was agreed to; accordingly, at 12 o'clock and 54 minutes a.m., the House adjourned until today, Friday, November 5, 1999, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.
Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:
S. 976. A letter from the Acting Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Order Granting the London Clearing House Permission Pursuant to Section 4(c) of the Commodity Exchange Act—received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.
S. 185. A letter from the Assistant General Counsel, Office of Student Financial Assistance, Department of Education, transmitting the Department's final rule—Student Assistance General Provisions (RIN: 1845-AA07) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.
H.J. Res. 75. Joint resolution making further continuing appropriations for the fiscal year 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.
S. 976. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112(a); to the Committee on International Relations.
S. 976. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the “Initial Report of the United States of America to the UN Committee Against Torture”; to the Committee on International Relations.
H.J. Res. 11. A letter from the Assistant General Administrator For Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration’s final rule— Fisheries of the Exclusive Economic Zone Off Alaska; Revisions to Recordkeeping and Reporting Requirements; [Docket No. 99-038-FOR; Amendment No. XXVII] received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.
H.J. Res. 11. A letter from the Deputy Assistant Administrator For Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration’s final rule— Fisheries of the Exclusive Economic Zone Off Alaska; Pollock by Vessels Catching Pollock; with an amendment; [Docket No. 99-038-FOR-FR; Amendment No. 01-03; I.D. 102699] received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.
H.J. Res. 11. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration’s final rule— Fisheries of the Exclusive Economic Zone Off Alaska; Pollock by Vessels Catching Pollock; with an amendment; [Docket No. 100-038-FOR-FR-02; Amendment No. 01-01; I.D. 102699-02] (RIN: 0648-AL23) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.
H.J. Res. 11. A letter from the Assistant Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration’s final rule— Fisheries of the Exclusive Economic Zone Off Alaska; Pollock by Vessels Catching Pollock; with an amendment; [Docket No. 100-038-FOR-FR-02; Amendment No. 01-01; I.D. 102699-02] (RIN: 0648-AL23) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.
H.J. Res. 11. A letter from the General Counsel, Office of Student Financial Assistance, Department of Education, transmitting the “1999 Fair Act Inventory of the General Services Administration”; to the Committee on Government Reform.
S. 976. A letter from the Director, Office of Surface Mining, Department of the Interior, transmitting the Department’s final rule—North Dakota Regulatory Program [ND-038-FOR; Amendment No. XXVII] received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.
S. 5184. A letter from the Deputy Assistant Administrator For Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration’s final rule— Fisheries of the Exclusive Economic Zone Off Alaska; Revisions to Recordkeeping and Reporting Requirements; [Docket No. 99-038-FOR-FR; Amendment No. 01-03; I.D. 102699] received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.
S. 5181. A letter from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, transmitting the Administration’s final rule— Fisheries of the Exclusive Economic Zone Off Alaska; Pollock by Vessels Catching Pollock; with an amendment; [Docket No. 99-038-FOR-FR-02; Amendment No. 01-01; I.D. 102699-02] (RIN: 0648-AL23) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.
H.J. Res. 11. A letter from the Assistant General Counsel, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration’s final rule— Fisheries of the Exclusive Economic Zone Off Alaska; Pollock by Vessels Catching Pollock; with an amendment; [Docket No. 99-038-FOR-FR-02; Amendment No. 01-01; I.D. 102699-02] (RIN: 0648-AL23) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.
H.J. Res. 11. A letter from the Assistant General Counsel, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration’s final rule— Fisheries of the Exclusive Economic Zone Off Alaska; Pollock by Vessels Catching Pollock; with an amendment; [Docket No. 99-038-FOR-FR-02; Amendment No. 01-01; I.D. 102699-02] (RIN: 0648-AL23) received November 3, 1999, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

### PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. BALDACCI:

- **H.R. 3220.** A bill to regulate interstate commerce.
- **H.R. 3221.** A bill to review, reform, and terminate unnecessary and inequitable Federal payroll, benefits, services, and tax advantages; to the Committee on Governmental Reform.
- **H.R. 3222.** A bill to amend the Elementary and Secondary Education Act of 1965 to improve literacy through family literacy projects; to the Committee on Education and the Workforce.
- **H.R. 3223.** A bill to assist institutions of higher education that assist at-risk students in school and complete their 4-year postsecondary academic programs; to the Committee on Education and the Workforce.
- **H.R. 3224.** A bill to amend the Internal Revenue Code of 1986 to require group health plans to provide coverage for reconstructive surgery following mastectomy, consistent with the Women's Health and Cancer Rights Act of 1998; to the Committee on Ways and Means.
- **H.R. 3225.** A bill to authorize the transfer of the Panama Canal Treaties to the Government of the Republic of Cyprus; to the Committee on International Relations.
- **H.R. 3226.** A bill to amend title 49, United States Code, to improve pipeline safety; to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DAVIS of Virginia (for himself and Mr. ROHRABACHER):

- **H.R. 3227.** A bill to amend title 38, United States Code, to provide that a disease that is incurred or aggravated by a member of a reserve component in the performance of duty while performing active duty training shall be considered to be service-connected purposes of benefits under laws administered by the Secretary of Veterans Affairs; to the Committee on Veterans Affairs.

By Mr. CRANE:

- **H.R. 3228.** A bill to authorize the transfer to the Republic of Panama of certain properties of the United States in the Panama Canal Treaties; to the Committee on Armed Services.

By Mr. DAVIS of Virginia (for himself and Mr. ROHRABACHER):

- **H. Res. 361.** A resolution urging the President to condition discussions about Turkey's foreign military finances on resolution of the nation's hostilities with the Republic of Cyprus; to the Committee on International Relations.
H. R. 1002: Mr. TURNER.
H. R. 1070: Mr. MOORE of Ohio.
H. R. 1072: Mr. LEWIS of California.
H. R. 1073: Mr. PAYNE.
H. R. 1074: Mr. KENDALL.
H. R. 1075: Mr. McGUIRE.
H. R. 1076: Mr. PAYNE.
H. R. 1077: Mr. BALDWIN.
H. R. 1078: Mr. HENDRIX.
H. R. 1079: Mr. MOORE of Mississippi.
H. R. 1080: Mr. LOWE.
H. R. 1081: Mr. JACKSON of Illinois.
H. R. 1082: Mr. CASTLE.
H. R. 1083: Mr. KLINK.
H. R. 1084: Ms. ROYBAL-ALLARD.
H. R. 1085: Mr. MONTGOMERY.
H. R. 1086: Mr. PAUL.
H. R. 1087: Mr. ARMEDGES.
H. R. 1088: Mr. BISHOP.
H. R. 1089: Mr. CASTLE.
H. R. 1090: Mr. TANCREDO.
H. R. 1091: Ms. BERKLEY.
H. R. 1092: Mr. LIPINSKI.
H. R. 1093: Ms. BALDWIN.
H. R. 1094: Mr. BAIRD.
H. R. 1095: Mr. SCHAFFER.
H. R. 1096: Mrs. EMERSON.
H. R. 1097: Mr. SPENCE.
H. R. 1098: Mr. HUNT.
H. R. 1099: Mr. HUNTER.
H. R. 1100: Mr. DAVIS of Missouri.
H. R. 1101: Mr. TURNER.
H. R. 1102: Ms. HOoley of Oregon.
H. R. 1103: Mr. ISAKSON.
H. R. 1104: Mr. OLVER.
H. R. 1105: Mr. MCINTOSH of Mississippi.
H. R. 1106: Mr. MOORE.
H. R. 1107: Mr. KLINK.
H. R. 1108: Mr. ROHRABACHER.
H. R. 1109: Mrs. KELLY.
H. R. 1110: Mr. MCHUGH.
H. R. 1111: Mr. SNOW of California.
H. R. 1112: Mr. SNOW of Maine.
H. R. 1113: Mr. WELCH.
H. R. 1114: Mr. KUYKENDALL.
H. R. 1115: Mr. BERKLEY.
H. R. 1116: Mr. CASTLE.
H. R. 1117: Mr. KLINK.
H. R. 1118: Ms. ROYBAL-ALLARD.
H. R. 1119: Mr. MONTGOMERY.
H. R. 1120: Mr. BAKER.
H. R. 1121: Mr. LEWIS of Kentucky.
H. R. 1122: Mr. TRAFICANT.
H. R. 1123: Mr. JOHNSON of Tennessee.
H. R. 1124: Mr. FEINGOLD.
H. R. 1125: Mr. GILDEREATH.
H. R. 1126: Mr. MCHUGH.

New Mexico.

Mr. KILDEE, Mr. HOLDEN, Mr. FRANK of Massachusetts, Mr. LUTHER, Ms. MCCARTHY of Hawaii, Mr. JOHNSON of Mississippi, Mr. MONTGOMERY, and Mrs. EMERSON.

H. R. 1127: Mr. COOKSEY.
H. R. 1128: Mr. FROST.
H. R. 1129: Mr. LATHAM.
H. R. 1130: Mr. COOK.
H. R. 1131: Mr. UPTON.
H. R. 1132: Mr. KUYKENDALL.
H. R. 1133: Ms. BERKLEY.
H. R. 1134: Mr. LIPINSKI.
H. R. 1135: Ms. BALDWIN.
H. R. 1136: Mr. BAIRD.
H. R. 1137: Mr. HUTCHINSON.
H. R. 1138: Mr. MARTINEZ.
H. R. 1139: Mr. GEILER.
H. R. 1140: Mr. ROMERO-Barcelo.
H. R. 1141: Mr. PAYNE.
H. R. 1142: Mr. PHELPS.
H. R. 1143: Mr. KING.
H. R. 1144: Mr. GRAHAM.
H. R. 1145: Mr. OWENS.
H. R. 1146: Mr. WYNN.
H. R. 1147: Mr. DEFAZIO.
H. R. 1148: Mr. FROST.
H. R. 1149: Mr. GEIDENSOHN.
H. R. 1150: Mr. MCNULTY.
H. R. 1151: Mr. DAVIS of Florida.
H. R. 1152: Mr. CUNNINGHAM.
H. R. 1153: Ms. DUNN.
H. R. 1154: Ms. MCCONNELL.
H. R. 1155: Mr. BEREUTER.
H. R. 1156: Mr. LOWEY.
H. R. 1157: Mr. JACKSON of Illinois.
H. R. 1158: Mr. JACOB.
H. R. 1159: Mr. PERRY.
H. R. 1160: Mr. JAY.
H. R. 1161: Mr. McHUGH.
H. R. 1162: Mr. GIBSON.
H. R. 1163: Mr. MILLS.
H. R. 1164: Mr. ROBINSON.
H. R. 1165: Mr. JONES.
H. R. 1166: Mr. CUNNINGHAM.
H. R. 1167: Mr. PAYNE.
H. R. 1168: Mr. TURNER.
H. R. 1169: Ms. WILSON.
H. R. 1170: Mr. WYNN.
H. R. 1171: Mr. DeFAZIO.
H. R. 1172: Mr. FROST.
H. R. 1173: Ms. DeGETTE.
H. R. 1174: Ms. PAYNE.
H. R. 1175: Mr. BISHOP.
H. R. 1176: Mr. PAUL.
H. R. 1177: Mr. TANCREDO.
H. R. 1178: Mr. BALLenger.
H. R. 1179: Mr. BOROUGHS.
H. R. 1180: Mr. Prince.
H. R. 1181: Ms. MACKINNON.
H. R. 1182: Mr. EHRlich.
H. R. 1183: Mr. MENENDEZ.
H. R. 1184: Mr. SCHAKOWSKY.
H. R. 1185: Mr. WEXLER.
H. R. 1186: Mr. BAKER.
H. R. 1187: Mr. WEYGAND.
H. R. 1188: Mr. MASCARA.
H. R. 1189: Mr. FROST.
H. R. 1190: Mr. BURTON.
H. R. 1191: Mr. MCKINNEY.
H. R. 1192: Mr. McGUIRE.
H. R. 1193: Mr. METCALF.
H. R. 1194: Mr. GANSKE.
H. R. 1195: Mr. HOEKSTRA.
H. R. 1196: Mr. HALL of Ohio.
H. R. 1197: Mr. SHOWS.
H. R. 1198: Mr. FLETCHER.
H. R. 1199: Mr. HERGER.
H. R. 1200: Mr. HYDE.
H. R. 1201: Mr. LARGENT.
H. R. 1202: Mr. MILLER of California.
H. R. 1203: Mr. SANFORD.
H. R. 1204: Mr. SIMPSON.
H. R. 1205: Mr. TERRY.
H. R. 1206: Mr. WAMP.
H. R. 1207: Mr. MCINTOSH.
H. R. 1208: Mr. ADERHOLT.
H. R. 1209: Mr. BRYSON.
H. R. 1210: Mr. KING.
H. R. 1211: Mr. Dickey.
H. R. 1212: Mrs. DeGETTE.
H. R. 1213: Mr. BISHOP.
H. R. 1214: Mr. TANCREDO.
H. R. 1215: Mr. BOROUGHS.
H. R. 1216: Mr. RAHAL.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:
H. R. 2528: Mr. BECERRA.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:
H. R. 3073

Offered By: Mrs. J. Johnson of Connecticut

(Amendment in the Nature of a Substitute)

Amendment No. 1: Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Father's County Act of 1999"

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

Sec. 1. Short title; table of contents.

TITLE I.—FATHERHOOD GRANT PROGRAM

Sec. 101. Fatherhood grants.
November 4, 1999

CONGRESSIONAL RECORD – HOUSE

``(i) a father of a child who is, or within the past 24 months has been, a recipient of assistance or services under a State program funded under this part;

(ii) a father including an expectant or married father, whose income, net of court-ordered child support, is less than 150 percent of the poverty line (as defined in section 672(f)(5) of the Social Security Act of 1965, including any revision required by such section, applicable to a family of the size involved);

(iii) a parent referred to in paragraph (3)(A)(iii).

(D) A written commitment by the entity under whose auspice the project will be carried out, from funds obtained from non-federal sources, amounts (including in-kind contributions) equal in value to È

(ii) the amount of any grant made to the entity under this subsection; or

(iii) such lesser percentage as the Secretary deems appropriate (which shall be not less than 10 percent) of such amount, if the application demonstrates that there are circumstances that limit the ability of the entity to raise funds or obtain resources.

(2) CONSIDERATION OF APPLICATIONS BY INTERAGENCY PANELS.

(A) FIRST PANEL.

(i) ESTABLISHMENT. There is established a panel to be known as the ‘‘Fatherhood Grants Recommendations Panel’’ (in this subparagraph referred to as the ‘‘Panel’’).

(ii) MEMBERSHIP. The Panel shall be composed of 10 members, as follows:

(aa) 2 members of the Panel shall be appointed by the Chairman of the Committee on Finance of the Senate.

(bb) 2 members of the Panel shall be appointed by the Chairman of the Committee on Ways and Means of the House of Representatives.

(dd) 4 members of the Panel shall be appointed by the Secretary of Labor.

(ee) 2 members of the Panel shall be appointed by the Chairman of the Committee on Finance of the Senate.

(ff) 1 member of the Panel shall be appointed by the ranking minority member of the Committee on Finance of the Senate.

(ii) CONFLICTS OF INTEREST. An individual shall not be eligible to serve on the Panel if such individual would pose a conflict of interest for the individual.

(iii) TIMING OF APPOINTMENTS. The appointment of members to the Panel shall be completed (i) to the extent practicable by January 1, 2000, and (ii) otherwise by March 1, 2000.

(iv) DUTIES.

(I) REVIEW AND MAKE RECOMMENDATIONS ON PROJECT APPLICATIONS. The Panel shall review all applications submitted pursuant to paragraph (1), and make recommendations to the Secretary regarding which applicants should be awarded grants under this subsection.

(ii) TIMING. The Panel shall make such recommendations not later than September 1, 2000.

(iii) PROHIBITION ON COMPENSATION. Members of the Panel may not receive pay, allowances, or benefits by reason of their service on the Panel.

(iv) TRAVEL EXPENSES. Each member of the Panel shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(vii) MEETINGS. The Panel shall meet as often as is necessary to complete the business of the Panel.

(viii) CHAIRPERSON. The Chairperson of the Panel shall be designated by the Secretary at the time of appointment.

(II) SECOND ROUND. On October 1, 2001, the Secretary shall award not more than $20,000,000 in matching grants after considering the recommendations submitted pursuant to paragraph (2)(A)(i)(ii).

(I) CHAIRPERSON. The Chairperson of the Panel shall be designated by the Secretary at the time of appointment.

(II) S ECOND ROUND. On October 1, 2001, the Secretary shall award not more than $20,000,000 in matching grants after considering the recommendations submitted pursuant to paragraph (2)(B)(i)(ii).

(III) NONDISCRIMINATION. The provisions of this section shall be applied and administered so as to ensure that mothers, expectant mothers, and married mothers are eligible for benefits and services under projects awarded grants under this section on the same basis as fathers, expectant fathers, and married fathers.

(IV) REFERENCES. In determining which entities to which award grants under this subsection, the Secretary shall give preference to entities that:

(i) to the extent that the application submitted by the entity describes actions that the entity will take that are designed to encourage or facilitate the payment of child support, including but not limited to

(iv) obtaining agreements with the State in which the project will be carried out under which the State will exercise its authority under the last sentence of section 457(a)(2)(B)(iv) in every case in which such authority may be exercised;

(v) obtaining a written commitment by the agency responsible for administering the State plan approved under part D for the State in which the project is to be carried out that the State will voluntarily cancel any support arrearages owed to the Secretary by the father as a result of the father providing various supports to the family such as maintaining a regular child support payment schedule, including a support agreement.

(vi) obtaining a written commitment by the entity that the entity will help participating fathers who cooperate with the agency to improve their living situation.
INSTALLMENTS.—During the fiscal year in quantities employing differing methods of achieving entities in urban versus rural areas, and employing differing methods of achieving purposes of this section.

(II) CONGRESS.—Within 90 days after each award of grants under subsection (I) or (II) of subparagraph (A)(iii), the Secretary shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a brief report on the diversity of projects selected to receive funds under the grant program. The report shall include a comparison of funding for projects located in urban areas, projects located in suburban areas, and projects located in rural areas.

(III) GRANT IN 4 EQUAL INSTALLMENTS.—During the fiscal year in which a grant is awarded under this subsection and each of the succeeding 3 fiscal years, the grant remain available until the end of the fiscal year ending after the initial grant award.

(IV) USE OF FUNDS.—(A) Each entity to which a grant is made under this subsection shall use grant funds provided under this subsection in accordance with the application requesting the grant. The requirements of this subsection and the regulations prescribed under this subsection, and may use the grant funds to support community-wide initiatives to address the purposes of this section.

(B) NONDISPLACEMENT.—(i) In general.—An adult in a work activity described in section 407(d) which is funded, in whole or in part, by funds provided under this section shall not be employed or assigned—

(1) when any other individual is on leave from the same or any substantially equivalent job, or

(2) if the employer has terminated the employment of any regular employee or otherwise caused an involuntary reduction of its workforce that fills the vacancy so created with an adult.

(ii) Grievance procedure.—

(IF) GRANT IN 4 EQUAL INSTALLMENTS.—Of the amounts made available pursuant to section 408(a)(3)(E) to carry out this section for fiscal years 2000 and 2001, a total of $50,000 shall be made available for the interagency panels established by paragraph (2) of this subsection.

(II) GRANTS.—Of the amounts made available pursuant to subsection 408(a)(1)(E) to carry out this section, there shall be made available for grants under this subsection—

(I) $17,500,000 for fiscal year 2001;

(II) $5,000,000 for each of fiscal years 2002 through 2004; and

(III) $17,500,000 for fiscal year 2005.

(I) EVALUATION.—Of the amounts made available pursuant to section 408(a)(1)(E) to carry out this section for fiscal years 2000 through 2006, a total of $6,000,000 shall be made available for the evaluation required by paragraph (3)(D) of this subsection.

(II) AVAILABILITY.—(i) GRANT FUNDS.—The amounts made available pursuant to subparagraph (A)(iii) shall remain available until the end of fiscal year 2005.

(II) FUNDING.—The amounts made available pursuant to subparagraph (A)(iii) shall remain available until the end of fiscal year 2007.

(II) BUDGET.—Section 403(a)(1)(E) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (42 U.S.C. 643A(b)(1)(E)), as amended by inserting “, and for fiscal years 2000 through 2006, such sums as are necessary to carry out section 409A before the period”.

(II) AUTHORITY TO STATES TO PASS THROUGH CHILD SUPPORT ARRANGEMENTS COLLECTED THROUGH TAX REFUND INTERCEPT TO FAMILIES WHO HAVE CLEAR CASH ASSISTANCE; FEDERAL REIMBURSEMENT OF STATE SHARE OF SUCH PASSED THROUGH ARRANGEMENTS.—Section 457(a)(2)(B)(iv) of such Act (42 U.S.C. 657(a)(2)(B)(iv)) is amended—

(1) by inserting “except the last sentence of this clause” after “this section”; and

(2) by adding at the end the following:

“Notwithstanding the preceding provisions of this Act, if the amount is collected on behalf of a family that includes a child of a participant in a project funded under section 409A that has ceased to receive cash payments under a State program funded under section 403, then the State may distribute the amount collected pursuant to section 464 to the participant, and if the amounts otherwise required by this section to be paid by the State to the Federal government shall be reduced by an amount equal to the State share of the amount collected pursuant to section 464 that would otherwise be retained as reimbursement for assistance paid to the family.”.

(II) APPLICABILITY TO STATE’S RETREATABLE CHOICE PROVISIONS OF WELFARE REFORM.—Section 104 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (42 U.S.C. 640d) is amended by adding at the end the following:

“Notwithstanding the preceding provisions of this Act, if the amount is collected on behalf of a family that includes a child of a participant in a project funded under section 409A that has ceased to receive cash payments under a State program funded under section 403, then the State may distribute the amount collected pursuant to section 464 to the participant, and if the amounts otherwise required by this section to be paid by the State to the Federal government shall be reduced by an amount equal to the State share of the amount collected pursuant to section 464 that would otherwise be retained as reimbursement for assistance paid to the family.”.

(II) TITLE II—FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE

SEC. 201. FATHERHOOD PROJECTS OF NATIONAL SIGNIFICANCE.

Section 409A of the Social Security Act, as added by title I of this Act, is amended by adding at the end the following:
"(c) Fatherhood Projects of National Significance.—

"(1) National clearinghouse.—The Secretary shall award a $5,000,000 grant to a national nonprofit progestation organization with at least 4 years of experience in designing and disseminating a national public education campaign, including the production and successful placement of print, radio, and print public service announcements which promote the importance of responsible fatherhood, and with at least 4 years experience providing consultation and training to community-based organizations interested in implementing fatherhood outreach, support, or skill development programs with an emphasis on promoting married fatherhood as the ideal, to—

"(A) develop, promote, and distribute to interested States, local governments, public agencies, and private nonprofit organizations, a media campaign that encourages the appropriate involvement of both parents in the life of any child of the parents, and encourages such organizations to develop or sponsor programs that specifically address the issue of responsible fatherhood and that provide services (including government spending programs as well as benefits under Federal and State tax laws) to all interested parties, information regarding media campaigns and fatherhood programs; (C) develop and distribute materials that are for use by entities described in subparagraph (A) or (B) and that help young adults manage their money, develop the knowledge and skills needed to promote successful marriages, and lay the foundation for non-parental investments, and plan for retirement; (D) develop and distribute materials that are for use by entities described in subparagraphs (A) and (B) and that list all the sources of public support for education and training that are available to young adults, including government spending programs as well as benefits under Federal and State tax laws.

"(2) Multiplicity fatherhood projects.—

"(A) in general.—The Secretary shall award a grant to each of 2 nationally recognized nonprofit progestation organizations which meet the requirements of subparagraph (B), at least 1 of which organizations meets the requirement of subparagraph (C).

"(B) Requirements.—The requirements of this subparagraph are the following:

"(i) the organization must have several years of experience in designing and conducting programs that meet the purposes described in paragraph (1) .

"(ii) the organization must have experience in simultaneously conducting such programs in more than 1 major metropolitan area and in coordinating such programs with local progestation organizations and authorities, including State or local agencies responsible for conducting the program under part D and Workforce Investment Board.

"(iii) the organization must submit to the Secretary an application that meets all the conditions applicable to the organization under subparagraph (A) and that provides projects to be conducted in 3 major metropolitan areas.

"(C) use of married couples to deliver services in inner city.—The requirement of this subparagraph is that the organization has extensive experience in using  married couples to deliver program services in the inner city.

"(3) Payment of grants in equal annual installments.—During each of fiscal years 2002 through 2005, the Secretary shall, in the Secretary's determination, make a grant to each entity awarded a grant under this subsection an amount equal to ¼ of the amount of the grant.

"(4) Funding.—

"(A) in general.—Of the amounts made available pursuant to section 403(a)(3)(E) to carry out this section, $3,750,000 shall be made available for grants under this subsection for each of fiscal years 2002 through 2005.

"(B) availability.—The amounts made available under subparagraph (A) shall remain available until the end of fiscal year 2005.

TITLE III—WELFARE-TO-WORK PROGRAM

SEC. 301. FLEXIBILITY IN ELIGIBILITY FOR PARTICIPATION IN WELFARE-TO-WORK PROGRAM.

(a) in general.—Section 403(a)(5)(C)(ii) of the Social Security Act (42 U.S.C. 603(a)(5)(C)(ii)) is amended to read as follows:

"(ii) eligibility.—An entity that operates a project with funds provided under this paragraph to provide services under this project for the benefit of recipients of assistance under the program funded under this part of the State in which the entity is located which—

"(I) has received assistance under the State program funded under this part (whether in effect before or after the amendment made by section 103 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first apply to the State) for at least 30 months (whether or not consecutive); or

"(II) within 12 months, will become ineligible for assistance under the State program funded under this part by reason of a duration limit on such assistance, without regard to any exemption provided pursuant to section 408(a)(7)(C) that may apply to the individual.

"(b) noncustodial parents.—

"(1) in general.—Section 403(a)(5)(C) of such Act (42 U.S.C. 603(a)(5)(C)) is amended—

"(A) by striking clause (ii) and (B) as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and inserting in lieu thereof clause (ii) as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; (B) by inserting in lieu of the preceding provisions of this subsection the following:

"(i) noncustodial parents.—An entity that operates a project with funds provided under this paragraph may use the funds to provide services under this project to noncustodial parents with respect to whom the requirements of the following subclauses are met:

"(I) The noncustodial parent is unemployed, underemployed, or having difficulty in paying child support obligations.

"(II) At least 1 of the following applies to a minor child of the noncustodial parent (with preference in the determination of the noncustodial parents to be provided services under this paragraph to be provided by the entity to those noncustodial parents with minor children who meet, or who have custody who meet, the requirements of item (a)): (A) The minor child or the custodial parent of the minor child meets the requirements of subparagraph (I) or (II) of clause (i). (B) The minor child is eligible for, or is receiving, benefits under the program funded under this paragraph.

"(II) A description of the services to be provided under this paragraph, and a commitment by the noncustodial parent to participate in such services, that are designed to assist the noncustodial parent to make regular child support payments, and if the noncustodial parent has not attained 20 years of age, such related activities may include completion of high school, a general equivalency degree, or other education directly related to employment.

"(2) conforming amendment.—Section 403(a)(5)(C)(ii) of the Social Security Act (42 U.S.C. 603(a)(5)(C)(ii)) is amended by striking ‘‘(ii)’’ and inserting ‘‘(iii)’’.

"(3) payment of grants in 4 equal annual installments.—During each of the 4 fiscal years ending in 2002, the Secretary shall provide to each entity awarded a grant under subsection (a) an amount equal to ¼ of the amount of the grant.

"(4) Funding.—

"(A) in general.—Of the amounts made available pursuant to section 403(a)(3)(E) to carry out this section, $3,750,000 shall be made available for grants under this subsection for each of fiscal years 2002 through 2005.

"(B) availability.—The amounts made available under subparagraph (A) shall remain available until the end of fiscal year 2005.
SEC. 305. USE OF STATE INFORMATION TO AID ADMINISTRATION OF WELFARE-TO-WORK GRANT FUNDS.

(a) Authority to make Requests to Disclose to Private Industry Councils the Names, Addresses, and Telephone Numbers of Potential Welfare-to-Work Program Participants.—

(1) State iv-d agencies.—Section 454A(f) of the Social Security Act (42 U.S.C. 654A(f)) is amended by adding at the end the following:

"(v) SECRETARY OF HEALTH AND HUMAN SERVICES, SECRETARY OF LABOR, IN CONSULTATION WITH THE SECRETARY OF EDUCATION.—The Secretary of Education shall furnish to the Secretary, on request, reports reflecting the collection and maintenance of financial and participant information and the reporting of such information by entities carrying out activities under this paragraph.".

(b) Secretary of Health and Human Services, Secretary of Labor, in consultation with the Secretary of Education, shall establish requirements for the collection and maintenance of financial and participant information and the reporting of such information by entities carrying out activities under this paragraph.

SEC. 306. LIMITED VOCATIONAL EDUCATIONAL AND JOB TRAINING INCLUDED AS ALLOWABLE ACTIVITIES.

Section 403(a)(5)(C)(ii) of the Social Security Act (42 U.S.C. 603(a)(5)(C)(ii)) is amended by inserting after clause (v) "(".

SEC. 307. CLOSING PARTNERSHIPS TO PRIVATE INDUSTRY COUNCILS.

Sec. 403(a)(5)(A)(ii)(I) of such Act (42 U.S.C. 603(a)(5)(A)(ii)(I)) is amended by inserting "".

(b) Safeguarding of Information Dislosed to Private Industry Councils.—Section 403(a)(5)(C)(ii)(III) of such Act (42 U.S.C. 603(a)(5)(C)(ii)(III)) is amended by inserting "".

(c) Effective Date.—The amendments made by this section shall take effect on October 1, 1999.
Education shall furnish to the Secretary, on a quarterly basis or at such less frequent intervals as may be determined by the Secretary of Education, information in the custody of the entity to which information is disclosed in accordance with information in the National Directory of New Hires, in order to obtain the information in such directory with respect to individuals who—

(i) are borrowers of loans made under title IV of the Higher Education Act of 1965 that are in default;

(ii) are borrowers of loans made under title IV of the Higher Education Act of 1965 and whose annualized wage levels graph only

Education may use information resulting from a data match pursuant to this paragraph only—

(i) for the purpose of collection of the debt described in subparagraph (A) owed by an individual whose annualized wage level determined by taking into consideration information from the National Directory of New Hires exceeds $16,000, and

(ii) to disclose identifying information to personal identifiers, to conduct analyses of student loan defaults.

(E) DISCLOSURE OF INFORMATION BY THE SECRETARY OF EDUCATION.—The Secretary of Education may use information resulting from a data match pursuant to this paragraph only to—

(i) providing for the purpose of collection of the debt described in subparagraph (A) owed by an individual whose annualized wage level determined by taking into consideration information from the National Directory of New Hires exceeds $16,000, and

(ii) to disclose identifying information to personal identifiers, to conduct analyses of student loan defaults.

(C) DUTIES OF THE SECRETARY.—

(I) INFORMATION COMPARISON; DISCLOSURE TO THE SECRETARY OF EDUCATION.—The Secretary, in cooperation with the Secretary of Education, shall compare information in the National Directory of New Hires with information in the custody of the Secretary of Education, and disclose information in that Directory to the Secretary of Education, in accordance with a paragraph for the purposes specified in this paragraph.

(ii) CONDITION ON DISCLOSURE.—The Secretary may make disclosures in accordance with clause (i) only to the extent that the Secretary determines that such disclosures do not interfere with the effective operation of the program under this part. Support collection under section 466(b) shall be given priority over collection of any defaulted student loan or grant overpayment against the same individual.

(D) USE OF INFORMATION BY THE SECRETARY OF EDUCATION.—The Secretary of Education may use information resulting from a data match pursuant to this paragraph only—

(i) for the purpose of collection of the debt described in subparagraph (A) owed by an individual whose annualized wage level determined by taking into consideration information from the National Directory of New Hires exceeds $16,000, and

(ii) to disclose identifying information to personal identifiers, to conduct analyses of student loan defaults.

(2) Subclause (I) of each of subparagraphs (A)(v) and (B) of section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)) is amended—

(A) in item (aa)—

(i) by striking 

(ii) R ESTRICION ON REDISCLOSURE .—An entity to which information is disclosed under clause (i) may use or disclose such information only as needed for the purpose of collection of the debts owed on defaulted student loans, or overpayments of grants, made under title IV of the Higher Education Act of 1965.

(iii) RESTRICTION ON REDISCLOSURE.—An entity to which information is disclosed under clause (i) may use or disclose such information only as needed for the purpose of collection of the debts owed on defaulted student loans, or overpayments of grants, made under title IV of the Higher Education Act of 1965.

(F) REIMBURSEMENT OF HIGHS COSTS.—The Secretary shall reimburse the Secretary, in accordance with subsection (k)(3), for the additional costs incurred by the Secretary in furnishing the information requested under this subparagraph.

SEC. 502. ELIMINATION OF SET-ASIDE OF PORTION OF WELFARE-TO-WORK FUNDS FOR SUCCESSFUL PERFORMANCE BONUS.

(a) IN GENERAL.—Section 402(a)(5)(A) of the Social Security Act (42 U.S.C. 602(a)(5)) is amended by striking subparagraph (E) and redesignating subparagraphs (F) through (K) as (E) through (I), respectively; and

(b) CONFORMING AMENDMENTS.—

(1) Section 402(a)(5)(A)(ii) of such Act (42 U.S.C. 602(a)(5)(A)(ii)) is amended by striking 

(1) by striking the Secretary; and

(2) in item (aa)—

(i) by striking 

(2) by inserting after subparagraph (B) the following:

(iii) R ESTRICION ON REDISCLOSURE .—An entity to which information is disclosed under clause (i) may use or disclose such information only as needed for the purpose of collection of the debts owed on defaulted student loans, or overpayments of grants, made under title IV of the Higher Education Act of 1965.

(2) Subclause (I) of each of subparagraphs (A)(v) and (B) of section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)) is amended—

(A) in item (aa)—

(i) by striking 

(ii) CONFORMATION OF AMENDMENTS.—

(1) Section 402(a)(5)(A)(ii) of such Act (42 U.S.C. 602(a)(5)(A)(ii)) is amended by striking 

(2) Subclause (I) of each of subparagraphs (A)(v) and (B) of section 403(a)(5) of the Social Security Act (42 U.S.C. 603(a)(5)) is amended—

(A) in item (aa)—

(i) by striking 

(3) Section 402(a)(5)(B)(iv) of such Act (42 U.S.C. 602(a)(5)(B)(iv)) is amended by striking 

(3) Section 402(a)(5)(B)(iv) of such Act (42 U.S.C. 602(a)(5)(B)(iv)) is amended by striking 

(iv) INTERIM REPORT.ÐNot later than January 1, 2002, the Secretary shall submit to the Congress a interim report on the evaluation referred to in clause (ii).
"(9) The term 'agency attorney' means an attorney or other individual, including any government attorney, district attorney, attorney general, State attorney, county attorney, city solicitor or attorney, corporation counsel, or privately retained special prosecutor, who represents the State or local agency administering the programs under part B and this part in a proceeding conducted by, or under the supervision of, an abuse and neglect court.

"(10) The term 'attorney representing a parent' means an attorney who represents a parent who is an official party to a proceeding conducted by, or under the supervision of, an abuse and neglect court.

"(11) The term 'attorney representing a child' means an attorney or a guardian ad litem who represents a child in a proceeding conducted by, or under the supervision of, an abuse and neglect court.

"(c) CONFORMING AMENDMENTS—

(1) Section 473(a)(6)(B) of such Act (42 U.S.C. 673(a)(6)(B)) is amended by striking '"474(a)(3)(E)" and inserting '"474(a)(3)(F)".

(2) Section 474(a)(3)(E) of such Act (42 U.S.C. 674(a)(3)(E)) is so redesignated by subsection (a)(1) of this section is amended by striking subparagraph (C) and inserting subparagraph (D).

(3) Section 474(c) of such Act (42 U.S.C. 674(c)) is amended by striking "subsection (a)(3)(C)" and inserting "subsection (a)(3)(D)".

(d) SUNSET.—Effective on October 1, 2004—

(1) section 474(a)(3) of the Social Security Act (42 U.S.C. 674(a)(3)) is amended by striking subparagraph (C) and redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively;

(2) section 475 of such Act (42 U.S.C. 675) is amended by striking paragraphs (8) through (11);

(3) section 473(a)(6)(B) of such Act (42 U.S.C. 673(a)(6)(B)) is amended by striking "474(a)(3)(E)" and inserting "474(a)(3)(F)".

(4) section 474(a)(3)(E) of such Act (42 U.S.C. 674(a)(3)(E)) is so redesignated by subsection (a)(1)(A) of this section is amended by striking subparagraph (D) and inserting subparagraph (C); and

(5) section 474(c) of such Act (42 U.S.C. 674(c)) is amended by striking subsection (a)(3)(D) and inserting subsection (a)(3)(C).

SEC. 606. USE OF NEW HIRE INFORMATION TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS—

(a) IN GENERAL.—Section 453(j) of the Social Security Act (42 U.S.C. 653(j)), as amended by section 501(a) of this Act, is further amended by adding at the end the following:

"'(7) INFORMATION COMPARISONS AND DISCLOSURE TO ASSIST IN ADMINISTRATION OF UNEMPLOYMENT COMPENSATION PROGRAMS.—

"'(A) IN GENERAL.—If a State agency responsible for the administration of an unemployment compensation program under Federal or State law transmits to the Secretary the name and Social Security account number of an individual, the Secretary shall, if the information in the National Directory of New Hires indicates that the individual may be employed, disclose to the State agency the name and address of any putative employer of the individual, subject to this paragraph.

"'(B) CONDITION ON DISCLOSURE.—The Secretary shall make a disclosure under subparagraph (A) only to the extent that the Secretary determines that the disclosure could not interfere with the effective operation of the program under this part.

"'(C) USE OF INFORMATION.—A State agency may use information provided under this paragraph only for purposes of administering a program referred to in subparagraph (A).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 1999.

SEC. 607. IMMIGRATION PROVISIONS.

(a) NONIMMIGRANT ALIENS INELIGIBLE TO RECEIVE VISAS AND EXCLUDED FROM ADMISSION FOR NONPAYMENT OF CHILD SUPPORT.—

(1) IN GENERAL.—If a nonimmigrant alien is inadmissible due to failing to pay child support, the Secretary shall not issue visas or allow the alien to be admitted to the United States, or the Secretary shall immediately remove the alien from the United States or deny the alien the opportunity to adjust to permanent resident status in the United States.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to aliens who seek to enter the United States on or after October 1, 2004.

(b) AUTHORIZATION TO SHARE ENFORCEMENT INFORMATION TO ENFORCE IMMIGRATION AND NATURALIZATION LAW.—

(1) SECRETARIAL RESPONSIBILITY.—Section 454 of the Social Security Act (42 U.S.C. 654) is amended by adding at the end the following:

"'(m) If the Secretary receives a certification from a State agency, in accordance with section 451(32), that an individual who is a nonimmigrant alien (as defined in section 101(a)(15) of the Immigration and Nationality Act) owes arrearages of child support in an amount exceeding $5,000, the Secretary may, at the request of the State agency, the Secretary of State, or the Attorney General, or on the Secretary's own initiative, provide such certification to the Secretary of State and the Attorney General in order to enable them to carry out their responsibilities under sections 212(a)(10) and 236(d) of such Act.''.

(2) STATE AGENCY RESPONSIBILITY.—Section 454 of the Social Security Act (42 U.S.C. 654) is amended—

(A) by striking "and" at the end of paragraph (22);

(B) by striking the period at the end of paragraph (33) and inserting "; and"; and

(C) by inserting after paragraph (33) the following:

"'(34) provide that the State agency will have in effect a procedure for certifying to the Secretary, in such format and accompanied by such supporting documentation as the Secretary may require, determinations for purposes of section 452(m) that nonimmigrant aliens owe arrearages of child support in an amount exceeding $5,000.""
The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Dear God, take hold of us in this time of prayer. Force us to open the icy grip that we have on our problems so that we may with open hands receive Your plans. Help us to be willing to receive Your guidance. Shake any complacency, disturb any pride, and give us Your peace that passes understanding.

Reign as Sovereign Lord in this Chamber. Guide the deliberations, debates, and decisions of this day. Help the Senators to listen to You before they speak so that Your truth and justice may refine all that is spoken. In it all, may they consider You first, the good of the Nation second, party third, and personal success last of all. You grant Your power to leaders with Your priorities so, dear Lord, confront, challenge, and change us all so that we may know and do Your will. You are our Lord and Savior. Amen.

PLEDGE OF ALLEGIANCE

The Honorable MIKE CRAPO, a Senator from the State of Idaho, led the Pledge of Allegiance as follows:

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

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDING OFFICER (Mr. Crapo). The Senator from Idaho is recognized.

SCHEDULE

Mr. CRAPO. Mr. President, today the Senate will resume consideration of the conference report to accompany the financial services modernization bill. There are approximately 6 hours of debate remaining under the order. Therefore, Senators can expect a vote on adoption of the conference report this afternoon.

As a reminder, the newest Member of the Senate, LINCOLN CHAFEE, will be sworn in today at 11:30 a.m. in the Senate Chamber. The majority leader encourages all of his colleagues to come to the floor to extend a warm welcome to our new colleague from Rhode Island.

For the remainder of the week, the Senate will consider appropriations bills as they become available and may also consider the bankruptcy reform bill if an agreement can be reached.

I thank my colleagues for their attention.

The PRESIDENT pro tempore. The Senator from Minnesota is recognized.

Mr. WELLSTONE. I thank the Chair.

WELCOME TO LINCOLN CHAFEE

Mr. WELLSTONE. Mr. President, first of all, I join the Senator from Idaho in welcoming Senator CHAFEE to the Senate. His father was a very special Senator, and I don't think any of us will ever forget him. I hope that we will always honor his memory.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. Crapo). Under the previous order, leadership time is reserved.

FINANCIAL SERVICES MODERNIZATION ACT OF 1999—CONFERENCE REPORT

The PRESIDING OFFICER. The Senate will now resume consideration of the conference report to accompany S. 900, which the clerk will report.

The bill clerk read as follows:

Conference report to accompany S. 900, the Financial Services Modernization Act of 1990.
share personal information about consumers' credit history, investments, health treatments, and buying habits. It weakens requirements for banks to invest in their own communities. It will result in higher fees for many customers as well as lower service for some.

It's not just about the size of the new conglomerates. S. 900 does set up firewalls to protect banks from failures of their insurance and securities affiliates. But even Alan Greenspan has admitted that these firewalls would be weak. Earlier this year, economists Robert Auerbach and James Galbraith warned that "the firewalls may be little more than placing potted plants between the desks of huge holding companies." And as the Chairwoman of the FDIC has testified, "In times of stress, firewalls tend to weaken." Regulators will have little desire to stop violations of these firewalls if they think a holding company is "too big to fail." In his New York Times article, former Under Secretary of Commerce Jeffery Garten concluded, "The seesaw of private and public power is seriously unbalanced." We seem determined to unlearn the lessons from the Great Depression. Scores of banks failed in the Great Depression as a result of unsound banking practices, and their failure only deepened the crisis. Glass-Steagall was intended to protect our financial system by insulating commercial banking from other forms of risk. It was one of several stabilizers designed to keep a similar tragedy from recurring. Now Congress is about to repeal that stabilizer without putting any comparable safeguard in its place.

In a stinging attack on S. 900, conservative columnist William Safire wrote earlier this week, "Global financiers are given the green light for ever-greater concentration of power. Few remember the reason for those firewalls: to curtail the spread of the sort of panic from one financial segment to another that helped lead to the Great Depression. But today's lust for global giantism has swept aside the voices of prudence.

And what about the lessons of the Savings and Loan Crisis? The Garn-St Germain Act of 1982 allowed thrifts to expand their services beyond basic home loans. Only seven years later taxpayers were slapped with a multibillion dollar bailout.

I'm afraid we're running the same kind of risks with S. 900. These financial conglomerates may well be tempted to run greater risks, knowing that taxpayers will come to their rescue if things go bad. In a letter to me earlier this week, Professor Bob Auerbach of the LBJ School wrote, "Taxpayers should be notified that [S. 900] substantially increases their risk on the $2.8 trillion in federally insured deposits for which they are liable."

And what about the lessons of the Asian crisis? Just recently, the financial press was crowing about the inadvertent "untearring of Asian systems." Now we're considering a bill that would make our banking system more like theirs. The much-maligned cozy relationships between Asian banks, brokers, and insurance companies, and commercial firms are precisely the kind of "crony capitalism" that S. 900 would promote.

So why, Earth, are we doing this? And why now? For whose benefit is this legislation being passed? Financial services firms argue that consolidation is necessary for their survival. They claim they need to be as large as their foreign competitors in order to compete in the global marketplace. But the U.S. financial industry is already dominant across the globe, and in recent years has been quite profitable, so no crisis of competitiveness.

Financial firms argue that consolidation will produce efficiencies that can be passed on to consumers. But there is little evidence that big mergers translate into more efficiency for the consumer. Studies by the Federal Reserve indicate just the opposite: there's no convincing evidence that mergers produce greater economic efficiencies. On the contrary, they often lead to higher banking fees and closures for small businesses, farmers, and other customers.

A recent Fed study showed that bigger banks tend to charge higher fees for ATM machines and other services. Bigger banks offer fewer loans to small businesses, and other Fed studies have shown that the concentration of banking squeezes out community banking.
In the long debate over passage of this legislation, there has been a lot of talk about the conflicting interests of bankers, insurance companies, and brokers. There has been a lot of talk about the jurisdictional battles between the Federal Reserve and the Office of the Comptroller of the Currency, the OCC. But there has been precious little discussion in this debate of the public interest.

What about the interests of ordinary consumers? An earlier version of this legislation provided in order to ensure that people with lower incomes have access to basic banking services. The problem is that banking services are increasingly beyond the reach of millions of Americans. According to U.S. PIRG, the average cost of a checking account is $217 per year, a major obstacle for opening up a bank account for lower-income families. These families have to rely, instead, on usurious cash checking operations and money orders. Nevertheless, this “basic banking” provision was stripped out of the bill.

I don’t see very much protection for consumers in S. 900, either. Banks that have always offered safe, federally insured deposits will have every incentive to lure their customers into riskier investments. Last year, for example, NationsBank paid $7 million to settle charges that it misled bank customers into investing in risky bonds through a securities affiliate that it set up with Stanely Dagget & Co. Under S. 900, NationsBank pays nominal attempts to address these problems, but in the end I am afraid this legislation is an invitation to fraud and abuse.

One of the most objectionable aspects of S. 900 is the absence of protection for consumer privacy. The conference report will allow the various affiliates of a financial conglomerate to share sensitive confidential information about their customers.

As William Safire writes:

“As financial privacy, [S. 900] makes your bank account everyone’s business. Without your consent, the private information you write on your mortgage application, with your tax return attached, goes to your insurance company, which already has your health information, and its snoops can also see your investment behavior and what you have left in your credit card.

Under [S. 900], giant financial conglomerates, using other surveillance to protect against fraud, will know more about your money, your assets, your disease, and your genetic makeup than your spouse does, and probably more than you do.

Law Professor Joel Reidenberg of Fordham University concludes:

This is an astounding loss of privacy for American citizens.

The impact of S. 900 on the Community Reinvestment Act, CRA, is another cause for real concern. When the Senate considered S. 900 earlier this year, I argued that if we were serious about modernizing the financial sector of our country, we should be serious about modernizing CRA along with it. There have been few financial tools available to families and communities that have been as effective and have had as great an impact—positive impact—as CRA. An estimated $1 trillion has been reinvested in our towns and cities, thanks to CRA legislation.

Under S. 900, the conference report, communities, consumers, and public interest organizations will see their opportunities for public comment limited. They will not have a chance to comment on mergers when banks that have satisfactory CRA rating are applying to become financial holding companies. To me, this looks more like a rollback than it does modernization.

Finally, under the S. 900 conference report, small banks that receive a satisfactory CRA rating will be reviewed every 4 years instead of every 2. Smaller banks that receive an excellent CRA rating will be reviewed every 5 years. Since an estimated 97 percent of all small banks currently receive a satisfactory or better CRA rating, S. 900 will essentially remove the majority of banks from the regular CRA review process. There are a number of reasons why banks must be reviewed by regulators, but it is only with reviews that we can be sure that these banks are serving the needs of communities.

In reality, S. 900 reflects the same priorities as financial consolidation itself. It offers a little something for everybody in the financial services industry. It is a Santa’s wish list for the big banks. It gives enough to securities firms and the insurance industry to keep them on board. But it basically has nothing to offer for low-income families, nothing for rural and minority communities, and very little for consumers.

This should not be surprising. I don’t think it is a mere coincidence that finance, insurance, and real estate spend more than any other industries on congressional campaigns and lobbying on Capitol Hill. This is a reformer’s dream issue. There is no one-to-one correlation, of course; their influence is felt at a systemic level. And I have congratulated Federal Reserve Chair Greenspan for his leadership on political issues. But I do not think it is a mere coincidence that the finance, insurance, and real estate industries spend more than any other industries on congressional campaigns and on lobbying Capitol Hill. Last year, they shelled out more than $200 million on lobbying activities, according to the Center for Responsive Politics, and they have made more than $50 million in campaign contributions since 1996.

As William Safire wrote on November 1:

Generous financial lobbies have persuaded our leaders that in enormous size there is strength.

Generous lobbies have been making the same case in other industries as well, with equal success. Similar consolidation is occurring in agriculture, the media, entertainment, health care, airlines, telecommunications, you name it. Teddy Roosevelt, where are you when we need you? Who is going to take on these monopolies?

Who is going to call for some serious antitrust action? When are we going to be on the side of people and consumers? In fact, we are witnessing the biggest wave of mergers and economic concentration since the late 1800s.

There were 4,728 reportable mergers in 1998, compared to 3,087 in 1993, 1,521 in 1991, and a mere 804 in 1980.

As Joel Klein, head of the Justice Department’s Antitrust Division, pointed out, the value of last year’s mergers equals the combined value of all mergers from 1999 to 1996—put together.

What is in store for us if we allow this trend to continue? Pretty soon we are going to have three financial service firms in this country, four airlines, two media conglomerates, and five energy giants.

Huge financial conglomerates threaten to swamp the public interest by private equity.

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they get, the more weight they will carry with the media.

It is a vicious cycle. These financial conglomerates used their political clout to shape public policy that helped them grow so big in the first place. Now the resulting size makes it easier for them to dictate policies that will help them get even bigger. It is a vicious cycle.

Jeffrey Garten's remarkable October 26th column in the New York Times called attention to this problem. "Many macrocosms may be beyond the law," Garten said.

Their deep pockets can buy teams of lawyers that can stymie prosecutors for years. And if they lose in court, they can afford to pay huge fines without damaging their operations.

Moreover, no one should be surprised that mega-companies navigate our scandalously porous campaign financing system to influence tax policy, environmental standards, Social Security financing, and other issues of national policy. Yes, companies have always had those huge corporations often have more pull. Because there are fewer of them, their influence can be more focused and, in some cases, the country may be better off for their survival.

For example, corporate giants can have enormous leverage when they focus on America's foreign and trade policy. Defense contractors like Lockheed Martin, itself a result of a merger of two big firms, were able to exert extraordinarily powerful force to influence legislation that approved enlarging NATO and opened up new markets for American weapons sales to Poland and the Czech Republic.

Companies like Boeing, which not long ago acquired McDonnell Douglas, have expanded their already formidable influence on trade policy toward countries like China. Boeing is now the only American commercial aircraft manufacturer.

Corporations like Exxon-Mobil will negotiate with oil-producing countries almost as equals, conducting the most powerful private diplomacy since the 19th century, when the British East India Company wielded near-sovereign influence in Asia.

As long as the economy remains strong, the risk of erosion in public power with inadequate public oversight will not be high on the national agenda. But sooner or later—perhaps starting with the next serious economic downturn—the United States will have to confront one of the great challenges of our times: How does a sovereign nation govern itself effectively when politics are national and business is global?

When the answers start coming, they could be as radical and as prolonged as the backlash against unbridled corporate power that took place during the first 40 years of this century.

Indeed, we've been through this before. At the end of the 19th century, industrial concentration accelerated at an alarming pace. Various observers—including E. J. Dionne, former House Speaker Newt Gingrich, and the philosopher Michael Sandel—have noted the similarities between that era and our own.

In the Gilded Age of the late 1800s and the Progressive Era of the early 1900s, the dangers of concentrated economic power was widely recognized and hotly debated. And this speech on the floor of the Senate I give with a sense of history because I believe this will become a front-burner issue in American politics. Many Americans deeply believe that a free and democratic society could not prosper with such concentration of power and inequalities of wealth. As the great Supreme Court Justice Louis Brandeis said, "We can have democracy in this country, or we can have wealth in the hands of a few. We can't have both."

The idea that concentrations of wealth is the financial sector is not new. Indeed, exactly what S. 900 is all about—and of political power are unhealthy for our democracy is a theme that runs throughout American history, from Thomas Jefferson to Andrew Jackson to the Progressive Era to the New Deal. Thomas Jefferson and Andrew Jackson warned not only against concentration of political power, but also against concentration of economic power.

We should not, Senators, let that debate die out. That is why I come to the floor of the Senate today. That debate is a vital part of our democracy—with a small "d"—heritage. It is a heritage that teaches us that ordinary people should have more say about the economic decisions that affect their lives.

Weakening CRA isn't going to give them that. No amount of anti-government rhetoric is going to give them that. But enforcing some meaningful consumer protections certainly would. So would protecting the privacy of sensitive personal information. And so would putting a stop to mergers that crowd out community banking, squeeze credit for small businesses, and open the door to higher fees and more gouging of consumers.

A lot of banks don't like the CRA. A lot of financial service firms don't want to be bothered with regulations to protect individual privacy. They denounce them as "big government" and consumer overreach. I'm just saying to everyone, which is the greater danger in these situations—concentration of political power in the Government, or concentration of economic power? I don't think it is a close call.

When I go to the Town Talk Cafe in Willmar, MN, or any cafe in MN, and I talk and listen to people over a cup of coffee or two, I find people have what I describe as a healthy distrust of big government, a healthy distrust of over-centralized, overly bureaucratized public policy.

I love it when people say, get us some capital, let us make things happen at the neighborhood and community level. I love the idea of homegrown economies. I prefer that small business people living in the community be the ones who make the capital investment decisions that determine whether or not our communities are going to do well, rather than some multinational financial service conglomerate folks halfway across the world or halfway across the country making the capital investment decisions that determine whether our communities live or die.
The PRESIDING OFFICER. The Senator is recognized.

Mr. JOHNSON. Mr. President, I ask unanimous consent fellow senators on my staff, Julie Roling and Erin Barry, be allowed the privilege of the floor during the remainder of my remarks.

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

Mr. JOHNSON. Mr. President, when I first came to Congress in 1987, efforts at financial modernization had already been undertaken and failed many times. Last year, we came as close as Congress has ever come to achieving this critical goal. This year, as a member of the conference committee, I am pleased to say, we will finally accomplish this historic goal.

That we are here is a testament to the leadership of many, many participants. Much credit goes to Chairman LEECH, who tirelessly shepherded this bill over his floor as chairman. There are several House Banking Committee and chairman of this conference. Senator GRAMM, chairman of the Senate Banking Committee relentlessly promoted his agenda, yet was willing to compromise on critical issues in a manner that made possible the legislation we finally adopted in the Senate.

My ranking member on the Banking Committee, Senator SARBADES, made invaluable contributions to the process. His thorough understanding of the many highly complex issues and ability to work within the caucus made this success possible. Of course, the ranking member on the House Banking Committee, Representative LAFALCE, and our friends from the House Commerce Committee, Chairman BLEILEY and Representative DINGELL, made critical contributions to this process as well. Finally, I would note the active involvement of two Secretaries of the Treasury, Bob Rubin and Michael Johnson. Bob has worked hand in glove with Senator JOHNSON, but the role he forged in this process has been seamlessly filled by Secretary Summers.

There are many highlights to this bill. By eliminating the Glass-Steagall restrictions, we free our financial services industry to maintain its place as the world leader. The benefits of one-stop shopping will make financial services more accessible to all Americans. These reasons alone are sufficient to support the legislation. There are several other provisions to this bill that merit discussion, and they strengthen this legislation. First, the unitary thrift loophole is closed. I am pleased to have offered this critical amendment which closes the loophole that permits a dangerous combination of banking and commerce. While we tear down firewalls within financial services, we strengthen them around financial services.

Under current law, commercial firms can own and operate unitary thrifts. That is the only breach of the banking and commerce firewalls currently allowed under our financial services law. Of course, the Glass-Steagall repeal and other components of this legislation will open a range of financial activities to each other. However, the bill is carefully structured to prevent the mixing of banking and commerce. This single loaf of banking and commerce can mix. The conference report does not interfere with current ownership of thrifts. Any commercial firms that currently own a unitary thrift charter will be able to continue to own their institutions without restriction. Their current status would be undisturbed.

The only limitation this amendment would impose involves the transferability of that charter. The charter would not be transferable to another commercial entity. Any bank, insurance company or security firm that wanted to acquire the charter could do so. A new entity could be created to operate the thrift. Included in title IV of the bill are provisions prohibiting new unitary thrift holding company applications filed after May 4, 1999, and prohibiting transfer of existing unitaries to commercial firms. In the context of comprehensive financial modernization, these provisions achieve the intent of this Congress to block the inappropriate mixing of banking and commerce, even in the limited scope authorized for the thrift industry for the past several decades.

In developing these provisions, I protected the thrifts that were created by making it difficult to acquire them. We also protect the merchants that currently own a unitary thrift, including the thrifts that were chartered as part of the Federal Home Loan Bank System. This portion of the bill therefore benefits thrifts directly responsive to our community banks in rural areas. This legislation successfully frees our dominant financial services giants within the realm of the financial service industries.

I want to briefly address the issue of financial privacy. I joined my colleagues, Senators BRYAN and SHELBY, in supporting an “opt-out” provision that would allow customers to prohibit their financial institutions from sharing their personal information. That effort failed and I am disappointed. But we can do better. Despite my disappointment, I am pleased we took the first steps in addressing financial privacy, and I believe Congress will revisit this important issue in the future.

It is critical as we move toward repeal of depression-era limitations that we recognize the vital role of community banks in rural areas. This legislation successfully frees our dominant financial services giants to compete globally, while strengthening the role of our community banks directly responsive to our small towns. It is that successful balancing that prompted me to sign the conference report, and I urge my colleagues to join us in passing this historic legislation.

I also want to take this opportunity to thank my staff, Paul Nash, for his tireless work on this legislation.
dedication to this effort helped make the final product the balanced result which we will pass today. 

I yield back such time as may remain.

The PRESIDING OFFICER. Who yield time?

The distinguished Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I am very pleased to yield to Senator HAGEL—why don’t I yield him 10 minutes. If he needs more time, I will yield more.

The PRESIDING OFFICER. The distinguished Senator from Nebraska is recognized for 10 minutes.

Mr. HAGEL. Mr. President, I thank my colleague, the distinguished chairman of the Senate Banking Committee.

I rise this morning in strong support of the conference report to accompany S. 900. This landmark legislation before the Senate today is especially important for the future, not only of our financial institutions’ competitiveness and our consumer-based economy but for many reasons.

I begin my remarks this morning by commending the chairman of the Senate Banking Committee Senator GRAMM, for his leadership and extraordinary efforts to complete this legislation, as well as our distinguished ranking member, Senator SARBANES from Maryland. Both they and their staffs and all who worked so hard in accomplishing this rather remarkable feat deserve our thanks.

I also recognize, as did my friend and colleague, the distinguished Senator from South Dakota, the House leadership involved in this effort, as well as our current distinguished Secretary of Treasury, Secretary Summers, and the former Secretary of the Treasury, Bob Rubin, for their leadership.

This is truly a historic occasion. In 1933, the United States was mired in the Great Depression. The stock market had collapsed. Populist segments of society blamed that collapse on commercial banks’ involvement in securities underwriting. Responding to this sentiment, Senator Carter Glass of Virginia helped push through legislation that created artificial barriers between banking and securities underwriting. Later, amendments included a separation of banking and insurance activities.

One year later, in 1934, Senator Glass realized he had gone too far and tried to repeal parts of the Glass-Steagall Act, his own bill. Since 1934, many attempts have been made in Congress to repeal Glass-Steagall. For a variety of reasons, these attempts have failed.

This Congress is about to send the President a bill that accomplishes what we have failed to achieve over many years. However, it should be noted this bill also built on these many years of efforts.

I am proud to have served on the conference committee for this legislation. This legislation will benefit consumers in two significant ways. First, it will lead to lower costs and higher savings for consumers by allowing competition among banks, securities firms, and insurance companies.

In 1995, the Bureau of Economic Analysis data showed that financial modernization were to reduce costs to consumers by only 1 percent, that would represent a savings of $3 billion a year to consumers. That is real money to real people.

These savings will come from increased competition which, among other things, would provide incentives for firms to reduce fees.

Second, this competition will strengthen our financial services firms which are integral to the health of the national and international economy.

As is true with manufactured goods and commodities, exports of financial services have become increasingly important to the growth of our Nation’s economy. This month, the U.S. and its trade partners in Seattle began a new round of WTO negotiations. The financial services sector will again be a major topic of discussion during these talks. In fact, our Trade Representative, Ambassador Barshefsky, appeared before the Senate Banking Committee this week and talked in some detail about the financial services sector being top on the agenda for these WTO talks.

It is important that Congress help maintain ongoing efforts to competition within our own domestic financial markets as we work with our allies and other nations to lower trade barriers in the international financial markets.

I will now briefly address how this bill will affect small community banks. Earlier this year, Senator BAYH and I introduced legislation to modernize the Federal Home Loan Bank System. The major provisions of that legislation were included in this financial modernization conference report. These provisions will strengthen local community banks that are vital to the economic growth and viability of America’s communities.

The Federal Home Loan Bank provisions will ensure that in an era of banking megamergers, smaller banks are able to compete effectively and continue to serve their customers’ needs.

Community banks are finding that for a variety of reasons, their funding sources are shrinking. This makes it more difficult to fund the loan demands of their communities. During the 1980s in my State of Nebraska, and especially in the case of the Presiding Officer’s State of Kansas, all across America, many community banks and thrifts closed. As local credit dried up, local economies stagnated. Small businesses, our greatest engines of job growth and innovation, were the first to feel the pinch.

The Federal Home Loan Bank provisions in this legislation will strengthen community banks to help avoid a repeat of the 1980s. By broadening access to the Federal Home Loan Bank System, we will help ensure the viability of the community bank and thrift.

This legislation will help keep credit flowing to small businesses, farmers, and potential homeowners, and help communities that as we enter the 21st century, this is especially important to my State of Nebraska where many rural communities depend upon the local bank or thrift for their credit needs.

The conferees worked hard to craft legislation that responds to the needs of all financial institutions, including small financial institutions.

Another topic important to average Americans is financial privacy—how customers control the flow of their private financial information.

For the first time, this bill sets up a framework for protecting the privacy of customers’ financial information. Customers will be able to prohibit the sharing of their financial information with third parties. Financial institutions would be required to disclose their privacy policies to their customers on a timely basis. If customers do not believe adequate protections exist at their institution, they can take their business elsewhere.

Some wanted stronger privacy protections. In my opinion, to have gone further at this time may well have invited the law of unintended consequences. I believe some of the provisions that were proposed and rejected during the conference would have been detrimental, not helpful, to financial institutions and their customers. Some of these limitations would have led to fewer products and services being offered to customers.

I want to highlight a particular concern. The legislation contains a prohibition on the sharing of customer account numbers or credit card numbers with third parties for the purposes of direct marketing. This legislation could be a disadvantage to small banks and insurance agencies that partner with third parties to market new products to customers.

Equally important, a customer should have the option to decide whether this information can be or should be shared. This legislation should not take away that choice.

The report language clarifies that when regulations are written to implement S. 900, they must prohibit the sharing of encrypted credit card numbers and account numbers only where the financial institution has received express permission from the customer.

As vice chairman of the Banking Committee’s Financial Institution Subcommittee, I intend to conduct oversight during the rulemaking process implementing this legislation.

The regulators should exercise this exemption authority. The conferees did not intend to hurt legitimate business practices that safeguard customer information.

I end by again expressing my strong support for this conference report. This
Mr. GRAMM. Will the Senator yield to me for just a moment?

Mr. HAGEL. Yes.

Mr. GRAMM. I thank our dear colleague from Nebraska for his leadership on this bill. We have dramatically changed the Federal Home Loan Bank system in this bill, and no one has had more to do with that dramatic change than the Senator from Nebraska. I personally thank him for the leadership he provided on that and many other issues in this legislation.

Mr. HAGEL. Mr. President, I am grateful for the chairman's generous comments. After the Texas A&M and Nebraska game on Saturday, I may never hear another generous comment from the Senator from Texas.

The PRESIDING OFFICER. Who yields time?

With no Senator yielding time, time will be taken from the time reserved by all Senators who have reserved time on a proportionate basis.

Mr. GRAMM addressed the Chair.

Mr. HAGEL. Mr. President, I am grateful for the chairman's generous comments. After the Texas A&M and Nebraska game on Saturday, I may never hear another generous comment from the Senator from Texas.

Mr. GRAMM. Mr. President, I begin by thanking Senator ALLARD for his leadership on this bill, for his strong support, in committee, on the floor, and in conference. I think we have a good, strong bill that is what it is advertised as being, that is a bill which promotes competition and benefits consumers, in large part because of the support Senator ALLARD provided throughout the process and the leadership he provided.

I yield to him at this time.

Mr. HAGEL. I thank the Chair.

Mr. ALLARD, I thank the chairman for his very gracious remarks. It has been a pleasure to work with him on this particular issue. He is extremely knowledgeable, and it is because of his knowledge and persistence on this particular issue that I think we will pass such a good bill. I compliment the chairman in a public manner for the year-end work he has done and the great leadership he has shown on this particular issue. It has been a particular pleasure for me to be able to serve with him on the conference committee.

In regard to the conference report that is before the Senate, I think its provisions will be good for consumers and good for businesses. In regard to the conference report, there is increased competition in financial services. That is good. It will increase choice for consumers. There is more convenience for consumers, and it will lower prices. Specific provisions in the bill also give consumers more information to better enable them to make their choices.

The conference report, as I mentioned, is also good for business. It rewrites the outdated laws that have governed the financial services industry since the Depression. Gramm-Leach-Bliley eliminates the barriers between banks, insurance companies, security firms, and other financial institutions. This will increase efficiency, reduce costs, and increase innovation. American financial institutions will be able to operate on a truly international scale.

Through the passage of this bill, Congress will be reestablishing the authority to govern the structure of the financial services industry. For a number of years, various regulators have been easing the statutory restrictions between banking and commerce through regulation. By passing a comprehensive bill addressing the appropriate relationship between insurance, and securities, Congress will ensure that the entire financial services industry is updated in a safe—and I would add that safe is very important to me and other members of the committee that we have been working with for that state. This is an important provision.

The sunshine provision will finally bring some oversight to CRA agreements. For the first time ever, CRA agreements will be made public. The parties to the CRA agreement will also have to disclose annually what happened to the cash and other resources that were part of the CRA agreement. Congress decided that community reinvestment was a priority, and it expressed that priority in the initial CRA laws. This provision takes the next logical step and ensures that the cash and resources received by a nongovernmental person or entity are in fact used for community reinvestment.

The Gramm-Leach-Bliley bill makes several modifications to the CRA examination schedule in order to provide...
regulatory relief for small banks. It is important to note, though, that the banks must still meet the same CRA standards—this only changes the examination schedule. A small bank that received an outstanding rating in its last CRA exam will not receive another CRA exam for five years. A small bank that received a satisfactory rating will not receive another CRA exam for four years. This relief is important for small banks, as the cost of regulatory compliance is disproportionately high for these institutions. Approximately half of the small banks for CRA compliance actually leaves them with fewer resources to invest in their communities. The examination schedule also makes sense because it will allow CRA compliance officers to focus time and resources on those banks with compliance problems, rather than the banks that are already doing a good job.

The conference report also contains a provision important for small banks—a GAO study on changes to the S Corporation rules for small banks. Subchapter S corporations do not pay corporate income taxes—earnings are passed through to the shareholders where income taxes are paid, eliminating the double taxation of corporations. Congress previously made small banks eligible for S Corporation status, however, many of the current rules make it difficult for them to qualify. I strongly support efforts to change the laws so that small banks are better able to qualify for S Corporation status. I am hopeful that this GAO study will highlight the need for such changes.

I will continue to push for those changes in future Congresses. I have introduced legislation in that regard. This is not under the jurisdiction of the Banking Committee, but the Finance Committee. I think it will be a key part in allowing small banks to move forward with their modernization efforts, in addition to this particular bill.

I stand in strong support of this conference report. I stand in support of the bill. I think it is going to be a key piece of legislation passed in this particular Congress.

I thank the chairman for allowing me to participate in the process as much as he did. I congratulate him on a job well done and encourage Members of the Senate to vote for this conference report.

The PRESIDING OFFICER. Who yields time?

Mr. GRAMM. Mr. President, I thank Senator ALLARD for his leadership and his kind remarks.

In recognizing Senator BUNNING, let me say that he has played a very big role in this bill. He, in another era and another profession, understood the meaning of hard ball, when it came time to play hard ball, he would stand fast. We had many of those moments with this bill. As I noted yesterday, when the House, to satisfy almost any constituency, threw an amendment out to us that could have dramatically changed, complicated, or contradicted the basic logic of this bill, Senator BUNNING stood like a rock in opposition to making those changes. With his help and leadership, we were successful. I yield Senator BUNNING 10 minutes.

The PRESIDING OFFICER. The distinguished Senator from Kentucky is recognized for 10 minutes.

Mr. BUNNING. I thank Chairman GRAMM.

Mr. President, this is an historic occasion, and I am very happy to be a part of it. Today we are going to finally, at long last, pass financial modernization legislation that brings the financial industry into the 20th century and prepares it for the 21st century. When I first came to Congress nearly 15 years ago, this was one of the first major issues I worked on. I served on the Banking Committee in the House then, and in 1988, we passed out of committee a financial modernization bill. But that bill never made it to the House floor. So it has been a long process getting to this point.

There have been many times when I did not believe we would ever make it. But I am very happy to see this day come, and I am very proud to be a part of it. Those of us who served on this Conference Committee have labored to bring a good bill to the floor today—a conference report that knocks down barriers, gives consumers more options and cheaper services, protects the little guys, and provides regulatory relief.

We have achieved all these goals in this measure. There has never been a question about the need to modernize our depression-era financial laws. If we expect our financial industries to be able to compete in the world market in the next century, modernization of our laws is essential. I think everyone has recognized that all along. It was simply a question of finding a suitable blueprint for the modernization process that everyone could find acceptable, and I think we accomplished that with this measure. Admittedly, along the way this year, we had some big differences to work out. For instance, I was very happy the Federal Reserve and the Department of Treasury were able to work out a compromise on the Op-sub issue. I believe this compromise was essential to getting an agreement on the floor and sending us to finally repeal Glass-Steagall.

We also wrestled long and hard on the Community Reinvestment Act provisions. In this bill today we bring much-needed relief to the CRA process and ensure that the money which banks are sending to groups for low-income housing development, goes for just that, low-income housing.

We also give some much-needed regulatory relief to small banks. We make sure that they have a level playing field and will be able to offer their customers more services at better prices. And we also dealt with a new issue that emerged in recent months—the issue of privacy. I know some of my colleagues believe this bill is inadequate as far as the provisions on financial privacy go.

I certainly understand their concerns but this bill does give consumers federal privacy protection that they have not previously enjoyed. Under provisions of this bill, consumers will be able to opt-out of disclosure of their financial information to third parties.

This bill does not go as far as some would like, but it does recognize the importance of the privacy issue. Overall, I believe we came to an agreement on a balanced bill that creates a level playing field and enhances competition for the financial industries. It protects the safety and soundness of our financial institutions and gives consumers better products at lower prices.

It is crucial that we do pass this measure as we prepare to enter the new millennium. In this new age of the global marketplace our financial firms must be able to compete. This bill will go a long way toward allowing them to compete, but not at the expense of our local bankers, brokers, agents, and customers. I urge my colleagues to vote for it—it is a good bill.

Finally, I would like to commend Chairman GRAMM and his fine staff for all of their hard work. We certainly would not have this bill without Chairman GRAMM’s tireless efforts. He and his staff spent more time completing this bill which I believe will be passed with overwhelming bipartisan support and will be signed by the President.

Chairman GRAMM did an outstanding job, and I thank everybody else on the conference committee and in the Senate. I urge support of this bill and its passage today.

I yield the floor.

The PRESIDING OFFICER (Mr. ALLARD). The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I thank Senator BUNNING for his kind comments. I will soon yield to Senator Enzi. I thank the distinguished Senator from Kentucky for his leadership, for all he did in helping us put together a good bill to begin with, for the work he did in understanding the bill and what we were trying to achieve.

I have always believed that conviction is born of knowledge. It is hard to be committed to something that you don’t understand. I think one of the reasons we held together so well in getting this bill through committee and to
the floor—through conference and fin-
ally here today, as we reach the goal-
line—is all of those endless meetings
we had in January and February to
talk about what it was we wanted to do
and why it was important. If there is
any person who didn't miss a single one
of those meetings, it is MIKE ENZI.
MIKE ENZI is a real doer. When you
have a hard job to do, you want to give
it to him. I like giving him jobs be-
cause he always does them.

I yield the Senator from Wyoming 10
minutes.

The PRESIDING OFFICER. The Sen-
ator from Wyoming is recognized.

Mr. ENZI. Mr. President, I thank the
chairman for his extra kind comments.
I do rise to speak in favor of the con-
ference report that accompanies S. 900,
the Financial Services Modernization
Act of 1999, which is also called the
Gramm-Leach-Bliley Act. I think there
is good reason for it being so titled.
Senator GRAMM has certainly taken
the lead on this. He is one of the most
focused individuals I have ever run into
in my lifetime. When it comes to work-
ing a problem, he has a tremendous
memory of not only the things he has
been through but the things he has
read and studied up on for it, and he can
recall those almost instantane-
ously. He has provided tremendous
leadership. I am convinced that with-
out that leadership we would not be at
this point on this bill.

The senior Senator from Texas, the
chairman of the Banking Committee,
certainly deserves that first spot for
his name at the successful completion
of this bill. Some of that credit, of
course, has to go to his very capable
staff as well. He did line up some ex-
erts who had some tremendous capa-
bilities, knowledge, background, and
ability to express themselves, to ex-
plain to others, and the ability to sell
the program to each of the staffs who
were involved in it. With their dedica-
tion and involvement, and the hours they spent on it also, we would not be at
this point.

Of course, we have been through the
conference process. I have been in the
Senate 3 years now, and this has been the
most complete conference process
that I have seen. Part of the reason for
that is probably because of the makeup
of that conference. The bill on the
House side was assigned to two com-
mittees. One committee had a deep
desire to be involved in the pro-
cess. So we went through the House hav-
ing, first, 42 conferences, plus the entire
Senate Banking Committee; and then
there was an imbalance that had to be
corrected. I thank the House for cor-
recting that. They did that by appoint-
ing four more people to the conference.
So we wound up with 66 people on the
conference. I came from the Wyoming
State Legislature, and our whole House
in Wyoming doesn't have that many
people in it. When they do a conference
committee, it is much smaller. Small
groups get more done. So it was an
incredibly huge, impossible task.

Again, with the leadership of the
chairman, Senator GRAMM, there was
some definite action taken that broke
the deadlock of daily, deadly, external,
lengthy comment sessions that didn't
resolve anything. After a few days of
that, he again had a compromise of the
process and said we were going to get
a small working group of three people,
and we were going to put together a
compromise bill. I particularly con-
gratulate him for the compromise that
was given. There were a lot of people who were nervous and
tense about having the three Repub-
lican chairmen involved get together
and put together a compromise. There
was worry about how much com-
promise there would be. I think every-
body was pleasantly surprised at the
way it came out of that rewrite, and
that rewrite turned out to be a tremen-
dous key to the process. Without that,
we would never be at this point.

I have to say this is the first time in
over 22 years I have seen the House and
the Senate passed a bill in the same ses-
son. So it is the first real opportunity
that there has been to conference it.
Then we had this huge conference com-
mittee. The deadlock on that com-
nittee, the chairman in charge, taking
the focus and arranging this group
and being extremely careful to
include the different views in it, and
then having a process where we could
debate from that standpoint, taking
things out and putting things back in,
and, again, there were more committee
meetings, more amendments sug-
gested, more decisions made than I
have ever seen in a conference com-
nittee.

I also have to compliment the chair-
man because I remember sometimes
where he was negotiating some critical
additional amendments to this thing,
and he would leave the room and go
work with people to get some changes
made. That is a very important part
of the process, too, because we were
still working on a critical amendment
in the committee. He would be able to
come back in from that external nego-
tiation, step right in, and debate the
reasons we needed to deal with or
shouldn't deal with the issue that was
still on the table. It is an incredible
challenge. He did it extremely well.
He kept the debate focused and moving
forward so that we are at a point where
we have this conference report.

I am pleased that the White House
made the comments publicly about this
bill and where it is because it shows
their understanding of the process and
the dedication that was put into the
bill as well. It is fitting that our financial
system

We are at a point now where we have
this conference report. I am convinced
that it will be overwhelmingly adopted.
I appreciate all the people who have
put time and effort into it.

This bill breaks down the barriers be-
tween banks, insurance, and securities
firms. It allows them to affiliate and
grow in each other's activities.

It is fitting that our financial system
be allowed to modernize as we enter
the next century.

As mentioned, for over 20 years Congress has attempted to repeal these
statutory barriers. These barriers have
only limited the ability of financial
institutions to offer a variety of services
that their customers demand. Finan-
cial services modernization will allow
one-stop shopping for consumers want-
ing a variety of financial services—
banking, insurance, and securities—a
sort of shopping mall for financial
needs. This will increase efficiency
and increase competition which translates into more choices, lower costs,
and American consumers.

This isn't a big deregulation. This is
an opportunity for people to compete
easily on the playing field.

Some opposed to this bill have said
they don't believe it goes far enough to
ensure the privacy of a person's indi-
vidual financial information. I have to
to say this bill will provide the strongest
privacy protection ever for Americans.
It requires the financial institution to
clearly disclose their privacy policies.
The disclosure will guarantee cus-
tomers the ability to see clearly the
privacy policies of the institutions
allowing them to take their business to
another financial institution if they
don't approve of the way that they
could be or have been treated. It allows
the market to adapt to the demands of
the consumers instead of the market
adapting to government regulations.

The market allows for changes in
customers' preferences. Policies, if
rigid government regulations can
easily cause unintended consequences.

I have to say that in every com-
nittee in the Senate in which we are
involved, privacy is the big issue now.
We are debating that in every one of
them. I am on the health sub-
committee of Health, Education,
Labor, and Pensions. We have been try-
ning to resolve the privacy issues there.
It is amazing how complicated and
difficult it is that can be things
we as consumers anticipate others
working in that business or in a busi-
ness that we think is part of the busi-
ness will know about us to expedite the
work that we are expecting.

Consumer choice is the key. The pri-
cacy provisions in this bill also require
that any bank that is considering shar-
ing your information with an outside
company—a third party—allows you
to say no to that activity. This opt-out
provision also gives the consumer the
opportunity to opt out of a service.

I want to tell you, this bill benefits
the small community financial institu-
tions. Coming from Wyoming, I have a
I consider an expansion of CRA since the sunshine provision has been included. Since some groups are using the name of a federal law, the Community Reinvestment Act, to receive monies from insured financial institutions, it is only appropriate that the Congress is aware that the law is being used. In sum, I believe this an acceptable compromise at this time.

I am pleased to support this conference report and congratulate all who have participated in it and encourage my colleagues to do the same. I yield the floor.

I reserve the remainder of any time. The PRESIDING OFFICER, the Senator from New York.

Mr. SCHUMER. Mr. President, I thank Chairman GRAMM, Senator SARBANES, Chairman LEACH, Representative BLILEY, and all of my colleagues who have worked so long and hard on this legislation, with particular thanks to Senator DODD and Edwards who worked with us in the late night hours to come up with a compromise that eventually helped get this bill passed.

Mr. President, this is a historic moment. We have been working towards it for 18 years. It has taken 18 years for Congress to pass this bill.

When I first came to Congress, the issue was a narrow one: revenue bonds. Could banks underwrite revenue bonds? With technological change and globalization, this issue has expanded. Our beyond revenue bonds to an issue where the future of America's dominance as the financial center of the world is at stake.

This bill is vital for the future of our country. If we don't pass this bill, we could find London or Frankfurt or, years down the road, Shanghai becoming the financial capital of the world. That has grave implications for all of America where financial services is one of the areas where jobs are growing the most. Where there were pure electronic firms, electronic firms but mutual funds and pension funds. The third issue: We have to move this bill to keep up with changing markets.

Finally, we had to do it because otherwise the regulators were going topsy-turvy. We all know it does not make good policy to have individual regulatory decisions make policy. That has been what has happened. Because of the necessities of technology and globalization, because of the changes in financial markets, individual companies were going to the regulators and asking for special permission to do A, B, and C, and regulators were granting it. Now we have an overall fabric. We have a law that will treat all companies, all knowledge, whether new or existing, to plan for the future, and will create a level playing field.

There are many reasons to pass this bill. First and foremost is to ensure that U.S. financial firms remain competitive, not only in the world, but also with all knowledge, whether new or existing, to plan for the future, and will create a level playing field.

There are many reasons to pass this bill. My goal, which I stated at the outset, was to modernize financial services but not take one step backward on CRA. We have done that. The CRA provisions in the bill do not move things forward, but they do not take a single step backward. In fact, as I have argued, they will benefit from this legislation because their leverage in the CRA process has always been when there are new mergers or new products that a bank
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decides to add. This is going to increase 10, 20 times. Every time the groups are interested in CRA—one of the most successful banking laws we have passed—they will have that leverage. Instead of two or three opportunities a year, they will probably have two or three per month. I am afraid that the CRA groups are going to be so busy with all the new mergers and all the new services that they may not have time to keep up.

We accomplished a great deal. I thank the Senator from Maryland as well as the administration for making sure we did not take a single step backward on CRA.

Sunshine provisions are in the bill. It is very hard to argue against them. If I am for sunshine for business and for political people, including myself, how can we not be for sunshine even for groups we support and believe in? I have no problem with the sunshine provisions.

We succeeded in CRA. We also succeeded in helping the consumer in terms of protections.

Regarding ATM fees, I am proud banks will be required to disclose any fee before a customer makes a decision to withdraw funds. I fought for years for a customer to make all charges for using an ATM be known. Banks will be required to disclose any fees for using an ATM, before a customer makes a decision to withdraw funds. I fought for years for this provision, first in the House with Representative Roukema, and now in the Senate. It is in the bill. In addition, there are privacy protections in the bill.

Does the bill go as far as I wish on privacy? No. But privacy is a large and complicated issue. We don't know what the future holds, but are we moving in the right direction? Again, was, can we move forward? We have not as far as I prefer or many prefer but certainly not enough to sink a bill that has so many necessities.

Finally, safety and soundness. The one thing that has dominated my thinking in this area is that we not repeat an S&L crisis, and we not allow insured deposits to be used for risky activities. I am proud to say that the promise between Treasury and the Federal Reserve in the structure of the bill makes sure that when insured dollars are used for anything that might be slightly risky, the capital requirements and firewalls will make virtually certain we will not repeat the kind of S&L crisis we had in the past.

In conclusion, this is a historic day. It is a historic day for my State of New York, which I am proud to say is the financial capital of the world and, with this bill, has much greater leverage on innovators and required to keep CRA strong and keep consumer protections in the bill.

Mr. Gramm. Mr. President, I commend the Senator from New York for his statement. I underscore the positive and constructive role that he played with respect to this legislation throughout, and thank him for his contribution to this effort.

Mr. Lott. Mr. President, I observe the absence of a quorum, but we will proceed momentarily.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. Lott. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Lott). Without objection, it is so ordered.

Mr. Warner. Mr. President, this is a historic day for America, for the Senate, for the citizens of Rhode Island, and for the family of the late Senator John Chafee. I ask unanimous consent now—and I am joined in this unanimous consent bill by Senator Lincoln Chafee, who was just sworn in as United States Senator for the State of Rhode Island—and remarks given at his funeral by Senator Chafee's son, Zechariah Chafee, entitled 'The Servicemen's Thanksgiving for the Life of John Chafee,' October 30, 1999, be printed in the Record.

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

REFLECTIONS OF ZECHARIAH CHAFEE
(A Service of Thanksgiving for the Life of John Hubbard Chafee, October 30th, 1999)

What a man! What a life!

Come with me. Let us look at how he lived, and what he was made of. John Chafee said at times that the great shapers of his life were his parents, the Boy Scouts, his wrestling, the United States Marine Corps, the U.S. Senate, and above all, his own family.

From his parents, an upright Yankee, a vicious Scot, he without a doubt drew his graciousness toward me, women and children of all walks of life. For them as well came his decency and keen sense of the difference between right and wrong.

As for the scouts, not only was he an indomitable member of a Providence troop as a boy, but it seems he kept a scout handbook in his Senate office! Examining Article 8 of the Scout law of his day, one finds this stricture: A scout smiles and whistles under all difficulties! Is this how he came by his trade mark good cheer?

I must say though that his skeletal ch LDW had some problem reconciling the cautionary scout motto "be prepared," with my father's brisk assertion: "it will all work out, stick with me—we go on!"

But with him in charge, it usually did work out—and even if it did not, it was still fun!
At the Providence Country Day school, he began his wrestling career, which he furthered at Yale when he captained the freshmen team. Wrestling called forth the qualities that you have to know. The tenacity, the willingness to give it its all.

The sheer love of the contest. The will to victory, the confidence that goes with it. Remember, that on the wrestling mat, it’s one man’s struggle with another. There are no excuses. But just as important to note—there are no teams—and he was the captain. The man to who others looked—the inspirer, the leader.

Following Yale, he went on to wrestle at AAU. What’s some time when you’re ruffling through your back issues of “Body Builder” magazine, circa 1948, you might look up his citation as an All-American wrestler. And when you next pass through Stillwater, Oklahoma, drop in at the National Wrestling Hall of Fame. You’ll find his picture on the wall.

It has been said that as a boy, John Chafee had a poster in his room featuring a jut-jawed marine on the move, in hand and bearing the legend “US Marines—First to Fight.”

December 7th, 1941 gave Chafee that chance. He left Yale and headed for Parris Island. He was arriving and heading down a company street in the soft southern night, from the windows of the surrounding barracks the jeering call came the jeering call—“You’ll be sorry you’re not in the Army!”

But he never was.

Look at a globe someday. Run your finger northeast from the upper shoulder of Australia, the Solomon Island chain and you’ll find the Island of Guadalcanal.

Here on August 7th, 1942, 19 year old private first class John Chafee waded to shore with the first division. It was America’s first step on the long, lethal ladder that would lead to Tokyo. You recalled the story of the battle—how the Navy fleet, supporting the force of a gale.

He saw government as a way we work together, to meet the needs and solve the problems of our common lives. And he was only calm and vigorous, and he was only steady, to read the first paragraph of the state speech out a total of 327,506 votes cast. Now, in 1999, Senator Dole, eyes glowing amber in his glass, canons of political hopes in the most heavily Catholic state in the country, it didn’t hurt to get with the program.

In 1962, and at age 39, he pitched his hat in the ring for governor, running as a Republican in a state with the highest percentage of Democrats in the nation. Now that’s optimism.

See if you recognize some familiar qualities in the Providence Sunday Journal endorsement of John Chafee for governor 37 years ago. “He has been demonstrating an awareness that government belongs to the people—not the politicians. He has been modest in his claims. He has been careful, and honest in taking positions. He has brought fresh thinking to old problems. He has been unassuming in his presentations, in that he neither hectors nor lectures. Some things never change. If they missed anything, it was his cyclical energy and his political courage. Those qualities would be quickly revealed. Chafee would win his race by a mere 398 votes on a total of 327,506 votes cast. Now, at the Duke of Wellington once confided to the marshall, “It was a damn close run thing.”

John Chafee hit the Governor’s office with the force of a gale.

He saw government as a way we work together, to meet the needs and solve the problems of our common lives. And he was only too happy to lead the way.

In the many tributes of the last few days, you’ve read of his happy guests on the porch of his home, of his humble and modest manner. Of his love of nearly fifty years. Of his great shapers of his life were his parents, the sustainer of her man and her children.

Mr. REED. Mr. President, I thank the Presiding Officer. May I be recognized for 2 minutes?

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. May I be recognized for 2 minutes?

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

Mr. REED. Mr. President, I thank and commend the Senator from Virginia for his very thoughtful introduction. I don’t think there’s anyone in our body, we were in that church. Chafee’s words rang so true—the clarion call about his father, his service to the great Nation.

I know he’ll hear it! At war’s end, my father completed his studies at Yale Law and went on to Harvard Law. About that time, a cousin described for him, a trio of lovely sisters from Long Island’s north shore. The Coates girls!

“Save one for me,” he urged.

It took a bit of a chase. In November of 1950, Ginny Coates, in white veil and gown, stepped toward him down the church’s aisle. She has been the beating heart of our family, the sustainer of her man and her children ever since.

My father found legal practice in Providence still challenging. He kicked his heels together and whooped! It was as Commanding Officer, as First Lieutenant, as a Marine that Chafee came into his own. Lt. James Brady in his memoirs. The Coldest War, had this to say. “You learned from men like Chafee, a Yalie with a law degree from Harvard, who came from money, a handsome, patrician claim. He was resourceful and careful, and noncomplaining. From all that could have come arrogance, snobbery. He possessed neither of those traits; he was only calm and vigorous, and efficient, unusually perceptive and human, a good man, a fine officer.”

Following combat in Korea, Chafee jumped into the Massachusetts Senate seat in the Rhode Island legislature. Also in the space of the next 10 years, he fathered six children. Now one might observe that for a Protestant in the most heavily Catholic state in the country, it didn’t hurt to get with the program.

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Also, I join Senator Warner in saying this is a very proud day for the Chafee family. They are proud of the accomplishments of Senator John H. Chafee and proud of the commitment to public service of Lincoln Chafee. I am proud and pleased to join my colleagues from Virginia in this request. I yield the floor.

The PRESIDING OFFICER. The majority leader.

FINANCIAL SERVICES MODERNIZATION ACT OF 1999—CONFERENCE REPORT—Continued

Mr. LOTT. Mr. President, let me just take a moment at this time, if the Senator would allow me.

When the history is written of this session of Congress, it will probably identify this piece of legislation as the single biggest achievement. I have heard this financial services modernization issue discussed for my entire career in the Congress, which is now up to 27 years. It has been tried by Republicans, by Democrats in the Congress, House and Senate, administrations of both parties. It never quite occurred.

I think it is appropriate we acknowledged all of those who have been involved in this process for bringing us to this moment. This legislation is going to pass overwhelmingly. It is going to bring us into the modern era of financial services. It is going to allow us to be more equal opportunity around the world.

I think we should properly note what has happened. If today’s papers are any indication, we passed major trade legislation yesterday and it didn’t even make the first section of one of the papers in this city; it wound up in the business section. It was hardly noted, the effort that was put into passing that major free trade legislation. I hope that will not be the case with this major legislation.

So far, all those involved—I won’t begin at the top and go to the bottom—obviously Secretary Rubin was involved in earlier discussions; Alan Greenspan was involved; Secretary Summers has been involved. The administration did stay engaged when they could have said we are not going to talk anymore. Leaders in both the House and the Senate, the elected leadership, Democrats and Republicans on both sides of the aisle, on both sides of the Capitol worked to make this happen.

Let me say for the record—I know, because I watched it very carefully and had some meetings which, I think, helped give it some momentum, some impetus—it would not be where it is today, it would not have been achieved, without the leadership of the senior Senator from Texas, Mr. Gramm. He has done a masterful job. Many people said: He is going to kill it. I kept saying: No; you wait. He will make this happen through thick or thin. It will get done.

It is being done. To take nothing away from all those involved—including the ranking member of the committee, Senator SARBANES of Maryland, who was actively involved—I have to note, with a lot of appreciation and gratitude, the tremendous leadership of the Senator from Texas. I don’t think we can ever repay him for this effort again. So I think that at this time we should express our appreciation because it is a monumental achievement.

I yield the floor.

The PRESIDING OFFICER (Mr. FITZGERALD). The Senator from Texas.

Mr. GRAMM. Mr. President, I appreciate that. I know it is going to cost me something big, but I am very grateful for it. As I said last night, one of the reasons we were successful, one of the reasons this bill is as good as it is, is that I have had the very strong support of TREST LOTT and our leadership. Having their support is like having a stone wall to your back in a gun fight: You can still get killed, but nobody is going to shoot you in the back. That has been very beneficial. TREST LOTT’s willingness to say we are going to follow this path, whether it leads us to success or failure, is really what has led us to success.

I appreciate those kind comments and yield the floor.

Mr. SARBANES addressed the Chair. The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, are we back on the bill?

The PRESIDING OFFICER. We are back on the bill.

Mr. SARBANES. I yield 10 minutes of my time to the distinguished Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. EDWARDS. Mr. President, I rise today in support of the Gramm-Leach-Bliley Act. This legislation is of critical importance to America and will modernize the financial services industry. It will allow financial services companies and American consumers. Quite simply, I believe it helps pave the way to our continued economic prosperity.

This legislation will ensure stronger consumer protections in the rapidly changing and consolidating world of financial services. The legislation is important to consumers, because the industry is already changing dramatically, but not through regulatory backdoors, and without much-needed consumer protections. Banks, securities firms, and insurance companies—historically separated from one another—have already started engaging in each others’ business, and there have been no affirmative protections in place for the nation’s consumers. This law rectifies that situation.

I do have some concerns with certain sections regarding federal preemption of state laws that I hope to clarify. Through the conference report, this legislation—S. 900, H.R. 10, and the chairman’s mark—I have worked with my colleagues to make sure that the final language of the bill does not adversely affect recently passed consumer protection legislation in my home state of North Carolina.

North Carolina is a leading state in the financial services world on several fronts. We are home to some of the largest banks in the country and we are home to some of the strongest and most innovative community development groups in the country. We see, every day, how well these players work together to provide convenient banking services to all North Carolinians.

North Carolina is also a leader in consumer protections. Our state General Assembly recently passed two important pieces of consumer legislation that had broad support. First, the General Assembly passed legislation that will require Blue Cross/Blue Shield of North Carolina—a non-profit—to collect and report public health expenses in the event it converts to for-profit status. Its rationale was simple. A company should not be able to use its not-for-profit status—a government granted exemption from taxation—to build market dominance and then convert to for-profit status. In that situation, the not-for-profit status would have acted as a government subsidy, and conversion should not be allowed without some form of payment for the subsidy. This legislation had bipartisan support and was agreed to by all parties.

Throughout consideration of financial modernization legislation, I have steadfastly supported language that protect this law from possible federal preemption. The conference report accompanying the legislation indicates that this type of law is not of the sort for which federal preemption would come into play. Specifically, the report noted that “[f]he House receded on its provision specifically addressing a North Carolina Blue Cross-Blue Shield organization, as the State laws governing those types of entities would not be preempted by a State law; and State laws do not discriminate . . . .” Because the North Carolina law places a requirement on Blue Cross/Blue Shield of North Carolina regardless of any possible affiliation, it treats identically all interested parties seeking to affiliate or acquire. A bank that might want to acquire Blue Cross/Blue Shield must comply with the law in the same way as a car dealership, or any other potential acquirer, would. Therefore, it is impossible to argue that the law is in any way discriminatory.

The other critical piece of legislation is a recently passed law that prohibits the financing of products like credit insurance in home mortgages. In recent years, including credit insurance costs in the mortgage was a favorite tactic of some predatory institutions—a tactic that ultimately cost consumers thousands of dollars. North Carolina is a leading state in the mortgage underwriting and financing practice, predominant over what may be weaker federal standards or laws.
The State of North Carolina enacted this law on July 22, 1999. The law, among other things, regulates mortgage financing and what non-housing products may be included. For example, it bars the lump sum financing of credit insurance premiums in connection with home loans. The law was intended to regulate mortgages and to prevent a potentially misleading form of home lending. It does not prevent credit insurance from being provided for home loans on a basis, but merely cuts off financing the premiums upfront since the state General Assembly determined that such financing is fundamentally unfair. Congress does not intend to preempt this law in the Gramm-Leach-Bliley Act.

I believe that this North Carolina law regulates mortgage financing and does not target the ability of an insured depository to sell insurance products. The focus of my state's legislature was on mortgage efforts to reduce costs to the consumer by putting other products into the cost of the mortgage. The legislature would have acted the same way if mortgage lenders had been attempting to include lump sum financing of moving expenses or a new TV. However, it was determined that the law concerning insurance sales activities, this Act still would not preclude the North Carolina provision. At most, the North Carolina law regulates how credit insurance is sold—the prohibition on financing credit insurance premiums cuts off insurance sales while leaving all other avenues open. As Section 104(d)(2) of the Act states, such laws are not preempted unless they "prevent or significantly interfere with the activities of depository institutions or their affiliates." The North Carolina law does neither. Banks may still sell credit insurance in connection with mortgages, only one sale technique is foreclosed.

In addition to the two consumer protections that I just mentioned, I wanted to say a few words about the privacy provisions in this legislation. A great deal of debate centered on personal financial information and the way banks, securities firms and insurance companies may use that information. Privacy in financial services is an extremely complex issue because what one person may view as an invasion of privacy, another might appreciate as a timely and appropriate offering of a financial service. In our meetings, we also spoke of privacy of customer information through fraudulent or deceptive means. I myself would have supported even more privacy protection. I am confident that in the next few years, we will be forced to deal with this problem more comprehensively.

Finally, I would like to say a few things about the Community Reinvestment Act. I struggled long and hard with the CRA provisions included in this law, because CRA is so important to North Carolina and to me personally. I wanted to be able to support this bill, but I would have refused to do so if I believed that CRA was undermined. I have seen first hand the amazing benefits—to banks and to consumers—that have resulted from CRA. North Carolina banks represent some of the biggest and best CRA success stories, and I know from talking to bankers that they work well with community groups to help neighborhoods served. I spoke with several North Carolina community group leaders about the compromise we worked out, and while I knew it wasn't their ideal, I believe that they recognize how much effort went into protecting CRA. Most importantly, I want to make sure that everyone knows that before a bank can even benefit from the new powers under this legislation, it must have at least a "satisfactory" CRA rating. As a result of this law, because CRA has done so much good in this country. It has done so much good in my home State of North Carolina to help revitalize chronically economically disadvantaged areas, turned neighborhoods around that were crime infested. It has been an extraordinarily positive thing, something the banks in my State of North Carolina have supported, always have supported, and continue to support.

The one other issue is that of privacy. We made some positive steps with respect to privacy. Since essentially this bill was very much the creation of people's personal privacy in existing law, we made a positive step in that direction. But there is probably still additional work to do in that area.

Let me talk, again, about the Community Reinvestment Act, which is the foundation for us being able to get a bill. The Community Reinvestment Act has had such an extraordinarily positive impact on areas of our country that desperately needed financial support. And there was little negotiation of people's personal privacy in existing law, we made a positive step in that direction. But there is probably still additional work to do in that area.

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principle remained in place. After much discussion and negotiation, after the bill passed the Senate over the objection of a number of us because we believed it weakened CRA, in the conference committee and in the discussions to get this bill through, and in the conferences, we insisted that critical provisions of CRA be reinstated. We have done the most fundamental thing that had to be done in order to get a bill, which is to make sure CRA was in place, that it remained vibrant and strong, and that no bank would be able to operate for many years now under rules that were antiquated, which in this environment and marketplace made no sense, and with which foreign competitors, who also do business in this country, will be able to operate for many years now under rules that were reached that night.

Mr. President, I urge colleagues to support and vote for this conference report. It is the result of a lot of hard work by a lot of people and a lot of compromises.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, before yielding to the Senator from Connecticut, I acknowledge and express my deep appreciation to the Senator from North Carolina for his very positive and constructive contributions throughout the process of developing this legislation. He really made a very important difference in helping to get us through some satisfactory resolutions of some difficult questions. I am very appreciative of him.

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

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, I thank the Chair and I thank my colleague and ranking member of the Banking Committee.

I rise today, as well, in strong support of this very historic conference report accompanying S. 900, which I believe represents the collective support by Members of this body as well as in the House and will be signed into law by President Clinton.

Nearly 70 years ago, the Glass-Steagall Act, which provided the foundation for separating domestic banking, securities, and insurance activities, was enacted into law. Advances in technology, the change in our Nation's capital markets, and the very fast-growing globalization of financial services have demanded that we as a legislative body examine and make some changes to our financial laws to accommodate and to take into consideration these dramatic changes that have occurred. Making these changes has not been easy.

The task of creating a new regulatory framework that strengthens consumer protections and, at the same time, fosters market efficiencies and industry innovations has been extremely difficult. Endless days, weeks, and fundamental negotiations have been spent to craft legislation that allows our Nation's financial services industries to remain leaders in the global marketplace.
I have been a member of the Senate Banking Committee since the first day I was sworn into the Senate, almost 19 years ago. I think this effort dates to about 1967 or 1968, more than 30 years ago. This has been an ongoing debate and discussion throughout the Banking Committees of the Senate and the House, the Commerce Committee, and numerous efforts at the executive branch level. But certainly over the last 20 years, on numerous occasions, this body has enacted reforms to financial services only to watch the legislation die either in conference or be unable to reach a final consideration on the floor of the Senate.

So I speak today on behalf of a lot of people who have come before us. I think of people such as Senator Don Riegle of Michigan, who worked very hard on this; Senator Jake Garn; William Proxmire, the first chairman I served under on the Banking Committee. They all labored hard to try to come up with the appropriate means by which we might modernize these services. Certainly, those who predated those Members I mentioned worked diligently over the years to try to see if they could modernize these financial services to meet the efficiencies and demands of the end of the 20th century. We begin, in about 60 days, a new millennium, where already the ability to transact financial business on a global basis can be done in nanoseconds around the world. It is far cry from where we were 3 years ago when this effort first began to try to address some of the realities that had overtaken the Glass-Steagall Act, as sound a piece of legislation as it was, which was adopted so many years ago.

So today I speak not only on behalf of the conference report that I think accomplishes the task so many who came before us labored to achieve, but this landmark legislation dramatically modernizes our financial laws for banks, securities firms, and insurance companies to affiliate and provide a rational process for these affiliations to take place—not one done by court decision or simply by regulation, but, as the legislative body in this country, we have now authorized regulation through the deliberate process of hearings, markup of bills, consideration on the floor of the Senate, and a conference report. While it is laborious, rather, to go through that, and difficult, I believe, in the view, to establish these laws on that basis than to be relying strictly on the courts and regulators to do so.

I welcome this day as a day of success and triumph for the legislative body exercising its responsibilities to put its strong imprint on how this process ought to work.

As we enter the 21st century, S. 900 will help, in my view, to continue our Nation's leadership in the global marketplace—that is a critical issue—remaining competitive abroad but helping to continue to create new jobs and new opportunities for literally millions of people here at home.

This legislation also provides significant benefits and protections to investors and financial services consumers who will not only benefit from the competition of these diversified firms, but who will also benefit from standardized and comprehensive protections for the sale of financial products. There are a number of aspects of this conference report that I would like to touch upon very briefly.

Critical to my support—and I think many others—of any financial services modernization legislation was ensuring that banks continue to invest in the communities in which they serve. I have often stated that if the price of modernizing our financial services industry would be to deny fair access of credit to those who need it the most, I was not willing to pay that price, nor do I think many others would.

This legislation before us not only preserves current investment in our communities, but it actually strengthens both the intent and the practical effect of the Community Reinvestment Act.

Under this legislation, CRA will continue to apply to all banks regardless of size or location, without exception. Additionally, this legislation will guarantee that no bank with an unsatisfactory CRA rating can engage in any new financial activities of insurance or securities.

This is fundamentally an important change. For the first time, a bank's CRA rating will be a consideration if it attempts to engage in new financial activities. That is a major triumph.

Some legitimate concerns have been raised over the potential burden on community groups and banks imposed by reporting requirements. I have worked hard, as have others, to make sure that no undue burden is placed on community groups and that the appropriate Federal banking regulations will safeguard current investment in our communities.

I am confident that with the provisions in this bill any efforts to try to become punitive or overreaching when it comes to regulations will be met with responsible regulatory action. So we will be monitoring that action very carefully.

S. 900 reaffirms that the State regulators, as reflected in McCarran-Ferguson remains intact, a very important provision. It further provides an orderly process for resolving differences between States and Federal regulators on bank insurance activities.

This legislation reinforces further the essential concept that investors need protection regardless of whether they purchase securities from a broker, bank, or other entity.

S. 900 in creating this new financial structure the integrity of our markets is maintained and that investor protections are enhanced.

With the rapid change in our financial markets, this legislation ensures that investors remain protected, which is fundamentally a critical area to all of us.

Another area that needs improvement is the protection of consumer privacy. We did not go far enough, in my view, in this bill in doing that. There were some steps made that are certainly an improvement over the status quo. But I believe far more action is necessary in this area than incorporation in this bill.

This legislation contains some important privacy protections. For the first time, financial institutions must disclose to consumers their intent to share or sell personal financial information to anyone. Although stronger provisions which I have supported along with many others were not approved by the conference, I believe that we have sent a strong signal to the industry about the use of sensitive consumer information and believe that consumers not only have the right to know, but also have a right to say no to the sharing of their personal financial information with anybody. This erosion of the privacy of our most personal, sensitive financial information can and must be stopped.

I hope the privacy provisions contained in this bill will be an important first step to ensuring and addressing this critically important issue.

I am a coauthor along with the ranking Democrat of this committee, Senator SABANES, and others of the Financial Information Privacy Act, S. 187, that was introduced in this Congress. We welcome further cosponsors of this bill. This is a matter that people care about regardless of place in the country, ideology, or financial status.

It is unsettling to people to know that when a merger or acquisition occurs, which you share sensitive financial information with those with whom you initially negotiated, all of a sudden there is a new entity involved, and somehow that information you shared with a company is going to become the product of another industry that you didn't anticipate when you shared the initial information.

Certainly, people are finding it unsettling. They know it goes on. The unsolicited inquiries they receive by telephone and mail certainly indicate that. I believe that some financial information that people thought was being held private is becoming far too public.

This is an issue on which we have to spend more time. It needs to be addressed. I am aware of the concern of the industry. But consumer demands in this area are not going to go away.

Further, let me say it isn't just a question of banks. Customers would be given, under this proposal, the important opportunity to请求 banks and securities firms from disclosing or selling this information to affiliates before banks and securities firms could disclose or sell information to a third party.
They would be required to give notice to the consumer and obtain the express written permission of the consumer before making any such disclosure.

I will continue to press for even greater privacy protections than are presently in this bill. This is a good bill, as I said at the outset. There are a lot of people who can rightfully claim credit for having been significant players in producing this product. No single individual was responsible for this result; the Senate Banking Committee must feel some sense of accomplishment today as we achieve this result. They were a part of that historic journey which began so many years ago.

There were 66 conference, an unwieldy number. Twelve percent of the U.S. Congress were members of this conference. Certainly, each and every one of them were involved to one degree or another. Though the number was unwieldy, all of the members played an important and constructive role from time to time.

I commend Senator Al D'Amato, our former colleague from New York, who is no longer a member of this body but was chairman of this committee last year. He crafted a good bill, H.R. 10. It wasn't adopted into law. But a lot of what we have in front of us today was part of that bill last year. He did a good job. While we are of different parties and different political persuasions on many matters, Al D'Amato is a friend of mine. I always thought of him to be such, and he deserves some recognition today as we talk about the accomplishments of this bill.

Senator Phil Gramm of Texas, who I have served with on the Banking Committee now for many years—I have worked with him on numerous pieces of legislation but nothing quite of the import of this bill—is a tough negotiator. He is knowledgeable and he is smart. We wrote this bill with him and he serves credit as chairman of the committee for the final result and for pulling the pieces together.

It has been mentioned by my good friend, Senator John Edwards of North Carolina. I see my colleague from Rhode Island, Jack Reed, who was there that evening. Rod Grams, who is on the floor at this moment, was in the room. That was quite an evening.

I suppose history books will expand the story of how a group of people gathered in that room that night as often times happens. It wasn't that big a room. There were not that many people in the room. But I have said to the chairman of the committee that I admired his stamina that night. He was there pretty much taking arrows and glances from the Federal Reserve Board, the Treasury, House Democrats, and Senate Democrats. While we were sitting down, he had his stick-to-itiveness, his willingness to stay in the room to get the job done.

I begin by commending Senator Gramm for his fine work. Obviously, our ranking Democrat, Senator SARBANES, who was the lead senator for this committee for almost 20 years, without his leadership I don't believe we would have achieved the result we have today. I commend him for his fine work not only in this bill but over the years for the job he has done paying detailed attention to critical pieces of legislation, a sense of patience when others wanted to rush to a quick result.

More often than not, when Senator SARBANES suggests we slow down, it is not for a momentary lull, but he knows the legislation and he knows the details. Too often we don't pay careful enough attention to the details and they can come back to haunt Members of Congress. I commend him for his terrific work.

Also, I commend Congressman Leach, the chairman of the House Banking Committee, John LaFalce, Chairman Bliley, and Chairman Dingell, all with whom I have served over the years in the House. John LaFalce and I were elected to Congress on the same day: 25 years ago Tuesday night we were elected to Congress the first time. Today, he is the ranking Democrat on that committee, and Jim Leach, Chairman Bliley, and John Dingell all did a very fine job in working on this.

I thank the Banking Committee staff, both the minority and the majority party, everyone, who served so well on this legislation. I begin with Alex Sternhell, who is my staff person who has worked so hard on this legislation. Again, like Alex who has worked hard going back 19 years, it began with Ed Silverman of my office, who was on the Banking Committee, along with a series of terrific staff members who have traveled this road on financial services modernization. Ed Silverman, Marti Cochran, Peter Kinzler, Michael Stein, Paul Miller, and Andrew Lowenthal should be commended for all of their help. Alex did a great job on this. I thank him. Steve Harris, Marty Gruenberg and the wonderful job of working so many years, Patience Singleton, Dean Shahinian, and others on the minority side have been integral to this process, including Wayne Abernathy, Linda Lord, Geoff Gray, Dina Ellis, and others have made tremendously valuable contributions. I want the record to reflect my appreciation and admiration for their work.

The administration has remained firm in their commitment to passage of this legislation. John Podesta, Gene Spelman, and others have played critical roles during this process and were very involved on Thursday night and Friday morning working out the final version of the bill.

We should not forget that former Treasury Secretary Robert Rubin, who pushed very hard for the legislation, did a terrific job on it and played a pivotal role in drafting the legislation. Larry Summers, his successor, deserves great credit for his contributions as well, and the whole team at the Treasury, Greenberg and his capable staff; Arthur Levitt, Chairman of the SEC, for his contribution to the financial services modernization, particularly the critical pieces that affect the securities industry and investor protections. This would not have been adopted if not for his fine work.

Lastly, of course, the members of our committee. Jack Reed was there that night and did a terrific job. I want the record to reflect that the Boy Scouts of America can rightly claim credit for having a debt of gratitude. He discovered what could have been a very significant loophole in this bill and used the example that the Boy Scouts of America could be adversely affected. While it is not named in the legislation, I think it will be known by those in the room that night as the Jack Reed Boy Scout amendment. They got a good deal of support on behalf of the Senator from Rhode Island.

John Edwards and Chuck Schumer, new members of the committee, were there, along with Jack Reed, and did a terrific job as new members of the committee, wading right in and making a significant contribution; also, John Kerry and Dick Bryan, who cared so much about privacy issues and fought hard. We did not get all we needed, but we had a tremendous voice in those efforts. Evan Bayh and Tim Johnson played critical roles, as well. Particularly, over the years of trying to achieve financial modernization I am reminded of the mythical figure Sisyphus who rolled the rock up the hill only to have it roll back down the hill when he got near the top. I have a painting of Sisyphus that I cherish. Today, I can report that the rock is at the top of the hill and I think it will stay there.

To all who have been involved in this, my sincere thanks for their tremendous efforts. The industry people and outside groups who made significant contributions deserve recognition.

I yield the floor.

Mr. SARBANES. Mr. President, I thank the able Senator from Connecticut for his very fine remarks and also acknowledge the very positive and constructive role he played throughout this process that helped the Senate get a product that we can bring back and recommend to our colleagues in the Senate, after Friday morning work, the Senate on a very divided vote. There were a number of very difficult issues to work out and the Senator from Connecticut was intimately involved with
all or most of those issues. We are very appreciative of him for the instructive contribution that was made.

I yield 10 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The senator from Rhode Island.

Mr. REED. Mr. President, I thank Senator Dodd for his kind words and his great leadership, along with Senator SARBANES.

I rise to support the conference report on S. 900, the Financial Services Modernization Act of 1999. We are on the verge of a historic transformation of the financial services industry that will take it from the Depression-era laws of Glass-Steagall and position it to meet the challenges of the next century.

Some may argue this legislation is a ratification of what the market has already done, but it is an important ratification because it will allow our financial institutions to be more efficient and more effective. I think it will accomplish two fundamental and very important goals. First, it will provide more efficient access to financial services which will directly benefit consumers. Second, it will make our financial institutions much more competitive in a world of globalized financial transactions. These two goals have been achieved in this legislation. I am proud of this legislation. It is also incumbent upon us to understand and underscore some of the concerns that still remain after this legislation is passed. Again, let me emphasize this legislation will increase the efficiency and effectiveness of our financial services industry and will benefit the American consumer. As we tear down the walls between banks and insurance companies and securities firms and open up many possibilities, we also open many potential pitfalls. I think we should be concerned about those, also.

As we celebrate passage today, we should also underscore and point out areas that bear close watching. Fundamental changes as we are proposing today include consequences which may have adverse effects if they are not anticipated and watched carefully. Among those is the issue of the consolidation of our financial services industry. We are witnessing the megamergers that are transforming our financial services industry from small multiple providers to large providers that are very few in number. We run the risk of the doctrine “too big to fail;” that the financial institutions will become so large we will have to save them even if they are unwise and foolish in their policies. We have seen this before. We have to be very careful about this.

The legislation does not require any market on potential requirements with regard to this issue. It does mandate the Federal Reserve, within 18 months of passage of this bill, will review the impact of potential mergers and consolidation in the financial services industry, I think that is appropriate, and I look forward to the report of the Federal Reserve. Again, this is another issue of which we have to be terribly conscious because with this legislation there are deregulation and a creation of a functional regulatory environment across different functional areas of financial activities in the United States. Again, I believe it is justified and warranted by the changing conditions of our economy, but we should be careful as we go forward.

Another issue that has been mentioned several times before is the issue of privacy. The legislation before us is taking a first step in protecting the financial information of the consumers of America, but it is just a first step. There are many more steps we must and should take. They will be demanded of us by our constituents, the consumers of the American services throughout the United States. With the growth of computer technology and the ability to store and disseminate large volumes of information instantaneously, we will continue to wrestle with this issue. We are just in the early stages of financial services but in every area of endeavor throughout our economy.

We took a first step. We have instructed companies, if they wish to share a customer’s private information, they must give that customer the option to say no to that activity. We have also tried to curtail some of the more egregious predatory activities we have witnessed in the last few years. We are requiring stronger recordkeeping and information by financial institutions. As I said before, we are moving ahead with this first step. We must not only contemplate but also be prepared to take other steps in the future to protect the privacy of the American people. This legislation has laid a foundation, but that foundation alone will not protect the privacy of the American people.

There is another issue I would like to comment upon which has been commented upon by my colleagues also, and that is the issue of the Community Reinvestment Act. The Community Reinvestment Act is not just a device to allocate resources in poor neighborhoods; it is a commitment by this Government, through the banking industry, to ensure that all Americans have a fair opportunity to participate in the economy and do so in a way that they can benefit themselves and their families.

Community Reinvestment has been a powerful success over the decade since its passage because it has, for the first time, given many communities which before were ignored, which before were left behind, access to credit and other financial services, those very financial services and credit. As a result, not only did they get the money but they got something else: They got a feeling of participation, a feeling of connection to this economy, a connection to their community. That perception, that feeling, is as important as any of the specific programs funded by CRA.

What we have done in this legislation is protect the fundamental essence of what I think CRA should be about. We have said that if any financial institution wants to partake of these new, enhanced, expanded powers, they must by law have a satisfactory CRA rating. If they do not have a satisfactory CRA rating, they will not be able to take advantage of this legislation.

I believe the dynamics of the financial services industry are such that the opportunity to participate in these new powers will be a positive force, ensuring through competition in the marketplace that CRA is not neglected, that CRA is still a strong, vital part of any financial institution. If that is not the case, then we have to be prepared to act once again because we cannot abandon the Community Reinvestment Act. To do so would be to abandon scores and scores of our fellow citizens. We cannot do that. We should do that.

This legislation with respect to CRA has been improved immensely from the Senate version. As you recall, the original provisions sent forward by Senator gramm and are many severe effects on CRA. There was a total exemption of small banks from any CRA requirements. That would represent 39 percent of the banks in this country. They would be exempt totally from the requirements of CRA responsibility. That has been eliminated from this conference report.

We have also done is allowed small banks that have satisfactory or better CRA ratings to have an interval between their inspections. But we have also required and provided that the regulators at any time can conduct a CRA inspection if they have reasonable cause to believe the CRA program is not being followed by the financial institution. These are steps which have strengthened CRA, particularly in contrast to the legislation we considered on this floor several months ago.

There is another aspect I believe deserves comment, and that is the issue of the potential banding of the issue of functional regulation. I am very pleased that functional regulation has become the order of the day, that the Securities and Exchange Commission will look at securities activities, banking regulators look at banking activities, and the Federal Reserve will have enhanced powers to look at financial holding companies and other major financial institutions. But I believe we have to recognize we are giving these regulatory authorities powers, some of which are somewhat novel. They have to have the capacity, both institutionally and financially, with resources, to be much more perceptive and much more thorough in their regulatory process again, moving back to the point of the huge potential concentration in these financial institutions.

We also understand with respect to this legislation that, in this arena of functional regulation, there might be some potential stallmates.

Mr. President, one of the potential roadblocks or stallmates is that State
The PRESIDING OFFICER. The Senator from Minnesota, Mr. SARBANES. Will the Senator yield for a second? Mr. GRAMS. I yield. Mr. SARBANES. Mr. President, before the floor, I thank the Senator from Rhode Island for his extraordinary contributions throughout the process of developing this conference report. He has made an extremely valuable contribution to a successful result. I am deeply appreciative. Mr. GRAMS. Mr. President, I rise this afternoon in strong support of this very important legislation that balances the interests of individual consumers with the needs of America's financial services industries. I know names have been mentioned and accolades have gone out, and very well-deserved, to those who need to be thanked for their hard work. I start the list with Senator PHIL GRAMM who worked very hard over this last year. By the way, it was a year ago today following the elections that we began consideration of getting this bill back on the floor again. Also, of course, I thank the ranking member, Senator SARBANES, who worked very hard as well over these years, and especially over the last 12 months, in crafting this bill and making sure of its success. I also thank former Treasury Secretary Robert Rubin and the latter contributions by Treasury Secretary Larry Summers. Chairman Greenspan of the Federal Reserve and SEC Chairman Arthur Levitt, of course, were very instrumental in this. I thank our colleagues on the House side, Chairman LEACH and Congressman BILLEY, for their work and efforts. I could go on. When one does this, they always run the risk of not mentioning somebody. There were so many hands in this. Alan Brubaker appears on the list to be commended. Alan is on my staff, and I have to compliment him as well on all the hours he has put in on this bill, working very hard staff to staff. Alan has done a tremendous job, and I compliment him on his efforts. In testimony before the House Banking Committee, then-Secretary of the Treasury, Robert Rubin, testified that the administration estimated enactment of financial modernization legislation would yield savings of $15 billion. The important part of this is those savings will end up in the pockets of consumers because in a competitive world, people are going to find the cheapest way in an expanded array of products. The customers, under this bill, are going to be the biggest benefactors—$15 billion in annual savings in financial modernization.

This package of reforms has been under consideration for a better month or another for over two decades. I am proud to be a member of the committee and the Senate that has taken the handoff from those who came before us and carried the ball across the goal line. As Senator Dodd mentioned, former Senator Alfonse D’Amato should also be recognized for the contributions he made over the years. It has been a top priority for myself. I served on the Banking Committee in the House for the one term I was there, and the No. 1 priority when I reached the Senate was to be on the Banking Committee. I was never a successful banker, but I have sat across the table from many bankers. I thought it was very important to add the voice of a small businessman and an individual in banking legislation. This legislation provides the appropriate regulatory framework for an event already occurring throughout the regulatory fiat, and that is the affiliation between commercial banks, securities firms, and insurance companies.

We protect consumers by establishing a system of functional regulation whereby institutions will be overseen by experts in their areas. In other words, the securities operations will continue to be supervised by securities experts, banks by banking experts, and, of course, insurance by State insurance commissioners.

In addition to ensuring a level playing field for business through consistent regulation, again, consumers also benefit because the institutions with which they are dealing will be regulated by the experts in those products. Thus, by authorizing properly regulated affiliation between financial companies, we ensure that our financial services companies will be able to compete worldwide and with appropriate regulation at home, they will not be forced to move offshore to remain competitive. Although the estimated $15 billion in cost savings will certainly benefit our consumers, the provision which most immediately impacts the consumer, of course, is the establishment of a national floor of privacy protections.

A lot of people do not realize that without this bill, we would go back to almost zero, except for the fair credit reporting bills. This brings a tremendous number of new protections in privacy to our consumers. It is a major step forward in that area. The consensus contained in this bill will now provide consumers with major areas of protection beyond current law. Specifically, the conference agreement mandates, one, ensures consumers will have greater clarity of their financial institution's privacy policies by requiring the institution to disclose those policies on information sharing—to the affirmative consent of both current and former customers—at the time the institution establishes a relationship with that customer, as well as reviewing those regulations or those policies each and every year. The consumer will have major privacy protections.

Two, it provides consumers with the ability to take their names off the list,
in other words, to opt out if they do not want their personal information shared with a nonaffiliated third party.

Three, it criminalizes the actions of bad actors who use false pretense or, in other words, lie to obtain a consumer’s personal information.

Four, it preserves all existing and all future State privacy protections above and beyond the national floor established in this bill. It allows the States to set their levels as well.

Five, it authorizes a study to review whether further privacy measures are needed. That is very important because as we complete this bill—nobody has ever written a perfect bill, I do not think, out of Washington, and it is very important to review what we have done and look at what else needs to be done. But this review is going to be very important as well in the area of privacy.

Although the central purpose of the bill is to remove decades-old barriers to the integration of the financial services industry, by recognizing that privacy is both a very important issue to the consumer and a responsibility of the financial institution, the bill puts in place the framework to ensure the consumer is protected and allows the financial industry to expand services and products.

I recognize the debate over privacy has not been concluded with these changes. The enthusiasm these provisions have garnered, as well as the expressions of support Congress has received for recent actions to prevent implementation of the FDIC’s “Know Your Customer” rule and to restrict the ability of States to sell driver’s license information, demonstrates the public’s concern over these privacy issues.

I look forward to further debate on these issues following the comprehensive hearings Chairman Gramm has pledged to hold after we have reviewed the final report called for in this bill. After further study, we will all be better equipped to consider the issue of privacy. In the meantime, I firmly believe we have provided stronger protections for the consumer.

Mr. President, I thank my colleagues for all their hard work. I strongly urge them to support this conference report.

I thank the Chair and yield the floor.

Mr. BRYAN. Mr. President, I believe the record will reflect that the Senator from Nevada, pursuant to a unanimous consent agreement, has 30 minutes to speak. If I am misinformed, I would like to yield myself a part of the time at this point.

Mr. BUNNING. The Senator from Nevada.

Mr. BRYAN. Mr. President, I thank the Presiding Officer.

Mr. President, and my colleagues, when we are talking about the financial institutions and affiliates and nonaffiliates, and international banking transactions, those are concepts which most of my constituents, and I daresay most of the constituents of all of my colleagues, see as having very little relevance to their lives. There are not too many people in the country whose lives are dominated, lived on a day-to-day basis, with affiliate sharing of information or involved in major financial transactions.

Most of us have an insurance policy or two, and increasingly—about 50 percent—have diversified their portfolio to include stock ownership in some form or another. Most of us have bank accounts, and that is probably the extent of the average American family in terms of financial information. So I think it may be instructive if I put some context into this debate we are having.

We have experienced, in the decade of the 1990s, an extraordinary rapidity of change, if you will, in the way in which financial services—banking, insurance, and stock securities—are handled in this country.

We have also seen an enormous number of mergers across the board in American business. To some extent, it is almost a sense of déjà vu because at the end of the 19th century.

In the 1890s, we saw a tremendous consolidation of industry in the country. Many will recall that was a period of time in which we had vast industrial cartels and trusts. So there was an enormous concentration of wealth and power in some of these large industrial concerns that were just taking shape in the latter part of the 19th century.

In a sense, as the 20th century is coming to a close, that pace has quickened. The critics would say we are experiencing a sense of merger mania or merger frenzy. So many of the major financial institutions in the country are participating in that.

I just a couple of examples: Citibank and Travelers have come together; NationsBank and Bank of America—and I could point out countless hundreds.

What impact does that have on the average citizen in this country? I think it is fair to say, none of us really know.

The advocates for these mergers and consolidations are saying: Look, we will provide new convenience to the American public, we will have one-stop shopping for insurance and banking lives are less expensive; that more options will be provided. That may, in fact, be the case. I think none of us know for sure.

The critics raise the specter that this concentration of power, this enormous business combine that is taking place across the whole range of financial services, may not be good for the country; that kind of concentration of wealth, as we learned a century ago, may be bad for the public. I have not reached a judgment yet. I was fully prepared to support this legislation because I recognize another reality. Historically, from the 1930s, banking, insurance, and securities were separated in three discrete and separate categories: If you wanted to have a banking transaction, you went to the bank; if you wanted to get insurance coverage, you went to an insurance company; if you wanted to dabble in the stock market or wanted to buy gold, you went to a stockbroker.

That is the way most Americans have historically dealt with the financial services industry. That was as a result of legislation enacted after the great financial collapse of the Great Depression to protect against this consolidation of power that many thought was a contributing factor to the collapse of the financial industry in America in 1929. It is called Glass-Steagall.

So if that name comes up, that is what that means. I think that reality and fairness would dictate that the model which regulates those industries as three separate and discrete industries has no relevance today. Whether it should, whether we wish that was still the case, in point of fact, several things have occurred.

Court decisions, decisions by administrative agencies, have, in effect, torn the Glass-Steagall Act, no longer complies with the reality of the marketplace, that is fair and that is true.

So we need a new regulatory model, a new framework. This legislation has much to commend it. And it provides that regulatory framework. Essentially, we are saying in this legislation: Look, if you are providing an insurance service, you ought to be regulated by the same regulator, whether you are a small independent insurance office in Winnemucca, NV, or whether you are operating in the ionosphere of some of the major Wall Street concerns in the financial center of our country in New York City. That is called functional regulation.

So that is the background.

As I said, I had hoped to be able to support this legislation, I recognize it is not perfect, it is not a perfect bill, it is not a perfect world. The reality of this also has to be tempered by another reality, and that is the right of privacy. For more than a century, we have recognized in America the right of privacy. That right of privacy, as we know it today, is threatened and endangered by some of the marvelous technologies of our time.

Let’s talk about financial services for a moment in the context of that technology. It was not too long ago that if you wanted to make a bank deposit, you saw a teller, and he or she, by hand, posted, entered—there was kind of a carbon
sheet—the deposit in the record. If you were applying for insurance, you manually filled out papers; your insurance agent compiled all of this, and he kind of kept a carbon copy. Twenty years ago, when we got into Xerox capability, he had duplication capability. The whole thing was essentially true for securities.

What has changed all of that? Some very positive and powerful forces: Computerization. As a result of some software, it is possible to take data and profile it, whether you are a bank depositor, whether you are an individual who is an insurance customer, or whether you are a stock and bond owner and you have your account with a securities firm. Just a stroke of the key now can bring that data up. What does that mean?

It means that if I am a marketer and I want to get a profile of somebody who, say, has an average bank account balance of $50,000, no longer would it be necessary to go down to a green eye shade laboring in some dimly lit corner of some financial company to go through and pull the records manually. Today, a sophisticated software program can simply, with a key stroke, bring up that information. That information is very valuable. It is very comprehensive. Today, most Americans have an enormous amount of their personal financial data, the kind of thing that is very personal—their bank account balances, the kind of thing they are writing to and from, what kind of insurance coverages they have, their application indicating any health problems they might have—as part of a database. It is on a computer disk drive. What kind of stocks and bonds they have, what kind of certificates of deposit they may own and when they may come up—that database is there.

I think most of us have this vague concept that when we are dealing with our bank, when we are dealing with our insurance company, when we are dealing with our stockbroker, that stuff is confidential. Isn’t it? Isn’t that similar to talking with your lawyer about a legal problem or your doctor about a medical problem or even sharing with your local pastor, your rabbi, your minister, your religious advisor? Isn’t there a privilege there? It is kind of confidential. Certainly you, as an individual, think it is confidential. You certainly do not have any expectation that the information is going to be shared. If that was your expectation, I regret to tell you that you are wrong because today that information, even without this legislation—and I will talk about that—is freely exchanged.

It is big money. It is big information in the sense that individuals who share information—financial companies—share that information because they make substantial amounts of money as a result of that.

Let me give an indication in terms of what the U.S. Comptroller of the Currency has said: Most large national banks—this is without this legislation—sell customer account information to marketing companies. Those are the lovely people who call you at home during the dinner hour frequently or who inundate your mailbox with some type of solicitation. The U.S. Comptroller of the Currency says: Most large national banks sell customer account information to marketing companies, and the banks typically get 20 percent to 25 percent of the revenue generated by marketers. Some banks have generated millions of dollars in revenue from providing third parties with information on millions of customers, including name and address, Social Security number, credit card numbers—all of this according to a Ms. Julie Williams, chief counsel to the U.S. Comptroller of the Currency.

This enormous amount of financial information that is collected, which you give your bank, your insurance company, your security broker, is now being freely shared. It is valuable, and it is worth millions of dollars. That is the current law.

What about this piece of legislation makes the privacy concerns even more heightened? The advocates of this bill will say there are no privacy restrictions. One could say that the information is very true. Banks, insurance companies, security companies are now free to share this information. So they say: Look, we have some privacy provisions in there. We are taking some important protections. The advocates will say that is going to make it convenient for everyone. What it means is that a bank will now be able to own an affiliate, a sister company, an insurance company, and so that information from the bank and its sister bank or its sister insurance company or a security company, can now be freely exchanged.

We are talking about the large brokerage houses in America. We are talking about the largest banks in America. In effect, that information the banks were selling and making substantial amounts of money on, as was pointed out by the Comptroller of the Currency that this is a typical example of this result of this legislation, which will encourage the formation of these affiliates or sister banking, sister insurance, sister securities relationships, will expand exponentially. No question about that—cross-marketing, that is part of the intent. That is what drives this.

There are some realities of the marketplace we all acknowledge. So that information that is in your bank account now can move to an insurance company affiliate, one of the to a securities affiliate, the converse of that is true; it can move in the other direction. You have a stock account; that information can be shared with an affiliate that is an insurance company or a bank.

So this information that you would think—and I thought, until I became a member of this committee and became more familiar with the laws dealing with this financial professional, confidential is now going to be widely shared. And there are big dollars in this. That is why the privacy concerns are heightened, that more of this information is going to be shared with more people, without personal and private kind of stuff in your financial history, your health record, as reflected by any information on your bank account.

Now, what is happening currently before this new law? Let us talk about a couple of examples I think will prove to be particularly egregious. This is the kind of abuse that occurs.

In one case, a 90-year-old woman who had been a customer of a bank for more than 50 years—that would be a trusted relationship; I can assure you this woman would believe this information would be shared with others, but it was—was billed by a telemarketer for a computer product. She didn’t even own a computer. Before she died, it took her 11 months to get the telemarketer to stop billing her.

Let me point out, as has occurred during the course of our discussion, a situation with respect to the San Fernando Valley Bank. They sold a convicted felon 90 percent of the credit card numbers that the convicted felon used to run up $45.7 million in bogus charges against those customers. The bank sold that information to a telemarketer.

That is what is occurring now. Today, with this exponential expansion of sharing of information. Let me talk about U.S. Bank. U.S. Bank was involved in sharing some information, as well. That, too, posed some major concerns because this information was being sold to a telemarketer that offered such things as travel and health care products. The bank received nearly $4 million in commissions for selling this information to nearly a million customers. These things are occurring. Here is a situation where the information was in the name of one of the lovely people who call you at home during dinner hour but it is big money. It is big information.
sure what she could do with her money. Look up here. It says "David." He is one of these affiliates who is involved with a securities company. It says: "David, see what you can do. Thank you, teller 12"—whoever tells you. That information is then being shared with a securities company, and, undoubtedly, this lady received a call. She has absolutely no idea that anybody other than perhaps the closest members of her family know she has just come into some money and deposited $100,000. That is the kind of stuff that is occurring now.

The point I am trying to make is that if those abuses are occurring now—and that is only the tip of the iceberg—imagine what is going to be happening with all of these firewalls having been taken down and the affiliates sharing information.

There is one thing I did not make clear. I did point out that banks will be able to assist their affiliate that is an insurance company and wonder if those affiliates also own other companies, commercial firms that may sell a whole range of products, such as sporting goods, travel packages, vacation homes, you name it. So that is part of their business. Currently, with the affiliation sharing, all of that information moves downstream within the sister affiliate, which is a major concern in terms of these marketing efforts.

Now, let's talk about what the bill purports to do. I inquire, how much time I have remaining?

The PRESIDING OFFICER. The Senator from Nevada has 8 minutes remaining.

Mr. BRYAN. OK. We will try to do this quickly.

Let's talk about the expectation of what people think in terms of their privacy. I think this is an interesting number. The Wall Street Journal did a poll on what our expectations are and what we fear will happen most. Which one of you are you most concerned about in the next century? Loss of personal privacy, 29 percent. This is not done by some do-gooder, ultra liberal social think tank; this is done by the Wall Street Journal, which is the voice of American business. And 29 percent fear loss of personal privacy.

When you ask people, "Would you mind if a company you did business with sold information about you to another company?" 92 percent say yes. Yes, they mind. The American people care very much about that. They may not know the difference between an op-sub and an affiliate, or what a unitary thrift is, what a "whoopie" is. Those are all terms we have debated here. But they sure know what privacy is about.

"In the future, insurance companies and investment firms may be able to merge into a single company. If they do, would you support or oppose these newly merged companies internally sharing information?" That is what this bill permits.

Eighty-one percent say no.

Here are some headlines across America: "Banks Sell Your Secrets," USA Today. Los Angeles Times: "Privacy? Don't bank on it." Los Angeles Times: "Your Privacy Could Be a Thing of the Past." Let's talk about the bill because the bill provides minimal protection. First of all, it tells you the banks are required to post a policy of what their privacy policy is. Here is an existing web page with an existing bank in the country today:

Question 4: If I request to be excluded from affiliate sharing of information, will I be able to opt out of receiving information about me and my products and services with you will and will not be shared within your affiliated family of banks and companies?

That is the question. Here is the answer:

Answer 4: Even if you request to be excluded from affiliate sharing of information, we will share this other information about you and your products and services with each other to the extent permitted by law.

This web page would be perfectly appropriate and legal under the new law. All that is required is a posting of the policy. Now, if anybody in America thinks that is adequate protection for your privacy, I would like to talk about a little piece of property I have in New York called the Brooklyn Bridge, and we would like to talk about you buying it from me. Utterly absurd.

That is what is happening.

Now, there is absolutely no provision—none, zippo, nada, zero, nothing—that prevents the sharing of information from affiliate to affiliate. No privacy at all. That is freely exchanged; it is freely exchanged.

With respect to the third party, the nonaffiliate, we are told, yes, there is an opt-out provision; that is, you can let people know you want that not to be done. OK, that sounds fine, except there are two major, glaring exceptions. Those are the joint marketing agreements and joint marketing in which those provisions simply do not apply. So if the third party itself has a company that is involved in telemarketing, there is absolutely no prohibition against that information being shared. So in point of fact—and the USA Today, I think, has made a very telling commentary on that by pointing out that these provisions simply provide very little. I quote the October 28 edition:

A consumer's right to opt out of data-swapping arrangements is severely restricted. Consumers would not, for instance, be able to stop banks from sharing information with third parties that market a bank's own products; nor could we block data-sharing deals that involve products sold under joint agreements.

Further, it goes on to point out there is no protection against banks sharing information with financial or insurance companies they own. In fact, since the law would encourage such cross-ownership, a consumer's chance of stopping widespread information sharing is likely jeopardized.

I simply say for colleagues interested in privacy, receive no comfort, my friends—none—that these very transparent and illusory privacy provisions really provide much at all. They provide virtually nothing, no protection at all with respect to affiliate sharing.

I think the protection with respect to a transfer to a third party with those gaping loopholes—gaping—any attorney who has taken a single course in any kind of securities would easily be able to craft a loophole for his client that would make that activity perfectly permissible.

The bottom line of all of this is that those of us on the committee who offered an amendment which would have simply said, look, you have to provide every customer with the right to opt out; that is, to be notified that: Look, you have a right to opt out if you don't want this to occur, we are told, no, that would destroy the dynamics, the synergy of the marketplace; it could not happen.

Let me tell you, these very American companies—and they are premier companies and wonderful companies and successful, and as Americans we are vicariously proud of them—do business in Europe. But in doing business in Europe, the European Union requires the opt-out provision. And the same companies, the same management, the same citizens should not have that privacy; that it would destroy their opportunities in the market and the synergies of the marketplace to provide those same protections that those of us in common law sought to add to the European counterparts—you recall the U.S. bank situation. The attorney general of Minnesota took them to task. Guess what. As part of a settlement agreement that they entered into, they agreed as part of that settlement agreement to do what? To inform customers of the bank's privacy policy and to provide notice of customers' rights to opt out of the sharing of information with bank affiliates.

Think about that. U.S. banks as part of a settlement said they could do it and it would not compromise their ability to take advantage of the dynamics and the synergies of the marketplace. The largest and most successful financial companies in America that do business daily in Europe have agreed to be bound by those provisions, but they will not be bound by the provisions in this country.

So Americans have a very much depreciated right of privacy compared to their counterparts in Europe. I would simply say, why? Why? I don't know what the answer is.

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

Mr. BRYAN. Will the Senator yield to me an additional 5 minutes?

Mr. SHELBY. Mr. President, I yield to the Senator from Nevada an additional 5 minutes.

Mr. BRYAN. Mr. President, I will wind this up because the Senator from Alabama has shared this fight with the Senator from Nevada in committee and
Mr. President, I rise to voice my stringent objection to the conference report of the financial services modernization bill. While I believe we need to modernize the laws that govern this country’s financial system, I do not believe we should do so at any price. My colleagues should know this legislation comes with a very high price to the American people. In my judgment, the price is simply too high. Let me explain.

It is well known that there are some very good things in this bill, not the least of which is the repeal of two sections of the Depression-era Glass-Steagall Act which allow banks, securities firms, and insurance companies to affiliate. Congress has worked on this for many years. Under Senator Gramm’s leadership as chairman of our Committee on Banking, this much-needed change will soon become reality. I think that is very positive in the bill.

That being said, I think it should be perfectly clear that there remains Depression-era laws on the books, and I hope Chairman Gramm would be interested in working with others on the Banking Committee to repeal those laws as well.

In particular, I refer to the 1930s price control on business checking accounts. To the extent that we are modernizing this country’s financial laws, one would expect a complete elimination of this price control and allow small businesses across this country to receive interest on their checking accounts and enjoy the full benefits of financial modernization.

Let me talk just a few minutes on CRA expansion.

I also feel compelled to set the record straight on the flounder this afternoon on the Community Reinvestment Act provisions in this bill. Make no mistake about it. This bill expands—yes, Mr. President—this flawed and unfair Community Reinvestment Act. I know a great deal about this because I, along with Senator Gramm, killed this very bill last year because we were both opposed to the dramatic expansion of CRA in the bill at that time. I don’t understand what is different this year. I don’t understand why no one is willing to stand up and oppose the expansion of CRA when it is very clear that this bill does, indeed, expand CRA. Why exactly would the administration support the bill? Why else would Rev. Jesse Jackson support the bill? We all know why. The bill expands CRA.

On page 15 of the bill, my colleagues will see a provision entitled “CRA Requirement.” This provision says that “the appropriate Federal banking agency shall prohibit a financial holding company, or any insured depository institution from” commencing any new activity without “the prior written consent of its primary federal regulator.” Since these restrictions for falling out of compliance with CRA. This year, we have inserted a new and Draconian prohibition of conducting new activities.

If the institution that was CRA-compliant when elected to become a financial holding company then chooses to engage in a new activity, the regulator could then use the enforcement authority in section 8 of the Federal Deposit Insurance Act to impose civil money penalties on bank directors and officers. I am opposed to the maintenance requirement today, as I was opposed to the maintenance requirement last year. My position has not changed.

This expansion does not exist in current law today. If you have a certain bank charter, you can conduct all activities permissible to that charter whether you have a CRA-satisfactory record or not.

I believe we are making a grave mistake by expanding CRA. I am extremely disappointed because I know we have reached the point of no return. As conservatives, we will have no legs to stand on if and when we try to revisit this issue. My friends, we are, indeed, paying a very high price for this legislation.

Privacy is very important to all Americans. I pose a question to my colleagues: Does anyone know what issue brings together the American Civil Liberties Union, the Constitution, and Ralph Nader of Public Citizen to Phyllis Schlafly of Eagle Forum and the Free Congress Foundation? It is the bill before the Senate, the financial privacy provisions. All of these groups have formed an unprecedented coalition to oppose this bill. I would suggest that no one should support a bill based on the lack of privacy protections. That is the price the American people are going to pay—their privacy—if we pass this bill for only a few large financial conglomerates.

In an article entitled “Banks Sell Your Secrets,” USA Today reported:

Consumers across the USA have been shocked and upset to learn banks have been selling their private financial data, from account balances to Social Security numbers.

Phyllis Schlafly of the Eagle Forum is quoted:

The checks you write and receive, the invocations you pay and the investments you make are revealed as much as your personal diary, but instead of banks keeping your information under lock and key, it is being collected, repackaged and sold.

In September of this year, the Los Angeles Times reported that Charter Pacific Bank of San Fernando Valley, CA, sold 3.7 million credit card numbers to a felon who then allegedly ran up over $45 million worth of charges to the cardholders. It appears the felon and the bank customers found X-rated web sites the customers never knew about. How do these people explain that to their families, their neighbors, or their church members?
The USA Today also ran an article on October 28, 1999, entitled “Congress Passes Up Chance to Protect Your Financial Privacy.” Reporting on this specific bill before the Senate today, the article read:

Technology already has made it far easier for businesses to collect, share and sell warehouses of sensitive data on individuals. And the banking bill would encourage banks, insurance companies, and investment firms to link arms, making data swapping from a wide range of sources much easier.

That, my friends, is the point. We are about to pass this afternoon a financial modernization bill that represents industry interests in a big way. However, we have forgotten the interests of the most crucial market participant of all in America—the consumer, the American citizen. Under this bill, the consumer has little, if any, ability to protect the transfer of his or her personal nonpublic financial information. In fact, the so-called privacy protections in this bill are a far cry from the protection we give taxpayers on their tax returns. It is against the law for an unauthorized inspection or disclosure of an individual’s tax return. Violation of this law is punishable by fines, imprisonment, or both. The Internal Revenue Code even prescribes civil damages for the unauthorized inspection or disclosure of an individual’s financial information.

I assure Members these large financial conglomerates will have more information on citizens than the IRS, but we have done virtually nothing to protect the sharing of such nonpublic personal financial information for the American people.

Proponents of financial modernization will say the bill includes the strongest privacy provisions ever enacted by Congress. While that sounds great, the provisions are porous and do not provide the consumer with sufficient information to make an informed decision or the true ability to opt out of information sharing.

First, the opt-out requirement does not apply to affiliate sharing. This is significant because the bill allows financial holding companies to affiliate with entities engaged in activities that are “complementary,” to financial activities, as well as grandfather commercial enterprises and those acquired from merchant banking.

As a result, the holding company can share a wealth of nonpublic personal financial information with affiliated telemarketers selling nonfinancial products such as travel services, dental plans, and so forth. Should an insurance company be allowed to affiliate with a grocery store chain in order to track an individual’s diet? Nothing in this bill prohibits this relationship or sharing of that information.

Second, the bill includes an exception to the porous opt-out provision that allows two or more financial institutions to share their customers’ nonpublic personal information with telemarketers to market financial products or services offered under a so-called joint agreement.

While the financial institution must notify its customers about the sharing of that information, it does not have to provide customers with the ability to opt out of such information sharing. Furthermore, under the joint agreement provision, the nonaffiliated third party could then share the nonpublic personal information with its own affiliate. As a result, the opt-out provision provides no privacy protection at all.

For example, a financial institution could endorse a for-profit investment tip sheet service or stock day trading service targeting senior citizens. The financial institution could share confidential information with that tip sheet service or day trading service without affording the customer the right to opt out of it. To be more specific, the institution can give the tip sheet of stock picking or daily tips to third party telemarketers if the information is encrypted. Nothing in this bill says financial institutions are prohibited from giving the third party the key to unlock the encrypted information. In fact, that is common practice.

This exception completely eviscerates the prohibition of third party telemarketers selling personal information. How is that decision made? For example, the bill allows that. It is a way to get around it. Charter Pacific Bank in California claims they sell customer data files to merchants for data verification purposes, not marketing purposes. Therefore, the privacy provisions in the bill allow Charter Pacific to sell the customer account information to anyone, much less a felon, all over again.

As if that were not enough, all of a sudden new language has appeared in the conference report telling the regulators to allow for the transfer of personal account numbers to nonaffiliated third party telemarketers if the information is encrypted. Nothing in this bill says financial institutions are prohibited from giving the third party the key to unlock the encrypted information. In fact, that is common practice.

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The continued strength of the CRA means that hundreds of billions of dollars worth of mortgage and small business loans will be made in low- and moderate-income urban and rural communities in the next century.

The compromise contained in the conference report prevents a bank from moving into a new line of business if it does not have a satisfactory lending record under the CRA, while limiting the frequency of reviews under the CRA for small banks with a satisfactory or excellent record.

Mr. LEAHY. Mr. President, I rise today to speak in support of the Conference Report on S. 900, the Financial Modernization Act of 1999. As we prepare to enter the 21st century, it is critical that our laws governing financial services reflect the reality of the current marketplace and establish a sound legal framework that will carry us well into the new millennium.

This legislation will repeal the Glass-Steagall Act, a Depression-era law that separates the banking, securities, and insurance industries. The Glass-Steagall Act was originally adopted in 1933 to stave off another Great Depression.

While it clearly served its purpose back then, the law regulating our financial service industries is now sorely out of date.

The face of financial services has changed dramatically in recent years. We are already witnessing a marketplace at work that is producing new services offered by financial institutions of all shapes and sizes. But under current law, the financial firms are often forced to work around existing prohibitions on the coupling of different services, often incurring unnecessary costs to the ultimate detriment of the consumer.

Modernizing current law will make the financial services industry more competitive at home and abroad. This legislation will make it easier for banking, securities, and insurance firms to consolidate their services, allowing them to cut expenses and offer more products at a lower cost to businesses and consumers.

The Treasury Department has estimated that increased competition in the securities, banking, and insurance industry could save consumers as much as $15 billion annually.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. LEAHY. Mr. President, what is the purpose of this legislation?

The PRESIDING OFFICER. The Senate is considering S. 900 under controlled time.

Mr. LEAHY. How much time is remaining for the proponents of the conference report?

The PRESIDING OFFICER. Senator Gramm has 28 minutes; Senator Sarbanes, 23 minutes; Senator Shelby, 44 minutes; and Senator Dorgan, 19 minutes.

Mr. SARBAKES. Mr. President, I yield the Senator 5 minutes off the time.

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

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I am pleased to report that in my home state of Vermont, no banks, large or small, have received less than a satisfactory CRA rating. It is my hope that this legislation will encourage banks in other states to improve their community lending records. Enforcement of the CRA is a win-win situation for banks and neighborhoods across the country.

In addition, this legislation allows states to continue to regulate insurers, such as banks and other new financial entities, keeping this authority where it properly belongs. The Vermont Department of Banking, Insurance, and Securities has strongly supported its continued oversight of insurance sales by banks and other financial firms in my home state because of the agency’s experience and expertise, and I agree.

I am also pleased that the conferences did not include the medical privacy language included in the House-passed bill in the conference report. Senators Kennedy and Jeffords joined me in sending a letter on July 20 to the Chairman of the Senate Banking Committee requesting that this section be struck in conference.

This language had been inserted in the House bill under the guise of providing medical privacy protections, but it would do no such thing. The language actually would have created a laundry list of lawful uses of personally identifiable health information without any consent by the patient.

Moreover, the House-passed language was overturned when Congress did not meet the deadline for Congressional action included in the Health Insurance Portability and Accountability Act of 1996. I strongly opposed this wrongheaded approach.

I still have significant concerns about how this bill may negatively impact the privacy of individuals’ medical records. However, I believe the recent steps by the Clinton Administration to establish federal regulations governing some medical records of Americans is an important step forward.

And I will reaffirm something I have said over, and over again—this Congress must act on its own and pass a comprehensive federal law that will govern all medical records and all those who could have access to them.

Mr. President, I must also express my deep disappointment with conference report’s financial privacy provisions. Congress has missed an historic opportunity to provide fundamental privacy of every American’s personal financial information.

Our right of privacy has become one of the most vulnerable in the Information Age. We must master new threats to our individual privacy and security, and in particular, to our ability to control the terms under which our personal information is acquired, disclosed, and used.

But this conference report fails to give consumers the control over their personal financial information that every American deserves.

I am pleased that this conference report becomes law, new conglomerates in the financial services industry will begin offering a widening variety of services, each of which requires a customer to provide financial, medical or other personal information. But nothing in the new law will prevent these entities or affiliates of financial conglomerates from sharing this information for uses beyond those the customer thought he or she was providing it for.

For example, the conference report has no consumer consent requirements for these new financial subsidiaries or affiliates to sell, share, or publish savings account balances, certificates of
Act named after Senator Carter Glass from Virginia, and Henry Steagall, a Congressman from Alabama, the primary authors. It will allow banks and security underwriters to affiliate with one another. It also repeals similar provisions in other banking laws to allow banks to form banks of their own. It will permit many new kinds of financial services to be conducted within a financial holding company or a national bank subsidiary.

The bill also contains new provisions that will permit many new kinds of financial services to be conducted within a financial holding company or a national bank subsidiary. It will permit many new kinds of financial services to be conducted within a financial holding company or a national bank subsidiary. It will permit many new kinds of financial services to be conducted within a financial holding company or a national bank subsidiary. It will permit many new kinds of financial services to be conducted within a financial holding company or a national bank subsidiary. It will permit many new kinds of financial services to be conducted within a financial holding company or a national bank subsidiary.

The legislation will not support the legislation that is being proposed. The bill addresses a lot of issues. But it does nothing, for example, to deal with megabanks engaged in risky derivatives trading. I do not know if many know it, but we have something like $3 trillion in value of derivatives held by U.S. commercial banks in this country.

Federally-insured banks in this country are trading in derivatives out of their own proprietary accounts. You could just as well put a roulette wheel in your bank lobby. The bill that was offered amendments on the floor of the Senate when this bill was originally here to stop bank speculation in derivatives in their own proprietary accounts and also to take a look at some other problems. The bill that was offered amendments on the floor of the Senate when this bill was originally here to stop bank speculation in derivatives in their own proprietary accounts and also to take a look at some other problems. The bill that was offered amendments on the floor of the Senate when this bill was originally here to stop bank speculation in derivatives in their own proprietary accounts and also to take a look at some other problems. The bill that was offered amendments on the floor of the Senate when this bill was originally here to stop bank speculation in derivatives in their own proprietary accounts and also to take a look at some other problems. The bill that was offered amendments on the floor of the Senate when this bill was originally here to stop bank speculation in derivatives in their own proprietary accounts and also to take a look at some other problems.
not only those who vote for it and believe in it but for the American people who will eventually have to pick up the pieces—I hope this works.

Fusing together the idea of banking, which requires not just safety and soundness but the perception of safety and soundness, with other inherently risky speculative activity is, in my judgment, unwise. I do not usually quote William Safire. I guess I have done it a couple times on the floor of the Senate. I suppose we all look for things that are comforting to our point of view. But William Safire wrote a piece 3 days ago in the New York Times:

Americans are unaware that Congress and the President have just agreed to put us all at extraordinary financial and personal risk.

Then he talks about the risk. The risk of allowing the coupling of inherently risky enterprises with our banking system, that requires the perception of safety and soundness, I personally think is unwise. I do not denigrate those who believe otherwise. There is room for disagreement. I may be dead wrong.

It may be that I am hopelessly old-fashioned. But I do not think we should ignore the lessons learned in the 1930s, when we had this galloping behavior of people who believed nothing was ever going to go wrong and you could do banking and securities and all this together—just kind of put it in a tossoy and be just fine—and then we saw, of course, massive failures across this country. And people understood that we did something wrong here: We allowed the financial institutions, and especially banks in this country, to be involved in circumstances that were inherently risky. It was a dumb thing to do.

The result was, we created barriers again, as long as we bring bills to the floor that talk about financial services modernization.

I remember a couple of circumstances that existed more recently. I was not around during the bank failures of the 1930s. I was not arguing for the debate that persuaded a Congress to enact Glass-Steagall and a range of other protections. But I was here when, in the early 1990s, it was decided that we should expand the opportunities for securities and banks to do certain things. And they began to broker deposits and they took off. They would take a sleepy little savings and loan in some town, and they would take off like a Roman candle. Pretty soon they would have a multibillion-dollar organization, and they would decide that they would use that organization to park junk bonds in. We had a savings and loan out in California that had over 50 percent of its assets in risky junk bonds.

Let me describe the ultimate perversion, the hood ornament on stupidity. The U.S. Government owned nonperforming junk bonds in the Taj Mahal Casino. Let me say that again. The U.S. Government ended up owning nonperforming junk bonds in the Taj Mahal Casino in Atlantic City. How did that happen? The savings and loans were able to buy junk bonds. The savings and loans went belly up. The junk bonds were not performing. And the U.S. Government ended up with those junk bonds.

Was that a perversion? Of course it was. But it is an example of what has happened when we use a term called modernization, to forget the lessons of the past, to forget there are certain things that are inherently risky, and they ought not be fused or merged with the enterprise of banking that requires the perception of safety and soundness. Of course, the reality—but especially the perception—of safety and soundness.

Last year, we had a failure of a firm called LTCM, Long-Term Capital Management. It was an organization run by some of the smartest people in the world, I guess, in the area of finance. They had Nobel laureates helping run this place. They had some of the smartest people on Wall Street. They put together a lot of money. They had this hedge fund, and they had this fund. They had invested more than $1 trillion in derivatives in this fund—more than $1 trillion in derivatives value.

Then, with all of the smartest folks around here, and all this money, and an enormous amount of leverage, when it looked as if this firm was going to go belly up, just flat out broke, guess what happened. On a Sunday, Mr. Greenspan and the Federal Reserve Board decided to convene a meeting of corresponding banks and others who had an interest in this, saying: You have to save Long-Term Capital Management. You have to save this hedge fund. If you don't, there will be catastrophe. The hit will be too big.

You have this unregulated risky activity out there in the economy, and you have one firm that has $1 trillion in derivative values and enormous risk, and we are going to let it work. They are going to go go belly up. Who bears the burden of that? The Federal Government, the Federal Reserve Board.

We have the GAO doing an investigation to find out the circumstances of all that. I am very interested in this no-fault capitalism that exists with respect to Long-Term Capital Management. Who decides what kind of capitalism is no-fault capitalism? And when and how and is there a conflict of interest here?

The reason I raise this point is, this will be replicated again and again and again, as long as we bring bills to the floor that allow financial services modernization and refuse to deal with the issue of thoughtful and sensible regulation of things such as hedge funds and derivatives and as long as we are not performing. And the idea that we can connect and couple, we can actually hitch up, inherently risky enterprises with the core banking issues in this country.

I hear about fire walls and affiliates, all these issues. I probably know less about them than some others; I admit that. But I certainly know, having studied and read a great deal about the lessons of history, there are some things that are not old-fashioned; there are some notions that represent transcendent truths. One of those, in my judgment, is that we are, with this piece of legislation, moving towards greater risk. We are almost certainly moving towards substantial new concentration and mergers in the financial services industry that are almost certainly not in the interest of consumers.

And we are deliberately and certainly, with this legislation, moving towards inheriting much greater risk in our financial services industries.

I regret I cannot support the legislation. But let me end where I began because this is not one of those issues where I don't respect those who have a different view. I said when I started—I say as I close—there was a great deal of legislative skill exhibited by the financial services industry that are almost certainly not in the interest of consumers. And we are deliberately and certainly, with this legislation, moving towards inheriting much greater risk in our financial services industries.

I don't know whether I am right or wrong on this issue. I believe fervently that 2 years, 5 years, 10 years from now, we will look back at this moment and say: We modernized the financial services industry because the industry did it itself and we needed to move head and draw a ring around it and provide some guidance, some rules and regulations. I also think we will, in 10 years time, look back and say: We should not have done that because we forgot the lessons of the past; those lessons represent timeless truths that were as true in the year 2000 or 2010 as they were in the year 1930 or 1935.

Again, I cannot vote for this legislation. My hope is that history will prove me wrong and that this will not pose the kind of difficulties and risks I fear it will for the American people.

The final point: This has to do with the regulation of risky hedge funds, and especially the issue dealing with the value of derivatives in this country—$33 trillion, a substantial amount of it held by the 25 largest banks in this country, a substantial amount being transferred to the proprietors of those banks—we must do something to address those issues. That kind of risk overarching the financial institutions of this country one day, with a thud, will wake everyone up and lead them to ask the question: Why didn't we understand that we had to do something about that? How on Earth could we have thought that would continue to exist without a massive problem for the American people and for its financial system?
insurance, banking and securities industries will have a huge victory if we pass this conference report today. I do want to note that some of those Senators who helped to craft this legislation are among the very best Members of the Senate. While I oppose this measure, I certainly commend them for their dedication and hard work on this bill.

Nevertheless, with this legislation, this Senate is declaring the ultimate bank holiday—giving banks, insurance companies and securities firms a permanent vacation from the Glass-Steagall Act and other Depression-era banking law reforms. Advocates of this legislation will tell you that it is terrific for consumers, offering them one-stop shopping for all their financial and insurance needs. But the reality is far more complicated and far less appealing—it is likely to cause a merger-mania in the industry that could severely limit consumer choice and spur a rise in banking fees.

This conference report also raises serious issues about consumer privacy. Privacy advocates worry that it will give bankers, insurers and securities firms virtually unlimited license to share account data and other sensitive information. To put it all off, this legislation undermines the Community Reinvestment Act.

Higher bank fees, reduced consumer choice and fewer protections for low-income loan assistance—these don't sound very good to most consumers, Mr. President. But they sound good to the industries that will benefit from this legislation. This conference report is music to the ears of the industries that have been lobbying for these changes for decades.

And this lobbying campaign has left a trail of political contributions that is nothing short of stunning. A recent study by Common Cause put the political contributions of these special interests at $197.2 million in the last ten years. That is why I am going to take this opportunity to Call the Bankroll. This lobbying effort for so-called financial services modernization is truly breathtaking, because it combines the clout of three industries that on their own are giants in the campaign finance system, particularly the soft money system.

Together the power of their combined pocketbooks were a powerful force propelling this legislation through Congress. One of these industries, the securities and investment industry is a legendary soft money contributor, and I will just highlight a few such firms that have lobbied on behalf of this legislation.

Merrill Lynch has long called for banking deregulation. The company, its subsidiaries and executives gave more than $63,000 so far this year. Merrill Lynch was also a key part of the lobbying team on this issue. In fact the Washington Post reported that the company's chairman, along with several other corporate heads, made calls to White House officials the very night the conference hammered out an agreement on this bill.

Lobbyists lined the halls outside the room where the conference met to reconcile the House and Senate version of the bill, and as was noted, that is standard procedure on Capitol Hill. As usual, corporate lobbyists lined the halls, while the consumers who will bear the impact—and consumer advocates agree it will be an adverse impact—of this bill, were left out in the cold.

The banking industry was also there that night, of course, since this legislation is a bonanza for them too, revolutionizing the kinds of services that banks can offer.

Citigroup was there, and so was the presence of the more than $270,000 that Citigroup and its executives and subsidiaries gave in soft money to the political parties in the 1998 election cycle. That is a huge sum, Mr. President, especially for an election cycle in which there was not even a presidential election.

And in the current election cycle Citigroup is off to a running start with $293,000 in soft money from Citigroup, its executives and subsidiaries. That is almost $500,000 more than Citigroup, its executives and subsidiaries gave in soft money to the political parties in the 1998 election cycle, and more than $40,000 already in the current election cycle.

And let's not forget the insurance industry. They have a massive stake in this legislation, an interest that is well-reflected by the size of the industry's soft money contributions.

For instance, there is the Chubb Corp and its subsidiaries, which gave nearly $2.2 million in soft money contributions in 1997 and 1998, and has given more than $500,000 already in 1999.

There then is the industry lobby group, the American Council of Life Insurance, which also gave heavily to the conference with more than $315,000 in soft money contributions in 1997 and 1998, and more than $63,000 so far this year.

In the end, what do all these contributions add up to? They add up to tremendous access to legislators and broad influence over the process by which this legislation was crafted—access and influence that the average consumer can't even begin to imagine, let alone afford.

This is a serious problem, and I think everyone in this Chamber knows it. The American people certainly know it.

They think our votes are on the auction block, and who can blame them. Who can blame them, and more than that, who can show them why they should think otherwise?

That is a question I ask my colleagues, and I think we all know the answer.

Mr. MIKULSKI. Mr. President, I rise today to oppose the Financial Services Modernization Conference Report. While I oppose this legislation, I strongly commend the work of my senior colleague Senator SARBANES. Because of his efforts, this bill is far better than previous versions. It does not help low and moderate income and minority Americans to have access to capital, credit and financial services. Senator SARBANES also improved the privacy provisions of this bill.

Despite the significant improvements Senator SARBANES fought so hard for, there are still a number of what I call "yellow flashing lights" or warning signals that force me to oppose this legislation.

First, I am concerned that if we relax the rules about who can own and operate financial institutions, an unhealthy concentration of financial resources will be the inevitable result. The savings of the many will be concentrated by the few. The relaxation of regulations in this country, Americans will know less about where their deposits are kept and about how they are being used.

Marylanders used to have savings accounts with local banks where the teller knew their name and their family. We have already seen the trend toward mega-mergers, accompanied by higher fees, a decline in service, and the loss of neighborhood financial institutions. This trend is accelerated.

With a globalization of financial resources, the local bank could be bought by a holding company based in Thailand. Instead of the friendly teller, consumers will be contacting a computer operator in a country half-way around the globe through an 800 number. Their account will be subject to financial risks that have nothing to do with their job, their community, or even the economy of the United States. It is now understood that deglobalized financial services is not what banking customers want when we talk about modernization of the financial services.

Second, I am concerned that complex financial and insurance products will now be sold in a cluttered market by untrained individuals. Investment and insurance planning for families is a very important process. These are some of the most important decisions families make. They should be made with the assistance of certified professionals—whom the family can trust. By breaking down these fire walls and allowing various companies to offer insurance and complex investment products, we have shown that consumers will be confused, defrauded, and treated like market segments and not individuals with unique needs and goals.

Third, I am concerned about the privacy provisions in this legislation. While the bill offers some privacy protections for consumers, such as requiring financial institutions to provide
Mr. President, I am not opposed to a necessary reform of our financial services laws. But I believe the American people need greater protection before a global financial plan is enacted.

I am also concerned about the weakness in the bill concerning the Community Reinvestment Act. We need to keep the burdens of paperwork down, particularly for small banks. But, we also need to provide for effective teeth to prevent the passage of personal information with a person's private habits and circumstances. In this age where we have an explosion in the amount of information that is collected about people, I believe it is essential that we erect strong barriers that prevent the passage of personal information with a person's permission.

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And although some small steps have been made, like the notice provision which requires financial institutions to tell customers about their policies for disclosing nonpublic personal data and the provision which precludes stronger state consumer privacy laws from being preempted, I believe the steps are far too small.

I wish I could support this bill. As I said at the outset, I am a longstanding supporter of financial services modernization. I do not believe, however, the privacy of consumers should be, or need be, sacrificed for such modernization.

Mr. BENNETT addressed the Chair. The PRESIDING OFFICER (Mr. Voinovich). The Senator from Utah.

Mr. BENNETT. Are we in a quorum call?

The PRESIDING OFFICER. No, we are not.

Mr. BENNETT. I seek recognition then.

Mr. GRAMM. Mr. President, I yield 5 minutes to the distinguished Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah.

Mr. BENNETT. I thank the chairman of the committee.

I rise with my fellow members of the committee to express my delight at this particular piece of legislation and the fact that we have come to where we are.

I take note of the work of Geoff Gray, Linda Lord, Wayne Abernathy, and other members of the committee staff who have provided such tremendous support for this. They have been available not only to the chairman but to members of the committee as well in a way that has been tremendously helpful. I make that acknowledgment of their contribution.

I will focus for just a moment on the issues of privacy. Most of the other issues relating to this bill have already been aired and discussed. I don't need to add to that. But I have paid a lot of attention to the whole privacy issue for the last 3½, 4 years, primarily because of my interest in medical confidentiality. I am the prime sponsor of the bill relating to confidentiality of medical records and, frankly, have had quite an education in the whole privacy area as a result of that.

We are in a new world. That has become a cliche but, with most cliches, it happens to be true. We are in a new world where information is available at a level and a quantity that has never been the case before. Those who complain about this and want to go back to the anonymity of the pre-electronic age are wishing for something that is simply not going to happen. Those who call themselves "privacy advocates," who have attacked certain portions of this bill, are wishing for a world that is long gone.

The only question now with respect to the information that is available to us is not will it be available but, rather, how will it be responsibly used. One of the things that many of the privacy advocates ignore is the reality of the marketplace. Having been a businessman prior to coming to the Congress, I want to talk about that for a minute. The privacy advocates think Government must intervene on behalf of the consumer to make sure business decisions businesses that would somehow use the information available to them in a way to do damage to those consumers. I suppose there are some businesses that might be so foolish as to do that, but the real world of business recognizes that the only way they survive is on repeat business, and the only way they get repeat business is to keep their customers happy.

I remember, during the hearings, Congressman Markey raised some specters and gave us examples of abuses that banks had made of credit card information of some of their customers. I made the comment there, and I will repeat it here: If a bank did something that customers accused that bank of doing to one of its customers, I would change banks. I can solve the problem on my own very quickly. I don't need the Government to step in in that situation to protect me.

Furthermore, the bankers I deal with, such as the retailers and others that want to sell me something, are very anxious not to offend me. They are very anxious to keep me happy. So if they start using this information in a way that will improve the quality of that information in a way to service my needs better, they are going to keep me happy. If Government interferes with their ability to do that, Government will get in the way. On the other hand, if they—that is, the banks—use this information in a way I don't like, they jeopardize our relationship, and they jeopardize my business.

We must understand here in the Congress that customers are not the captives of the banks. Customers, as the Congressman Markey pointed out, are very anxious to keep me happy. I yield the floor.
Mr. LEVIN. I thank the Senator. Meaningful oversight by the SEC of securities transactions by banks is critical to the financial health of our economy. Functional regulation will help to ensure that confidence in our financial system continues.

Mr. President, I have a copy of a letter from the Chairman of the Securities and Exchange Commission Arthur Levitt to Senate Banking Chairman Phil Gramm in which Chairman Levitt "enthusiastically support(s) the securities provisions contained in the (chairman's) Mark" which eventually became part of the conference report. I ask unanimous consent that a copy of this letter be printed in the RECORD following this colloquy.

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

SECURITIES AND EXCHANGE COMMISSION,

Hon. PHIL GRAMM,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

Dear Mr. Gramm:

As you know, the Securities and Exchange Commission has long supported financial modernization legislation that provides the protections of the securities provisions contained in the proposed amendments to the Chairman's Mark that we agreed upon today will significantly strengthen the investor protections in the proposed amendments to the legislation that provides the protections of the National Bank Act that we have long supported financial modernization legislation.

I appreciate your willingness to work with us on these provisions to protect investors.

Sincerely,

ARTHUR LEVITT.

Mr. DODD. Mr. President, I rise to engage in a colloquy with the chairman of the Banking Committee. As the Chairman is aware, some legitimate concerns have been raised over the potential burdens imposed by the reporting requirements contained in section 711.

Am I correct in stating that section 711(h)(2)(A) provides that Federal banking regulators shall "ensure that the regulations prescribed by the agency do not impose any undue burden on the parties and the proprietary and confidential information is protected."

Mr. GRAMM. Mr. President, the understanding of the Senator from Connecticut is correct.

Mr. DODD. Mr. President, I also inquire of the chairman of the Banking Committee whether I am also correct in stating that the statement of managers provides that "the Federal banking agencies are directed, in implementing regulations under this provision, to minimize the regulatory burden on reporting parties. One way in which to accomplish this goal would be where it is possible and appropriate with the purposes of this section, to make use of existing reporting and auditing requirements and practices of reporting parties, and thus avoid unnecessary duplication of effort. The managers intend that, in issuing regulations under this section, the appropriate Federal supervisory agency may provide that the nongovernmental entity or person that is not an insured depository institution shall be required, and in keeping with the provisions of this section, fulfill the requirements of subsection (c) by the submission of its annual audited financial statement or its Federal income tax return."

Mr. GRAMM. The understanding of the Senator from Connecticut is correct.

Mr. DODD. I thank the chairman for his cooperation in this matter.

Effective Date of Title I

Mr. DODD. Mr. President, I rise to engage in a colloquy with the chairman of the Banking Committee. Mr. Chairman, the conference committee agreed to make the effective date of implementation of title I, except for section 1204, 1205 and the enactment of title II, 120 days after enactment. We reached this decision to provide the regulators with an opportunity to implement this legislation effectively. Am I correct in stating that it is the intent of the conferees that title I become effective 120 days after enactment, after which the agencies are not able to complete all of the rulemaking required under the act during that time?

Mr. GRAMM. Mr. President, the understanding of the Senator from Connecticut is correct. In addition, it should be noted that in some instances, no rule-writing is required. For example, new section 4(k)(4) of the Bank Holding Company Act, as added by section 103 of the bill, explicitly authorizes bank holding companies which file the necessary certifications to engage in a laundry list of financial activities. These activities are permissible upon the effective date of the act without further action by the regulators. The conferees recognize, however, that refinements in rulemaking may be necessary and desirable going forward, and for example, have specifically authorized the Federal Reserve and the Treasury Department to jointly issue rules on merchant banking activities. If regulators determine that any such rule-making is necessary, the conferees encourage them to act expeditiously.

Mr. GRAMM. Mr. President, I ask Senator Dodd to allow me his capacity as chairman of the Senate Banking Committee and one of the chief authors of the Gramm-Leach-Bliley Act that is before us today, to clarify a point about section 731 of the act. Is it correct that section 731 is not intended to affect banks, whom home office and authorized branch offices are not located in the State described?

Mr. GRAMM. Mr. President, that is correct.

Mr. DODD. Mr. President, I also inquire whether it is also Chairman Gramm's understanding that, notwithstanding section 731, national banks with interstate offices are in all events authorized under section 85 of the National Bank Act, as confirmed by the United States Supreme Court case, Marquette National Bank v. First of Omaha Service Corp., 439 U.S. 299 (1978), to export the interest rates of the bank, at which the consumer is located?

Mr. GRAMM. Mr. President, that is my understanding. I would add that national banks are also entitled to charge the rates of the host State of the interstate branch, as authorized by interpretations of the Comptroller of the Currency, where there is some nexus between the host state and the loan.

Amendment (section 507)

Mr. MACK. Mr. President, I rise to engage in a colloquy with my good friend Senator Gramm, chairman of the Committee on Banking, on section 507 of the Financial Services Modernization Act of 1999. I want to confirm that section 507 is intended to apply only to the amendments made by subtitle A of title V of the bill, and that section 507 is not to be construed, under any circumstances, to apply to any provision of law other than the provisions of subtitle A. For instance, subtitle A only applies to nonpublic personal information to nonaffiliated third parties. This means that section 507 of the bill does not supersede, alter, or affect laws on the disclosure of personal information among affiliated entities. In particular, section 507 does not supersede, alter, or affect the existing FCRA preemption of state laws with respect to the exchange of information among affiliated entities. I yield to my friend.

Mr. GRAMM. Mr. President, the understanding of the Senator from Florida is correct. Section 507 is intended to apply only to subtitle A of title V of the bill, and is not to be construed to apply to any provision of law other than the provisions of the subtitle. Thus, section 507 does not affect the existing FCRA provisions on that statute's relationship to state laws.

Mr. CRAPO. Mr. President, I respectfully request of the chairman that we engage in a colloquy regarding section 502(b), which describes the opt-out notice required by subtitle A.

I would like to clarify that a financial institutions' obligation to send an opt-out notice under this subtitle is satisfied when it has complied with notification requirements regarding privacy policies and practices under section 503, and the consumer is further given the right to direct that their nonpublic personal information not be disclosed to third parties. A separate opt-out notice need not be provided for each third party disclosure, provided that the consumer receives a prior clear and conspicuous
opt-out opportunity covering third party disclosures generally.

Mr. GRAMM. Mr. President, the interpretation of the Senator from Idaho on this point is correct. The intent of section 502 is to assure that consumers receive conspicuous notice of financial institutions’ privacy policies and practices, and to assure that consumers can direct that their nonpublic information not be disclosed to third parties. So long as consumers receive conspicuous notices that gives them a clear choice about whether or not that nonpublic personal information can be transferred to non-affiliated third parties, the opt-out choice need not be provided separately for each disclosure of such information.

INSURANCE COMPANY INVESTMENTS

Mr. BENNETT. Mr. President, I rise to engage the distinguished chairman of the Banking Committee in a colloquy on the ability of insurance companies to make investments that are treated as “financial in nature” under the financial Institutions Sub-committee.

Mr. BENNETT. Mr. President, I also inquire of the distinguished chairman of the Banking Committee whether I am also correct that the exception under which a holding company may routinely manage or operate a portfolio company after such companies are acquired by companies that, immediately prior to the acquisition, are related to the acquired company in any way that could result in a determination of whether or not an acquirer holds a controlling interest in a company?

Mr. GRAMM. Mr. President, I would be happy to yield to the chairman for a question.

Mr. BENNETT. Mr. President, I also seek clarification of the chairman of the Banking Committee that section 401 of the Gramm-Leach-Bliley Act is not intended to limit or otherwise affect the powers and authorities of grandfathered unitary thrift holding companies after such companies are acquired by companies that, immediately prior to the acquisition, engage only in the activities permissible for financial holding companies. Is that correct?

Mr. GRAMM. Mr. President, the understanding of the gentleman from Utah is correct.

Mr. GORTON. Mr. President, will the chairman yield to me for a question?

Mr. GRAMM. Mr. President, I yield to the distinguished chairman of the Financial Institutions Subcommittee.

Mr. HAGEL. Mr. President, inquirers of the chairman with respect to the provision in section 502(d) that prohibits the sharing of customer account numbers with non-affiliated third parties for marketing purposes, is it the intent that the third party be able to receive customer account number upon approval by the customer?

Mr. GRAMM. Mr. President, yes, that is correct.

Mr. HAGEL. Mr. President, I also inquire of the chairman whether, in fact, it is his expectation that the regulators will exercise their broad exemptive authority given in the legislation to allow for sharing encrypted account numbers if the customer has given his or her authorization?

Mr. GRAMM. Mr. President, yes, that is correct.

Mr. BENNETT. Mr. President, would the chairman please yield to me for a question?

Mr. GRAMM. Mr. President, I would be happy to yield to the chairman of the Financial Institutions Subcommittee.

Mr. BENNETT. Mr. President, I inquire of the distinguished chairman of the Banking Committee whether the managers felt so strongly that they chose to highlight this exemption for encrypted account numbers in report language. We would hope the regulators would use their exemptive authority. Isn’t that true?

Mr. GRAMM. Mr. President, yes.

Mr. HAGEL. This commonsense approach is consistent with consumer choice and willingness to give. We expect the regulators to use their exemptive authority to allow legitimate business practices that safeguard customer financial information to continue to operate and provide customers with greater choices of products and services.

Mr. BENNETT. Mr. President, I rise to engage in a colloquy with the distinguished chairman of the Banking Committee. It is my understanding that section 401 of the Gramm-Leach-Bliley Act is intended to prohibit acquisitions of grandfathered unitary thrift holding companies by commercial companies. Section 401 is intended to prohibit acquisitions of grandfathered unitary thrift holding companies by companies that, immediately prior to the acquisition, engage only in the activities permissible for financial holding companies. Is that correct?

Mr. GRAMM. Mr. President, the understanding of the gentleman from Utah is correct.
their mandate under this title to issue regulations. The deletion leaves the law silent on the issue of agencies issuing regulations outside of this title, and it should not be construed to mean that an agency now has a mandate under this title to issue regulations. Mr. President, does the distinguished chairman of the Banking Committee, Mr. Gramm, share this view of the provision?

Mr. Gramm. Mr. President, I agree with Senator Allard's assessments on these points.

Mrs. Feinstein. Mr. President, I rise to support the Financial Services Modernization Act. I would like to explain why I will vote in favor of this conference bill, but I also want to discuss one area where I feel this legislation falls significantly short—privacy. The financial modernization bill deserves the support of this body for several reasons:

(1) It reforms our antiquated financial services laws. By allowing a single organization to offer any type of financial product, the bill will stimulate competition and innovation in the banking, securities and insurance industry. It will increase choice and reduce costs for consumers, communities and businesses. According to Secretary Summers, Americans spend over $350 billion per year for fees and commissions for brokerage, insurance and banking services. If increased competition were to constrain profit margins of even 5 percent, they would save over $18 billion per year.

(2) By removing the barriers to competition, the act will also enhance the stability of our financial services system. Financial institutions will be able to diversify their product offerings—and therefore their sources of revenue. They will also be better able to compete in the global financial marketplace, which is rapidly changing. Though U.S. banks still maintain some of the highest numbers in assets, they no longer rank the highest among the world's top banks in profitability. The financial services modernization bill gives U.S. financial institutions the flexibility and expanded powers to stay competitive in the changing market.

(3) The conference bill benefits American communities by preserving the Community Reinvestment Act. I am pleased to see that the act requires that when banks receive a good track record in community reinvestment as a condition for expanding into newly authorized businesses. This is the first time that a bank's rating under the CRA will be considered when it expands outside of traditional banking activities. I am also happy to see that the act applies CRA to all banks without exception.

Despite these merits, there is one issue of great concern to many Californians and other Northerners—risk of privacy provisions in the legislation. As my colleagues know, financial institutions are currently permitted to document, profile, and sell our most personal financial information. Financial institutions share and sell social security numbers, addresses, information about what stocks we own, what checks we write, what we charge on our credit cards and how much money we transfer—the list goes on. Without the knowledge or permission of their clients, I believe Americans should have the opportunity to prohibit a financial institution from sharing or selling this personal financial information.

The bottom line is simple: Bank customers should have the final say in whether their bank sells or even shares their personal financial information. Regardless of whether that information is being shared with a financial institution within a bank's shareholders or company or with a third party. The consumer should decide who has access to this personal information. According to an October 21st USA Today article, U.S. Bancorp sold customer information to a telemarketing program. U.S. Bancorp customers began complaining that they were billed for marketing services they never agreed to. According to the lawsuit against U.S. Bancorp, the bank's customers were even contacted by the marketing service before the charges appeared on their statements.

In one case, the suit says, a 90-year-old woman who had been a customer of U.S. Bancorp for more than 50 years was billed for a program that offers discounts on computer products. The woman didn't own a computer. Before she died, she tried for 11 months to get the telemarketing firm to remove the charges from her credit card account. The legislation does not do enough to prevent this type of problem. In another example, the Los Angeles Times reports that a small San Fernando Valley bank unknowingly became the access point to a huge credit card scam. The bank sold 3.7 million credit card numbers to a felon, who then allegedly bilked cardholders out of millions of dollars.

Under the act, people applying for a mortgage will have no say over who has access to their personal financial data. If a person has been treated for an illness and paid for their medical tests with their credit card or personal checks, that individual's bank and insurance companies can share this information, without the knowledge or consent of the client. Tax information, insurance information, and records of medical tests they have purchased will be fair game for financial institutions. This sensitive information should be kept private—not shared between banks, insurance companies, and securities firms.

For 66 years—since the Glass-Steagall Act was enacted after the Depression to keep banks from being heavily involved in both banking and securities, the legislation worked. This bill breaks through that wall, by allowing financial entities to merge. This change, while beneficial to the industry, should not come at the expense of the consumer. Industry groups are opposed to privacy provisions—and go so far as to say that privacy provisions could make it tougher for them to fight fraud. It's not clear what happens when consumers are considering banks, typically get 20 to 25 percent of the revenue generated by the marketer. But a handful of financial companies already allow customers to restrict the use of private information—and still do so without billing them. American Express sends customers a notice once a year, asking customers if they want to receive product offers from American Express or outside merchants. Even if customers reject the offers, the company never gives detailed information about a transaction history. If American Express can protect its customer's privacy, why can't all financial institutions?

The conference bill includes only a weak privacy provision allowing customers to say no to their bank's disclosure of information to third parties—some telemarketers, I'm told, say this is a serious flaw in an otherwise very good bill. In fact, the language adopted by the conference authorizes financial institutions and third parties to enter into joint marketing agreements that would allow them to skirt the opt-out requirement. And the bill intentionally does not restrict the sharing of private financial information among financial institution's affiliates. I hope my colleagues will work with me in the future to see that Americans' privacy is better protected.

The Financial Services Modernization Act makes the most important legislative changes to the structure of the U.S. financial system since the 1930s. I believe the bill is good for the U.S. economy as well as our ability to compete in global financial markets. Despite my reservations about the privacy provisions in the bill, I support S. 900, and urge its adoption by my colleagues.

Mr. Kerry. Mr. President, I express my genuine appreciation to all of the members of the Senate Banking Committee for their hard work, commitment and dedication to resolving the tough and contentious issues surrounding the conference report that we are considering today. It is no exaggeration to suggest that this conference report represents more than 15 years of hard work and perseverance in tackling one of the most important issues in the new economy.

I support the conference report. However, I do so with some reservations about the way the final product was developed. The legislation could have included a number of important consumer protection provisions. For example, the legislation will pre-empt important state legislation prohibiting certain predatory lending practices. It is inexcusable that we have the ability to take away home owners being bilked out of thousands of dollars or, in some cases, losing their homes.
However, I believe enactment of financial modernization is a critical first step toward breaking down barriers to allow financial services companies to provide better services at lower costs to consumers and to help insure American taxpayers’ retention of savings and loan bailout. For example, recently the Federal Reserve Bank of Term Capital, a hedge fund, even though it was not a federally insured bank.

That is why I strongly supported including a provision that would have required large banks to back some portion of their assets with subordinated debt. Holders of this type of debt would have a strong financial incentive to monitor each financial institution’s level of risk to protect their investment. This approach could also serve as an early warning signal for regulators of banks that are engaged in risky activities. Unfortunately, this requirement was reduced to only a study. I will be working with my colleagues and with federal regulators to address this problem in the future.

I am also very disappointed that the conference report does not include acceptable language regarding mutual insurance companies. Many States currently have laws that restrict the hostile take over of a mutual insurance company that has been converted to a stock insurer. However, the conference report allows these state laws to be preempted “so long as such restriction does not have the effect of discriminating, intentionally or unreasonably, against an insured depository institution or an affiliate thereof.”

I believe that this language, as currently written, would allow only banks whose takeover attempts were denied by a state insurance commissioner to litigate. This law means that any state restriction of a banking organization’s attempts to takeover a demutualizing insurance company could be construed by a court as discrimination against the bank. I believe that this could lead to costly and time consuming litigation for every insurance company that attempts demutualization. Further, if the new language were to favor the word “discrimination” narrowly, this new language could essentially end the important state preemption provision for every insurance company that has recently converted to a bank.

I am also concerned about the provision included in the conference report that will allow mutual insurance companies to redomesticate to another state and reorganize into a mutual company or stock companies. I believe that this provision will allow some mutual insurance companies to move to states without adequate consumer protections and could endanger American taxpayers by providing a conversion from mutual to stock form. I am pleased, however, that the conference report includes the PRIME Act, which will provide an opportunity to lend a helping hand to those who need it most, so that they can fulfill their personal, family, and community responsibilities. Microenterprise development has
given many a chance to break the cycle of poverty and welfare and move toward individual responsibility and financial independence.

Specifically, the PRIME Act authorizes funding for technical assistance to give microentrepreneurs access to information on developing a business plan, record-keeping, planning, financing and marketing, which are crucial to small business development.

For instance, the conference report would also augment funds for valuable programs run by Working Capital, located in Massachusetts and a recipient of a Presidential Award for Excellence in Microenterprise Development in 1997. Working Capital currently offers a number of valuable programs to its microenterprise customers which could be augmented by additional funding under PRIME such as providing business credit to microentrepreneurs and providing microfinance programs.

I believe that we can and must do more to safeguard the financial privacy of every American. Every American deserves to control his or her personal financial information. I am concerned that the changes in technology and in the marketplace have diminished every American's ability to safeguard his or her personal financial privacy. The conference report gives customers of financial services companies only limited control over their personal financial information. Customers will now have to agree to third parties sharing their data with third parties and will require these institutions to provide notice to customers when they disclose financial information within an affiliate. Fortunately, the conference report does not preempt stronger state privacy laws.

I want to note for the Record that I supported stronger privacy protections that would have given every customer the right to see what financial information would be shared with affiliates or third parties. I also supported an opt-in standard for consumers whose financial institution provides their personal financial information to unaffiliated third parties. This provision was supported by 26 state Attorneys General and many others. I will be working with my distinguished colleagues including the Senator from Maryland Mr. SARBANES, as well as Senators BRYAN, SHELBY and many others to work to the best advantage of every American.

All throughout the consideration of this legislation, from the very first meetings of the Banking Committee, through floor consideration and the conference negotiations, Congressional Democrats and the Administration have insisted that the Community Reinvestment Act must be allowed to grow and adapt to the new circumstances of the financial industry. Despite the most aggressive, unformed, and sustained attack on that important law I have ever witnessed, I am happy to say that the new law will reflect this important goal.

The new law that, as a precondition for any bank to exercise any of the new powers authorized by this legislation, either de novo or through a merger or acquisition, a bank must have a satisfactory CRA rating. This test will be applied each time a bank seeks to take engage in a new activity, so that a bank will have to, as a practical matter, both have and maintain a satisfactory CRA rating to take advantage of the new law. Prior to this agreement, a bank could start up a securities affiliate with no regard to its CRA rating, so this new law is clearly a step forward. This is why Reverend Jesse Jackson and the Local Initiatives Support Corporation (LISC) support the CRA provisions in the bill.

I understand and share the concerns of some of my colleagues who believe that the conference report does not go far enough. Certainly, the alternative that and my fellow Democrats supported would have been more acceptable. However, I believe that this legislation clearly meets the objective of ensuring that CRA remains a central part of every financial institution's operations into the next century. The conference report would also require certain agreements between a bank and community groups made in connection with CRA to be fully disclosed and would reduce the frequency of CRA compliance exams for certain banks with less than $250 million in assets.

I am concerned that further attempts to weaken the Community Reinvestment Act will occur during the 106th Congress. Let me be absolutely clear: I have no objections to attempts to weaken CRA in any manner whatsoever. CRA is a fundamental tool to ensure that all creditworthy Americans, regardless of the neighborhood they live in, regardless of their race or circumstances, have access to the bank loans that are needed to buy a home or start a business. It is a law that breathes life into the rhetoric we all extol extolling the virtues of equal opportunity. We cannot and must not return to the days of poverty and desperation borne of bank redlining in too many communities across the nation.

Mr. GORTON. Mr. President, I expect the financial services modernization conference report will pass both the Senate and House with large majorities. It certainly unites strong support for this sweeping legislation, though I must register my strong displeasure and firm opposition to the punitive unitary thrift charter provisions included in this measure. The language approved by the conference committee and favored by the Clinton-Gore administration unfairly, unnecessarily and without compelling reason eliminates and restricts existing authorities and powers of the unitary thrift charter.

I am proud to represent a state where the thrift industry is thriving. Washington state thrifts manage over $200 billion in assets. It may surprise some to learn that the largest unitary thrift institution in the United States, is headquartered in Washington state. One does not expect a financial institution of this size to be based in Washington. Though, knowing this fact, one should not be surprised to find my use extolling the virtues of equal opportunity.
I support virtually all of the conference report’s modernization provisions: eliminating the 1933 barrier to the affiliation of banks, insurance companies and securities firms that will allow consumers greater choice at reduced costs; the compromise agreement reached between the Federal Reserve Board and Treasury Department on the regulation of operating subsidiaries; improving the Community Reinvestment Act; expediting Federal Home Loan Bank Act reform that will allow wider access for small business and farm loans; and the inclusion of privacy protections for consumers.

These provisions do contribute to the modernization of our nation’s financial services industry from the Great Depression era laws under which they have been operating. These changes represent positive advances for the future. Such is not the case with the unitary thrift language is regressive and punitive—a step backwards for financial modernization and a black-mark on an otherwise favorable bill. I sincerely regret that delusional fears about competition and implied mixing of banking and commerce under a unitary thrift charter have prevailed over fact and reason. Neither the FDIC or the primary regulator have identified any safety and soundness concerns during the three decades existence of unitary thrifts. Not one.

It is clear that this legislation unfairly treats Washington Mutual and other unitary thrifts, and for this specific reason, I have considered voting against the conference report to protest the injustice of the unitary thrift provisions. After listening to and speaking with Chairman Gramm to clarify the impact of the unitary thrift provisions, however, I concluded that I will support passage of the conference report. The unitary thrift provisions are completely contradictory to this legislation’s goal of modernization, yet I find the clarifying statement from Chairman Gramm to be of sufficient reassurance that I will not vote against this conference report.

Mr. MACK. Mr. President, I rise today in strong support of the conference report accompanying S. 900, the Gramm-Leach-Bliley Act of 1999. I want to begin my remarks today by congratulating Senator Gramm, my friend and the chairman of the committee. We would not be here without his hard work, dedication, and skillful negotiations. He deserves the lion’s share of credit for the fine bill we have before us today.

We are making history here. It has been 66 years since Congress passed the Glass-Steagall Act and went into the depths of the Great Depression. It has been at least twenty years since determined efforts began in the Congress to repeal this outdated law and modernize the country’s banking code. Today—finally—we have come to the end of the road.

As we stand on the verge of passing this bill, we have a great view both backward and forward. We can see a past in which the country’s financial services industry led the world despite an archaic code recognized by everyone to be insufficient. And we can look ahead into a future that offers the American economy and all the innovative products, better choices, information and service, and workable regulations that allow our financial firms to compete in the global marketplace to an even greater extent than today.

This much-needed legislation modernizing our nation’s banking laws is happening none too soon. I want to spend some time talking about the two reasons I believe we’re here. The first is the transformation of our economy over the past 20 years, and by extension the remarkable changes in our financial services sector. And the second is the tremendous impact of the technological revolution on the banking industry.

We are currently in the eighth year of the longest peacetime economic expansion in our history. When you look at the data, there is only one conclusion to draw: we are now reaping the economic benefits of the hard decisions we made back in the 1980s. Under the leadership of President Reagan, we dramatically reduced federal tax rates, began the rollback of burdensome and overlapping regulations, promoted openness to international trade and investment around the world, lowered interest rates, and defeated the inflation menace that crippled our economic competitiveness. In the 1990s, Congress completed the job by producing the first balanced federal budgets in a generation.

You cannot overestimate the impact of these fundamental economic victories on the prosperity the nation is enjoying today. One of my biggest concerns, as I think about the history of this era, is people will be left with the impression that President Clinton’s 1993 tax increases created this economic expansion. Nothing could be further from the truth. We must not forget the hard—and ultimately correct—decisions made on fundamental questions like taxes, regulation, interest rates, and inflation in the 1980s that freed up the marketplace and allowed American businesses to capitalize on their inherent advantages.

The country’s financial services sector has certainly shared in this prosperity. We have witnessed a revolution in the delivery of financial services during the 1990s as the traditional barriers between banking, insurance and securities began to come down. Freedom and our free enterprise system ensured that new financial products and alliance emanated from America to service the demands of the global economy. These products and alliance provide American businesses, investors, and consumers with greater choice and are more easily the capital they need to finance their hopes and dreams. As this new economic and financial dynamic became more clear, it was also apparent our existing banking code was outdated and in need of change.

As part of the new economy, it is hard to overstate the impact of the technological revolution on the financial marketplace. Last year, during hearings on the bill before us, Chairman Greenspan noted the financial sector:

"...is undergoing major and fundamental changes driven by a revolution, by dramatic innovations in the capital markets, and by the globalization of the financial markets and the financial services industry."

Indeed, the financial marketplace is changing with lightning speed. In September, we held a high-technology summit at the Joint Economic Committee. One of those who testified before our committee was a twenty-nine-year-old entrepreneur who created an electronic stock trading network. Nine of these electronic trading networks make up about twenty percent of the NASDAQ market and are posing a serious challenge to more traditional stock exchanges and markets. Mortgages and traditional banking services are available over the internet. And anybody who watches television advertisements knows a new generation of web-based businesses are transforming the traditional image—and, incidentally, the fee structure—of stock brokers and stock trading. These businesses and the many others who have gone online to challenge the existing orthodoxy are prompting sweeping changes in the financial marketplace. And they are creating yet another imperative for this bill.

As the American financial industry seized on technological advances to lead the world into new financial markets and new financial products, they awoke from their long slumber of lobbying wars and turf protection and realized it was in everybody’s best interest to pass this bill. If our financial firms are to lead the world into new financial markets, they must be able to compete from a position of strength. And they must compete from the foundation of banking laws that reflect the new realities of the world marketplace.

The end game on this legislation was by no means easy. During the eleven months we spent writing this bill, we had to continually strike careful balances between the broad, overarching goals of the bill and the temptation to address each and every provision. We had to continually strike careful balances between the broad, over-arching demands of the global economy. These demands are driving global marketplaces to change with lightning speed. The fast pace of change presents a difficult choice for policymakers. We are often too cumulative with the pace. One of the new economic dynamic is just not possible, and the resultant regulatory burdens would have stopped this financial revolution in its tracks.
In the bill before us today, we tried to embrace the following principles:

First, banks, insurance companies and securities firms should be able to enter one another's business and create a financial dynamic for the next century:

Second, new financial activities should be regulated by the regulator that knows them best.

Third, institutions should disclose to customers what they are doing with their sensitive personal information—both within and outside the financial firm. And customers should be able to stop these companies from sharing their information with third parties.

Next, new financial activities conducted through subsidiaries of banks should be conducted so as to ensure taxpayer guaranteed deposits are not threatened.

And finally, the burdensome regulations on banks with respect to community lending should not be increased as a result of what we're doing in this bill. There are sensible guidelines and I'm satisfied we've created the basis here for a safe, sound and flexible financial industry that will serve the interests of American consumers, investors and businesses well into the future.

As I said at the beginning of my remarks, we are making history here. A hundred years from today, I believe the primary thing people will remember about this Congress is that we finally did the right thing and passed this bill.

Mr. President, I would like to conclude my remarks as a personal note.

As I begin to recognize the reality that my service in the United States Senate will end in slightly more than a year, I find I am engaging in the occasional reflection.

During the last 12 years of my 18 years in the Congress, I served on the Senate Banking Committee—the committee responsible for writing and overseeing the laws of the land that regulate the banking and financial industry. This has been special to me because I spent the first sixteen years of my career in the banking business. It was work I enjoyed as the years went by. It was also work I found increasingly frustrating because of the stifling regulatory burden placed on banks by the federal government. It was for these and other reasons I left my position as President and CEO of my bank in Cape Coral, Florida and ran for the Congress.

I will not stand here today and claim the credit for the far-reaching and far-sighted bill before us today. My friend and colleague Senator GRAMM deserves the credit on the Senate side. I nonetheless feel a strong sense of pride and institutional accomplishment for the legacy we are leaving to the United States in passing this bill. It will benefit the people, the industry, and the economy as a whole and it is truly a document we can all be very proud of.

I urge all colleagues to support the conference report.

Mr. WYDEN. Mr. President, I have always been supportive of modernizing the outdated laws and regulations governing the financial services industry. It doesn't make sense to me to slap a regulatory straight-jacket on American financial companies and drive up costs for consumers while companies around the globe are able to compete unhindered by barriers. It seems to me that you can't compete in a 21st century global financial market using a playbook that was written during the Great Depression.

But I have also believed that financial services companies shouldn't come at the expense of consumer and community interests. In fact, back in May, I voted against the Senate version of this bill, as did 43 of my colleagues here in the Senate, because it would have devastated lending in rural and low income communities, and because it didn't adequately address the issue of consumer financial privacy.

Fortunately, this conference report is leaps and bounds better than the bill that passed the House here in the Senate several months ago. It won't allow financial institutions to participate in the new and improved financial market unless they maintain a good community lending record. And, while far from perfect, it also begins to address the issue of consumer financial privacy, which was virtually non-existent in the previous bill.

This bill requires financial institutions to disclose their privacy and information sharing policies to their customers. And in some instances—but not enough—it allows consumers to block these companies from sharing their private customer information with other companies. This is an improvement over the original Senate bill, and even an improvement over current law.

This is a good start on financial privacy, but it doesn't close the deal. The privacy provisions in the conference report are protection of privacy that the American people deserve.

There is a long way to go with respect to protecting the financial privacy of all Americans. While I am disappointed that the privacy protections in the bill are not as strong as I would like, I share the beliefs of several of my distinguished colleagues, such as Senator SARABANES and Senator LEAHY, that these protections can and must be further strengthened by legislation next year, and I intend to work closely with my colleagues to make sure this happens.

On balance, the conference report should be adopted, and I hope that the same forces that worked so hard to move legislative mountains and align political stars to make this legislation possible will work equally as hard with me and other Senators next year to give Americans the privacy protection they demand and deserve.

Mr. LIEBERMAN. Mr. President, I rise today to express my support for the Financial Services Modernization Act of 1999. The Financial Services Modernization Act of 1999 is landmark legislation that provides for a historic modernization of our financial services system. This legislation is the culmination of years of effort on the part of several Congresses, several administrations, and federal financial regulations. Passing this legislation will eliminate inefficiencies and unnecessary barriers in our economy that were created by the Glass-Steagall Act of 1933 and other laws passed generations ago.

With this legislation, the Congress recognizes the significant transformations taking place in our economy and its financial services sector. Through this Act, Congress makes the necessary and critical leap for our financial services sector to catch up with the realities of a marketplace and economy driven by an information technology revolution. The changes created through this legislation are in for consumers and at the same time will help them to make their choices more intelligently and efficiently by allowing for one-stop shopping for a multitude of financial services.

Specifically, by overriding sections of the Glass-Steagall Act, the act and other federal and state laws, this legislation will allow banks, insurance companies, and security firms to more easily merge or otherwise enter one another's businesses.

While allowing the industry greater flexibility to provide services, this legislation also protects consumer privacy by requiring financial institutions to create privacy policies and spell them out to consumers. These institutions will have to provide notice of how they share the financial information of their customers and with certain exceptions they would be prohibited from disclosing personally identifiable information to non-affiliated third parties without first giving consumers the opportunity to "opt out". The legislation gives regulatory agencies the authority to enforce those privacy protections.

Importantly, this legislation also retains key parts of the 1977 Community Reinvestment Act. Any financial services company that is out of compliance
with that Act would not be allowed to take advantage of mergers and other benefits outlined under this legislation. It is right that the Administration and others held fast to keeping a strong CRA component in this legislation. The CRA had worked actively to participate in our economy by providing them the ability to build assets and to access financial services.

This legislation is not perfect. Its implementation will need to be monitored over time. I will be paying particular attention to how this legislation affects both consumer privacy and CRA implementation. However, this legislation is good and long overdue. It provides balanced and strong protections for consumers and communities without diluting its intended financial services benefits.

Finally, I would like to thank those who have worked so tirelessly to do what so many others have tried and failed to do for the last 20 years. Through the hard work of the Senate Banking Committee members, including Senator Dodd of Connecticut and Chairman Gramm, their House counterparts, in conjunction with the Administration, particularly Secretary Summers and his staff, the financial services industry, and those representing the interests of consumers and communities, we now have legislation with compromise language that achieves a broad public purpose. We are now able to achieve the improvements to our financial services sector that have been needed for decades and that will effectively bring us into the next century.

Mrs. Lincoln. Mr. President, I rise today in support of the Financial Modernization Bill. After decades of unsuccessful tries, it appears that financial modernization legislation may finally become a reality. As we move into the next millennium, I believe it is important that the financial service structure in this country is up to par with the rest of the world so that American finance can continue to lead internationally.

The thing that impresses me the most about this bill, Mr. President, is not the strengthening of our national financial institutions that now compete on an even basis with their Euro-Asian counterparts. It is the fact that our American financial markets and allow this important sector of our economy to grow with the technology of the age. It’s not even that we will close the Unitary Thrift Loophole, or that we will maintain the Community Reinvestment Act to ensure that low income and minority communities in my home state of Arkansas will continue to have access to the capital needed to create jobs and increase incomes. What impresses me most, Mr. President, is the way we are going about these policies. When I vote for this bill later today, I feel like I will have weighed all the issues and had the opportunity to actually work to make it better for the people of my state. We deliberated, discussed, and fought over the merits of the legislation—not just parliamentary tactics. This bill was scrutinized by Senator SARBANES and Senator Gramm and by members of the Senate Banking Committee before it ever got to the floor. Before it was even put on the calendar, it was subject to the judgement and the intellect of these men, whose esteem I hold in the highest regard.

Mr. President, the Community Reinvestment Act is essential to efficiency in the financial services sector that have been out of date for decades. We choose to compromise our privacy with that Act would not be allowed to use it. The way we are going about this is to do so. We must make it better for the people of our state. We must not be tempted by the opportunity to maintain the Community Reinvestment Act or that we will lose it in the course of deliberations of this bill, in my opinion, it was subject to the judgement and the intellect of these men, whose esteem I hold in the highest regard.

Mr. Burns. Mr. President, I rise today to express my concern over the lack of adequate privacy protections in the financial modernization bill. We have heard that the sharing of information is essential to efficiency in the financial services sector. Personally, I believe that it is important that the business relationship that is essential to our banks and insurers is not only secure but fails to consider an individual’s rights to privacy. We need to establish rules to protect the privacy of a customer’s confidential information. No longer should we rely upon or expect the financial institutions to do this, as they are the very ones profiting from the sale of customer information. We must find a balanced system that protects consumers.

I assure my colleagues that we will very soon be revisiting this issue and that these deliberations will be prompted by constituents abused as a result of the loopholes contained in this bill. Bottom line, financial institutions should not be allowed to sell confidential personal information to ourselves. Americans need provisions which truly protect their privacy. Americans deserve this right, no less.

Mr. Lugar. Mr. President, I rise today in support of passage of the Conference Report to accompany S. 900, the Financial Services Modernization Act of 1999.

During my first term in the Senate, I served as a member of the Senate Banking Committee. It was a busy time for the Committee, we passed the Foreign Corrupt Practices Act, permitted for the first time interest bearing checking accounts, and agreed to the Community Reinvestment Act.

During those years, the Committee undertook the difficult tasks of restructing the finances for New York City and Chrysler Corporation. I am proud of the work we did on the Committee with these initiatives, and we made sure that the American taxpayers did not have to foot the bill for the restructuring of the debt. I am pleased that after all these years, we are on the verge of passing comprehensive reform that has bipartisan and Administration support. This bill will finally break down inefficient barriers between insurance, banking, and securities and allow United States financial services to compete on an even basis with their European and Asian counterparts.

Over the years, through regulation, court cases, and the development of the very people we must trust to conduct our business. Technology must be tempered with caution. Efficiency cannot be at the expense of personal privacy. Institutions should not have the license to exploit our information unless they allow us to opt out. Individual customers should not be forced to allow institutions to share their information by opting in. Customers should be given sufficient notice and choice to deny financial institutions from sharing or selling their nonpublic, personal, individually identifiable financial information. Americans must have the ability to say “no.”

This bill remembers the big financial institutions in this country, however, seems to forget the most important variable in the equation—the individual. This bill protects banks’ rights, but fails to consider an individual’s rights to privacy. We need to establish rules to protect the privacy of a customer’s confidential information. No longer should we rely upon or expect the financial institutions to do this, as they are the very ones profiting from the sale of customer information. We must find a balanced system that protects consumers.

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Over the years, through regulation, court cases, and the development of
new financial products, the line separating banking, insurance, and securities has been blurred. In recent years, banks have been selling insurance and mutual funds; brokerage firms have been offering customers money market accounts without checking their undersignatures. The market was dictating that the laws needed to be rewritten. I have always believed that the laws should be written by Congress, not bureaucrats. It has taken time to fine tune these changes and reach this bipartisan consensus. Congress has finally met this challenge.

Mr. President, over the course of the last five years, a lot of work and hundreds of hours have gone into perfecting this monumental legislation. I want to commend the Members of the Senate Banking Committee, representatives from the Administration and the Federal Reserve, and the financial community for crafting a consensus piece of legislation. It will open competition, while ensuring proper safeguards to protect consumer privacy and maintaining safety and soundness standards for federally insured financial institutions.

In a free market society, competition lowers prices and raises the level of customer service. I believe consumers will benefit from this landmark bill by giving them the choice of products and services offered by more market participants. I am pleased to have this opportunity to speak in support of the passage of this long overdue legislation.

I yield the floor.

Mr. DOMENICI. Mr. President, I rise in strong support of the conference agreement before the Senate today. There are few bills Congress has completed in my time here which will have a more profound impact on our economy than this legislation to modernize our financial services sector in recent years. The wave of bank mergers in the late 1990's has led to a situation where the assets held by the five largest banks in the United States now total $2.1 trillion. Five years ago, the top five only had $753 billion in assets.

In 1998, for the first time in many years, a U.S. bank is one of the top 100 largest in the world. From 1997 to 1998, U.S. banks in the top 10 in the world saw their assets grow by 23 percent, their capital base grow by 48 percent and their revenues increase by 36 percent. The United States has 8 of the top 10 securities firms in the world and 4 of the top 20 insurance companies.

With all of this financial strength consolidated in the United States, some may wonder why we need this historic new law. With the advent of the European Monetary Union, the combined gross domestic product of the nations in the Union is already equal to that of the United States. When the U.K. joins the Union, the combined GDP will be 10 percent greater than the combined GDP of the United States. United States firms need to be more flexible, allowing them to offer more products if they are to compete successfully in these new markets.

Currently, European laws are much more favorable for the financial services firms across the Atlantic to be better integrated than United States firms. Our laws need to keep pace. This conference report will allow our various banking, insurance and securities firms to compete through financial holding companies so that they may be even stronger competitors in the increasingly international financial services marketplace.

This enhanced efficiency is not only good for the United States' competitiveness in the international market, it is good for consumers. The Treasury Department estimates that every 1 percent point decline in the cost of financial intermediation could save U.S. consumers $350 billion a year.

This new law will allow consumers to enjoy cheaper access to capital and one-stop shopping at financial services superstores. Americans who want to borrow to buy a new car or a home, purchase insurance to protect that car or home, or invest in securities for the future, will for the first time under this new law be able to do all of that at one time, in one place and at a lower cost.

I want to commend the chairman for his diligence in attempting to address the abusers related to the CRA. This bill does not go as far as I know the chairman would like, but it is a good start for the unrelenting community groups out there who have not abused the CRA, let there be no confusion: when this law is signed by the President, there will still be a CRA and there will still be robust community lending across the United States. In fact, the law itself states that nothing in the conference agreement repeals any existing provision of the CRA.

What the bill does is provide regulatory relief to small banks which demonstrate that they have achieved at least a satisfactory CRA rating in their most recent audit. This will reduce the burdens related to CRA exams for 82 percent of all banks. And for the larger institutions in cities like Albuquerque, this new law will continue in the same manner as it does today. That is an eminently reasonable approach.

Finally, the bill allows a little sunlight to be shed on all CRA agreements between banks and community groups. Over the next ten years, banks have promised $350 billion in loans and payments to community groups under the CRA. This law will require full public disclosure of those agreements, and an annual accounting of how the money and other resources promised in the agreements were actually used. The public has a right to examine the costs and benefits associated with CRA agreements, and this will provide that public accountability.

Mr. President, I want to commend all of those who have worked so hard to finally get Congress to the point where this bill can become law. I am happy to support this bill, and look forward to the President signing it into law.

Mr. President, we have been debating the subject of banking in the Senate since the 18th century. We began to ask ourselves a question, could we have a national bank,
which Mr. Hamilton, of New York, thought we could do and should do. We created one. It had a very brief tenure. It went out of existence just in time that the Federal Government had no financial resources for the War of 1812. So it was reconstituted in 1816 for four years, and went out of existence just in time for the panic of 1837. We went through greenbacks. There must have been a wampum period. We went to gold coinage. Then a free coinage of silver. The next time we had a major currency reform was in 1896 for almost two decades, as farmers sought liquidity and availability of credit. Finally, at the end of the century of exhaustive debate, we more or less gave up and adopted what we now call the Federal Reserve System.

To say we debated this matter for a century is certainly true. For the last quarter century, we have turned our focus to the Federal Reserve. You are totally reaching for obscurity when you define an issue as we have done, and yet that seems to be the term with which we have to deal.

The issue of the nonbanking, or so-called investment banking, is a much more recent development, yet I believe that as we discuss the services that investment banks provide, the effect on the banking system is much like the effect on the country that it would have had if we had a Federal Reserve. It has eroded. Banks have found ways to do business—and as a reasonable sacrifice for keeping the surrounding communities strong.

I am told that there is a permissible—one stop—permissible concept that has been worked out on this matter. With this agreement in place, I can now support the bill. However, I urge the regulators to keep a close eye on the CRA provision and make sure that banks make loans where they are required to and keep investing in those communities that need it most.

I conclude on the question of privacy. No small matter. Consumers, rightly and justly as I believe, will want to learn what personal information will be shared among the newly affiliated companies. The bill places no restrictions on the kinds of detailed personal information—such as customer bank balances, credit card account numbers, income and investments, insurance records, purchases made by check or credit card—that can be swapped among them. A November 3, 1999, Times editorial addresses this matter.

In an electronic world where businesses can effortlessly collect, compile, and mine personal data for marketing and other purposes, consumers should have the right to control the spread of their financial information. Under current Federal law, consumers have almost no rights in this area. The bill adds some limited protections, but it does not go far enough. Particularly since conglomeration will greatly accelerate the sharing of private information in the financial sector.

As we move ahead with this bill and make substantial changes to the banking laws, we must make sure that privacy laws keep pace. This is much too important of an issue to be overlooked. I ask unanimous consent that the Times editorial, the March 17 Wall Street Journal editorial, and the Post March 4th editorial be printed in the RECORD. There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

Cities that were in drastic decline 20 years ago are experiencing rebirth, thanks to new homeowners who are transforming neighborhoods of transients into places where families have a stake in what happens. The resurgence is due in part to the Federal Community Reinvestment Act, which requires banks to re-invest in depressed and minority areas that were historically written off. Senator Phil Gramm of Texas wants to weaken the reinvestment act, encouraging a return to the bad old days, when banks took everyone's deposits but lent them only to the affluent. Sensible members of Congress need to keep their eye on the contact. The act was passed in 1977. Until then, prospective home or business owners in many communities had no chance to receive loans even from banks where they keep money on deposit. But according to the National Community Reinvestment coalition, banks have committed more than $1 trillion to once neglected neighborhoods since the act was passed, the vast majority of it in the last 25 years.

In New York City's south Bronx neighborhood, the money has turned burned-out areas into havens for affordable homes and a new middle class. The banks earn less on community-based loans than on corporate business. But the most civic-minded banks have accepted this reduced revenue as a cost of doing business—and as a reasonable sacrifice for keeping the surrounding communities strong.

Federal bank examiners can block mergers on grounds that banks need to achieve a satisfactory Community Reinvestment Act rating. The Senate proposal that Mr. Gramm supports would exempt banks with assets of less than $100 million from their obligations under the act. That would include 65 percent of all banks. The Senate bill would also dramatically curtail the community's right to investigate bank activities. Without Federal pressure, however, the amount of money flowing to poorer neighborhoods would drop substantially, undermining the urban recovery.

Mr. Gramm argues that community groups are "extorting" money from banks in return for approval, and describes the required paperwork as odious. But community organizations that build affordable housing in Mr. Gramm's home state heartily disagree. Mayor Ron Kirk of Dallas, Texas, and Mr. Gramm's home state heartily disagree. Mayor Ron Kirk of Dallas, Texas, and Mr. Gramm agree that "there is no downside to investing in all parts of our community."

In a perfect world, lending practices would be fair and the reinvestment Act would be unnecessary. But without Federal pressure the industry would retreat to the era of redlining, when communities cut off from capital withered and died.
have almost no rights in this area. The bill adds some limited protection, but it does not go far enough, particularly since conglomeration will greatly accelerate the sharing of private information to the financial sector.

The bill would require that a financial institution provide customers with general notice about its privacy and disclosure policy. But it would remain up to a consumer to share a customer’s personal information with affiliates of the company and with unaffiliated companies that sign marketing agreements with the customer’s consent and without giving the customer the right to object to having that information transferred.

The bill places no restrictions on the kind of detailed personal information—such as customer bank balances, credit card account numbers, income and investments, insurance records, purchases made by check or credit card—that can be swapped among affiliated companies. New regulations proposed by the Clinton administration on medical privacy would prohibit a health insurance company from disclosing medical records to a bank. But nothing in this bill would stop a bank or life insurance company, for example, from sharing equally personal information about customers.

The bill allows consumers to “opt out” of disclosure of information to affiliated companies. But that provision contains a big loophole. It would not apply if a financial institution enters into a joint agreement with another financial institution to sell market products or services. That means even corporate entities that have no business relationship with a customer could get private information without the customer’s consent.

Privacy advocates have argued that financial institutions should be required to get a customer’s consent before they transfer or sell personal information. But the banking lobby contends that getting affirmative authorization is too costly. At the very least, consumers who want to keep their records private should be allowed to opt out of having that information disclosed to others.

President Clinton has supported a strong opt-out provision, but in final negotiations in Congress the administration acceded to the loopholes that narrow the opportunities to opt out. Most consumers do not want their information transferred without their knowledge. They therefore they transfer or sell personal information. But the banking lobby contends that getting affirmative authorization is too costly. At the very least, consumers who want to keep their records private should be allowed to opt out of having that information disclosed to others.

The Senate today is scheduled to begin considering a bill that would remake the financial services industry, allowing banks and insurance companies and investment banks and insurance companies and investment banks to enter into joint agreements to sell market products or services. That means even corporate entities that have no business relationship with a customer could get private information without the customer’s consent.

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will. It is good for America's economy. It is also good for the broader economy.

Manufacturing, agriculture, and other sectors depend upon access to a vital growing financial services sector. Access to one-stop shopping is one of the key ingredients for financial success today. Because of this bill, greater efficiency in providing funds for expansion will exist, leading to greater investment, greater productivity, and a rising standard of living for America's working men and women. Access to financial opportunity is one of the key ingredients to success in the economy today. This legislation will ensure that the funds keep flowing from America's economy, making it more productive and more efficient for American workers and American shareholders alike.

This legislation is good for consumers. Not only will it be convenient, providing one-stop shopping for working men and women across our country, when they go to a single place and meet their banking needs, insurance needs, security investment needs, and others, but it will also lead to greater efficiency, lower interest rates, and greater access to credit. It will also lead to greater innovation in the new marketplace with greater competition. I foresee a day not too far removed when services that we can barely imagine today will be provided more conveniently and efficiently to Americans across our country.

Frankly, I approach this bill with some reservations as well. Some issues needed to be resolved or I would not be standing here today to express my strong support for this legislation. Foremost among these was the Community Reinvestment Act, an act that is necessary to guaranteeing access to capital for Americans of every walk of life, regardless of race, creed, or color. As I said when I previously took the floor on this issue, access to capital today is as important as access to electricity was in the 1930s or access to a telephone was in the 1950s or 1960s. I recognize that issue has been positively resolved in the course of our negotiations.

Second, the emerging issue of privacy is very important. I share the concerns of many Americans about what will happen to their most sensitive information in the new global marketplace. I am pleased to say that we have taken the first steps in this legislation to guarantee greater privacy for American consumers by requiring clear and plain disclosure about what information will be used within a company, and also allowing American consumers the right to opt out and prohibit companies that they do business with from sharing their financial information with third parties.

This is an issue we have only begun to really understand, and I continue to follow it in the days to come. If it should be the case that greater protections are necessary, I will be one of those who will help to lead the way and look forward to leading the way to ensuring that. For the time being, I am pleased with the provisions currently in the bill and am proud to say we are taking a significant step forward.

In conclusion, for 20 years, we have been able to implement a law that governs financial services that was first enacted in the 1930s. A long string of people who have preceded us in this body have attempted this and have not been successful. But thanks to the leadership of Senator Gramm and the leadership of Senator Sarbanes, the ability of all involved to come together and compromise for the well being of the American economy, the American consumer, and the future of our country, today we celebrate the historic achievement.

I intend to vote for this legislation. I urge my colleagues to do the same. Again, I congratulate all who have brought us to this important accomplishment.

Thank you. I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

Mr. Gramm. Mr. President, Senator Sarbanes and I have decided, giving people an opportunity to get here, that rather than try to conduct both of the votes of Senator Sarbanes will speak. Then I will close out.

Mr. Sarbanes. Mr. President, will the Senator yield for a moment?

Mr. Gramm. I am very happy to yield. Mr. Sarbanes. Both sides have tried very hard to canvass their members to see if anyone wishes to speak on this bill. At the moment, we have reached the point where we don't think there is anyone left to speak. The time for voting has been set for reasons of people having been drawn to other responsibilities. But if there is someone out there who wants a few minutes to speak on this legislation, now is the time. Otherwise, it is going to be closed out. We have tried very hard to offer all Members an opportunity to speak, if they wish to do so, on this conference report.

Mr. Gramm. Mr. President, let me agree with my ranking member to say that we have waited 40 years for this bill. We are not waiting any longer than 3:30. If someone wants to get over here and speak, they had better do it. It is always a little bit risky to try to sum up on a bill such as this that has been in the making for 40 years, a bill that overturns a piece of legislation that Franklin Roosevelt said was the most important bill ever passed by an American Congress.

Having listened to the debate, I have a few points in conclusion. First, there is often such a difference between reality and perception. I listened to some of my colleagues, especially those who oppose the bill, talk about special interests and what this special interest or that special interest got in this bill. I listened to some points in conclusion. First, there is nothing in this bill that sets out to benefit big banks in New York. I don't represent New York. I don't have any huge banks in my State. Long ago, other people bought out the big banks in my State. I have sought in this bill, and I believe the vast majority of all of our Members, have sought to promote the interests of the consumer.

This bill is about people who go to work every day and who borrow money on their homes. If someone can improve services to them, they want those services provided on a competitive basis where they are as cheap as can be produced and sold. That is what this bill is about. This bill is about people who want checking accounts and want insurance, and also the services, and other services, and also the services provided on a competitive basis where they are as cheap as can be produced and sold. That is what this bill is about.

This bill is about people who want the ability to do their banking, their insurance, their securities, their retirement on a competitive basis. It is about bringing together those forces.
We have been living with a system that was established during the Great Depression. I don’t think there is any reason now to go back and rehash why it happened. But one can make a strong case that the Depression was produced by the failure of the Federal Reserve. Milton Friedman made that case in the “Monetary History of the United States” and won the Nobel prize principally for that work.

Congress was frightened. They didn’t know what caused the Depression. There was an age of demagoguery. Probably the most demagogic statement that has ever been made in American history was made by the President of the United States, Franklin Roosevelt, when during the debate on Glass-Steagall he said:

The money changers have fled from the high seats in the temple of our civilization.

That statement is reminiscent of statements being made in Central Europe at the same time.

Congress didn’t know what caused the Depression. They were frightened. They didn’t know what to do so they passed a bill that I think one can argue historically was as punitive as it was prescriptive. It was aimed at one man, in some ways—J. P. Morgan—probably the greatest American of the early 20th century. We don’t know a lot about him because he never held public office, but he was probably the greatest American of the early part of this century.

In this era, we had a bill passed that basically forced an artificial separation of the financial sector of our economy. That bill, despite the fact its author within a year had concluded it was a mistake, has been the law of the land. In fact, Time magazine calls it the defining financial legislation of the 20th century.

We came here today to change the defining legislation of the 20th century. We came to bring logic back to the finance, and didn’t come here today to bring it back to benefit banks or to benefit insurance companies or to benefit securities companies. We came to overturn the most significant financial legislation of the 20th century because it is in the interests of the American consumer that it be overturned.

Let me touch on areas that will be much benefited by this that have been the law of the land. When we require in this bill, in a provision that was adopted in the conference, for example, that Members of the Senate conference, a disclosure in detail of what a bank’s privacy policies are, that gives consumers the most powerful tool that exists in a free society in protecting privacy, and that is if you do not like the bank’s policy, you can take your business somewhere else.

Second, we give consumers the power to opt out.

So these are important provisions. I think as we will be sure everyone is here for this vote, that these points needed to be made.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. FITZGERALD). The Senator from Maryland.

Mr. SARBANES. Mr. President, as we come to the closing moments of this discussion of the conference report, I want to recapitulate a few points.

First of all, I think it must be understood that changes are taking place in the financial landscape at the moment. They have been taking place over the last 20 years. In some respects, this legislation is an effort to create a statutory framework which will encompass the changes that have been happening and which it is reasonable to assume will continue to happen, even if we do not have legislation.

So many of the connections and the relationships about which some have expressed concern in the course of the debate—because they see legislation as permitting them to have happened right now and will continue to happen. But they are happening without a rational legislative framework,
without the Congress, in effect, having made judgments as to what the structure of the system is going to be, without the actors within the system knowing exactly what the rules are, and having the security that comes from knowing that they are operating within a defined environment. I stress that because some have raised it in the course of the debate. Let me say in that respect I think we have had a very good debate on this conference report if I may say so. I thank those of our colleagues who have spoken because of the depth of the perceptions and understanding they have brought to this debate. I think what transpired last night and today has been in the better traditions of the Senate.

The marketplace in many respects has influenced the need for this legislation. Securities firms have been offering bank-like products. Banks have been offering insurance-like products. Both of these trends have influenced the need for this legislation. Securities activities have been taking place in the marketplace but without a statutory framework within which it clearly functions. These developments have now been going on for more than two decades. We have been wrestling in the Congress for approximately that length of time to see how to revise our laws concerning financial services in order to update them. We are about to accomplish that today.

This is a risk that is present in the situation. We have confronted it in the past with respect to various financial institutions. We get the moral hazard question: Institutions which assume they have reached the size that they then become too big to fail have less of a constraint upon them in terms of their activities than smaller institutions because they begin to operate on the assumption that no one is going to require them to bear the consequences of their imprudent activities. There have been occasions, of course, in the past when regulators have said we simply cannot allow this institution to bear the full consequences of its bad judgments because if we do that, it will have an impact upon the financial system as an entirety; therefore, we need to work out ways in which we can address that question with respect to these large financial mergers and acquisitions which, of course, are going to happen under this legislation. Of course, they were already happening. What the legislation does is put a framework around this activity which will enable the regulators to exercise much more careful oversight. It is preferable to have a framework developed by the Congress, not on an ad hoc basis by one regulator or another regulator, not in situations where some perceive that regulators are being competitive with one another in how they deal with the financial services sector. If we can have a responsible statutory framework established by the Congress which is contained in this legislation that is now before us, it will contribute to the safety and soundness of the financial system. This legislation better enables us to maintain the separation of banking and commerce.

There are important consumer protections including some protections about which the Securities and Exchange Commission was concerned, and the legislation that has been developed has the very clear support of the Securities and Exchange Commission. The recusal of the Community Reinvestment Act, and we have given banks the choice to conduct their expanded activities either through a holding company or, to a limited extent, through a subsidiary. This is the issue of the Federal Reserve and the Treasury in deep discussions with one another, and in the end I believe they resolved that satisfactorily.

Let me also observe that this rational legislative framework we are putting into place provides for the future evolution of the financial services industry. People will have the security of knowing what the playing field is, something they did not have today with assurance. Nowadays, they go to a regulator and get permission to engage in an activity. The next thing they know, they are in court, and then the case has to wind its way through the court system. They may either be upheld or turned down.

No one is quite sure what they are permitted to do and what they are not permitted to do. People are constantly testing the edges of this. The regulation is in some respects some instances we have overlap, and in other instances we seem to have no overlapping at all—in fact, a vacuum—in terms of overseeing these activities.

With this conference report and this legislation which represents a major change—there is no doubt about that—these are far-reaching and difficult public policy issues. They have not been solved for so long because they are so reaching; the marketplace has had to address balancing the needs and concerns of the consumers—which, after all, ought to be one of our prime objectives—with a necessity of accommodating to new technology and new ways of doing business and the nature of the competition we are facing from abroad.

In the course of working through this, it has been an extremely interesting process. I take considerable satisfaction from the fact that in working with the chairman and with many others, we have been able to go from a position where we had a bill that, when it...
left the Senate, was vehemently con-
tested to where we now come back with a
conference report that most of us, if
not all, can join in supporting and com-
mending to our colleagues.
I recognize some of the points that
were made by some who were ap-
prehensive about the future. I think
those are reasonable arguments. They
are arguments we considered. They
were factors with which we had to
wrestle. But I am hopeful that what we
are doing here will represent a very im-
portant first step in the workings of the
financial services industry, in the
protections for our consumers, in giv-
ning us a rational statutory framework,
and in enabling the regulators to do
their job.
It sustains the relevancy of the Com-
modity Investment Act, which has
been so important for some of the
movement of capital into low- and
moderate-income communities in this
country. It has made such a difference.
It is important that we recognize it as
an important first step on the privacy
issue. We have tried to safeguard the
ability of State regulators to participate. On
privacy, States can continue to enact
important first step on the privacy issue.
On control of commercial companies through
institutions to affiliate with
commerce. The bill strictly limits the abil-
it establishes new safeguards to prevent
disclosure and reporting of CRA agreements.
We believe that the legislation and its legis-
are made here by some who were ap-
makes it represents the American
legislative process at its best. It has re-
resulted from an effort to reach a
logical conclusion than to satisfy vari-
ous special interest groups. In that
way, the bill is not unique but it is differ-
ent. But the question is not how proud we
are of this bill today. The question is,
How will it look 50 years from now
when it has gone from infancy to matur-
ity? Obviously, after setting out a dra-
matic change in public policy, it is fair
to set out a test for determining its
success. How will people judge whether
we were successful in passing this bill
today? My test is, What are we trying
to do in the bill? Are we trying to ben-
fit banks or insurance companies or
security companies, or are we trying
to benefit consumers and workers? The
test that I believe we should use— the test I
hope the people looking at this bill years in the future
will use—is, Did it produce a greater
diversity of products and services for
American consumers? Were those prod-
ods better? And did they sell at a
lower price? I think if the answer to
those three questions is yes, then this
bill will have succeeded.

I believe today we are changing fi-
nancial services in America to reflect
that we do have a new century coming
and we have an opportunity to domi-
nate that century the way America
dominated the last century.

Mr. GRAMM. Mr. President, it would
be my objective to speak and end by
3:30 and we would have the vote.

Mr. GRAMM. Mr. President, success is
claimed by a thousand parents. And
today there are a lot of people who can
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the bill, you have to ask yourself, Will people in the future be trying to repeal it, as we are here today trying to repeal—and hopefully repealing—Glass-Steagall? I think the answer will be no. I think it will be no because we are doing something very different from Glass-Steagall. Glass-Steagall, in the midst of the Great Depression, thought Government was the answer. In this period of economic growth and prosperity, we believe freedom is the answer.

This is a deregulatory bill. I believe that is going to be the wave of the future. Although this bill will be changed many times, and changed dramatically as we expand freedom and opportunity, I do not believe it will be repealed. It sets the foundation for the future, and that will be the test.

So I am proud to have been part of this. I am proud to have worked with everybody as part of the process. It has been interesting and Government at its best. I so believe one of the reasons we run for public office is to get a chance to do things such as this. I am glad to have had an opportunity to play a part and urge all of my colleagues to support this dramatic move into the future.

Mr. DASCHLE. Mr. President, I rise to express the view of the Chair. The PRESIDING OFFICER. The Senator from Nebraska.

Mr. SARAH. Mr. President, is there time remaining? I yield the Senator 3 minutes if there is.

Mr. KERREY. Mr. President, I will be done by 3:30.

I intend to vote for this legislation. I congratulate the parents of the bill: Senator Gramm, Senator SARBANES, and others, who worked very hard. This was not easy to do.

I agree, it is Government at its best. I believe this is very much proconsumer. There is nothing more frustrating than trying to do a financial transaction and being told: I would like to be able to do it, but I can't. We have been limiting our individual capacity to develop our economy, to pursue the American dream, and do all other sorts of things that make America such a great country.

I appreciate very much the effort made to make certain there is still good regulatory oversight. I have no doubt that safety and soundness considerations will be taken into account. I think the concerns that we are going to have a meltdown such as we had in 1929 are concerns that are dramatically overblown, given the strength both of the Treasury and the Federal Reserve in this legislation.

So I appreciate very much the hard work and diligence of the chairman and the ranking member because I believe our economy and our people will benefit from it.

I am thankful as well—I do not know if the Senator from Texas is—that the unitary thrift provision is limited in this legislation. The Johnson-Kerrey amendment that passed on the floor might have been a bit difficult, but I think it is an important provision. I like the provisions for community re-investment. I think it is a terrific compromise. My small banks have been asking for regulatory relief that provides it. I think the sunshine provisions are quite important. I look forward to seeing where this money and how this money is being spent.

On the issue of privacy, you have improved current privacy protections, better than what we have under existing law. I may have my own interest in privacy, and my concern about privacy increased as a consequence of examining this bill. I hope to participate in a bipartisan effort to give the American people the kind of privacy protections that American citizens both expect and deserve.

Again, I congratulate and thank very much the chairman and ranking member. It is a very important piece of legislation. People were predicting you were not going to get the job done. I hope you enjoyed the pizza that night when you stayed up very late to finish your work. I am grateful you went the extra mile. There is no doubt in my mind there is going to be a positive causal effect between this bill and the health of the U.S. economy.

Mr. DASCHLE. Mr. President, this legislation has been a long time coming. Many, including this Senator, consider it long overdue. It is historic in magnitude.

It has been described, appropriately, as a new “Constitution” for financial services for the 21st Century. Because of its importance, it has been hard fought. But we can be proud of the final product. It will foster a continuation of the extraordinary economic growth this nation has seen in the last seven years.

Most importantly, it offers new opportunities for benefits for American consumers. It allows for “one-stop shopping” for an array of financial services. Americans will be able to conduct their banking, insurance and investment activities under one roof, with all the convenience that entails.

By allowing a single company to offer an array of financial products, this bill will stimulate competition, leading to greater choices and reduced fees for consumers and businesses alike. New companies will create innovative new products.

It is important to remember how far we have come to reach this historic moment. Congress has been trying to pass a bill along these lines for 20 years. We came extremely close in the last Congress, but it fell apart in its waning moments over disagreements about the Community Reinvestment Act.

Again in this Congress, the bill saw tough votes. In the Senate, it passed by a very large vote both in committee and on the floor.

Because of the deep commitment of Democrats to enactment of this legislation, we did not give up. We introduced an alternative bill that could garner bipartisan support. And I am proud to say that this conference agreement embodies all of the principles that we advocated in our alternative bill.

We do not need to surrender our beliefs to support of this bill, because it adopts our positions on every major issue. Best of all, these victories mean that the President can sign this bill into law, so it can deliver financial products and services to all Americans for many years to come.

Our positions prevailed right down the line. Our position prevailed on banking and commerce: this bill strictly limits the ability of thrifts to affiliate with commercial companies, closing a loophole in current law.

Our position prevailed on operating subsidiaries: the bill allows banks to choose whether to conduct new activities in either a financial subsidiary or an affiliate. They can choose whatever form best suits their customers’ needs.

Our position preserved state consumer protection laws: the SEC retains the ability to protect consumers when banks sell securities products, which was a major concern of SEC Chairman Levitt. The agreement also preserves important state consumer protections: the SEC retains the ability to protect consumers when banks sell securities products, which was a major concern of SEC Chairman Levitt. The agreement also preserves important state consumer protection laws governing insurance sales, and prohibits coercive sales practices.

Our position prevailed on the Community Reinvestment Act: CRA is preserved under this bill. The agreement addresses our greatest concern by requiring that banks have a good track record on lending within their own communities before they can expand into newly authorized businesses.

Our position prevailed on operating subsidiaries: the bill allows banks to choose whether to conduct new activities in either a financial subsidiary or an affiliate. They can choose whatever form best suits their customers’ needs.

Our position preserved state consumer protection laws: the SEC retains the ability to protect consumers when banks sell securities products, which was a major concern of SEC Chairman Levitt. The agreement also preserves important state consumer protections: the SEC retains the ability to protect consumers when banks sell securities products, which was a major concern of SEC Chairman Levitt. The agreement also preserves important state consumer protection laws governing insurance sales, and prohibits coercive sales practices.

We do not need to surrender our beliefs to support of this bill, because it adopts our positions on every major issue. Best of all, these victories mean that the President can sign this bill into law, so it can deliver financial products and services to all Americans for many years to come.

Our positions prevailed right down the line. Our position prevailed on banking and commerce: this bill strictly limits the ability of thrifts to affiliate with commercial companies, closing a loophole in current law.

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The PRESIDING OFFICER. The clerk will call the roll.

Mr. SANTORUM. Mr. President, I ask unanimous consent that the third period be allocated to the Senator from Florida. Mr. SANTORUM. Fifteen minutes for the Senator from Florida.

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

MORNING BUSINESS

Mr. SANTORUM. I ask unanimous consent there be a period of 30 minutes for morning business, with the first 10 minutes allocated to the Senator from Washington and the second 5 minutes to the Senator from Mississippi. Mr. GRAHAM. Mr. President, I ask unanimous consent that the order of business be changed to accommodate the Senator from Florida.

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

WASHINGTON STATE TRAGEDY

Mrs. MURRAY. Mr. President, this is a difficult subject. Many of the people of my home State of Washington, yesterday spent a lot of time last night talking with my neighbors, my family members, and local officials in Seattle. Like me, they are all trying to make sense out of something that makes no sense—yes, a far higher cost. It is a far, far higher cost than any of us can afford. It is a far, far higher cost than any of us can afford.

Mr. President, this is a difficult subject. Many of the people of my home State of Washington, yesterday spent a lot of time last night talking with my neighbors, my family members, and local officials in Seattle. Like me, they are all trying to make sense out of something that makes no sense—yes, a far, far higher cost. It is a far, far higher cost than any of us can afford. It is a far, far higher cost than any of us can afford.

I said to my colleagues, I would love to work with anyone from either side of the aisle who wants to take the time to really talk about our country's facing. There are many factors. People are over-stressed; violence is pervasive; weapons are easy to get. It is a flammable combination.

I say to my colleagues, I would love to work with anyone from either side of the aisle who wants to take the time to really talk about our country's facing. There are many factors. People are over-stressed; violence is pervasive; weapons are easy to get. It is a flammable combination.

The country is looking for leaders who will work together on this. I say it is time to try. I invite anyone who wants to work with me to let me know.
I certainly am one mom who has had enough.
I yield the floor.
Several Senators addressed the Chair.
The PRESIDING OFFICER. The Senator from Mississippi.

NATIONAL MISSILE DEFENSE AND THE ABM TREATY

Mr. COCHRAN. Mr. President, recent comments by several Russian Government officials about the Anti-Ballistic Missile Treaty and our plans to deploy a national missile defense are very troubling to me. For example, the Russian Foreign Minister, Mr. Ivanov, was quoted last week as saying:

"...cannot be any bargaining with the Americans over the anti-ballistic missile defense.

This may be a clever negotiating tactic, but it is not a very productive one. It unnecessarily pushes the United States to make a choice between defending ourselves against limited ballistic missile threats and withdrawing from the Anti-Ballistic Missile Treaty. We have already decided, by the adoption of the National Missile Defense Act, that we will defend ourselves as soon as technologically feasible against limited ballistic missile attack. We should not be forced to withdraw from the treaty.

The Russians should understand that our system is directed at rogue threats and not at strategic deterrence. The ABM Treaty, as we have heard, was an effort to prevent the United States and the Soviet Union from deploying a missile defense system. The other reality is the new ballistic missile threat. The other is that the United States is going to respond to this threat and protect itself by deploying a missile defense system. The sooner the Russians understand our commitment to defend ourselves, the more likely it is we can agree on sensible modifications of the ABM Treaty for our mutual benefit and safety."

The PRESIDING OFFICER. The Senator from Florida is recognized for 15 minutes.

Mr. GRAHAM. Mr. President, I ask unanimous consent for an additional 5 minutes in morning business.
The PRESIDING OFFICER. Without objection, it is so ordered.

SAVING THE SOCIAL SECURITY SURPLUS

Mr. GRAHAM. Mr. President, the beginning of this congressional session was filled with hope and promise. A strong economy and improvements in the Federal budget gave us a wonderful opportunity to make important investments in our Nation's future. A portion of these surpluses could be used to extend the Social Security program. A portion of the surplus could be used to restore solvency to Medicare and to modernize its benefit structure to reflect current medical practices. A portion of the surplus could be used to provide for $15 billion in foreign assistance from reconstruction aid for Central America and the Caribbean to farm loan assistance. Much of the May supplemental bill was designated as an emergency. No spending cuts or revenue increases were enacted to offset the emergency spending contained in that May 1999 supplemental appropriation. The consequence? A $15 billion reduction in the non-Social Security surplus.

The May supplemental appropriations lowered for 1999 the surplus by $4 billion. That was a significant number because without that additional $4 billion of unpaid-for spending, we would have actually ended 1999 with an on-budget surplus. But because of it, we have ended 1999 with an on-budget deficit of $1 billion.

The May supplemental will lower the current fiscal year 2000 on-budget surplus by $7 billion. It will lower the next fiscal year 2001 by $2 billion; 2002 by $1 billion; and 2003 by $1 billion.

By this action, we not only adversely affected the fiscal status of the year in which the action was taken but for 4 years into the future.

This chart shows we started with a $21 billion on-budget surplus; as a result of that portion of the supplemental appropriations which was applied to fiscal year 2000, we reduced it by $7 billion. So now we only have a $14 billion on-budget surplus.

The next wave hit in August of 1999, the Agriculture Appropriations Act: $8 billion of emergency spending, again, none of which was offset by reductions in spending elsewhere or increased revenues. So we have reduced the on-budget surplus by another $8 billion from $14 billion to $6 billion.

In October of 1999, the Defense appropriations bill included more than $7
billion in emergency spending, of which $5 billion reduces this year's on-budget surplus. So our $6 billion on-budget surplus is now down to $1 billion.

Also, in October of 1999, the Commerce-State-Justice appropriations bill designated $4.5 billion of spending for the emergency of the decadal census. More than $4 billion of that amount will come directly out of the 2000 on-budget surplus and, thus, as a result of that, reduced our on-budget surplus, and we have reduced the Social Security surplus from $147 billion to $144 billion.

What have we done thus far? We have initiated a series of waves of unfunded spending which have gone through all of our regular revenue for the year 2000 and now have gone through all of the on-budget surplus and have eaten into the Social Security surplus by $3 billion.

That was not all. In addition to this spending, we have also had a series of accounting tricks. In the summer of 1999, to give the appearance of meeting the discretionary spending caps established by the Balanced Budget Act of 1997, the Budget Committee directed the Congressional Budget Office to alter its estimates of spending included in several of the appropriations bills. These so-called scorekeeping adjustments which total $17 billion make it look as if we are spending less in the current year than is actually the case. The Budget Committee justifies these directions by claiming they are more consistent with the plans used by the Office of Management and Budget. What is happening is we are cherry picking. For example, the Office of Management and Budget spending estimate for the year 2000 for the Department of Defense is lower than the Congressional Budget Office. Therefore, the Budget Committee says: Use the Office of Management and Budget. What is happening is we are cherry picking. For example, the Office of Management and Budget spending estimate for the year 2000 for the Department of Defense is lower than the Congressional Budget Office. Therefore, the Budget Committee says: Use the Office of Management and Budget. But guess what. When we turn to the energy and water appropriations bill where the converse is true—that is where CBO's spending is lower than the Office of Management and Budget—they said: Use the Congressional Budget Office estimate.

It is a case of trickery: Pick the lowest estimate of spending and force that lower estimate to be the one used to assess whether or not we have eaten into the Social Security surplus. The analogy would be a business which used two sets of books. The difference is we engage in these trickery charades. When these waves of spending are added to the emergency spending listed previously, Congress will have spent the entire amount of its current revenue, the entire amount of its on-budget surplus, and will have spent at least $20 billion of Social Security surplus for fiscal year 2000.

The trickery does not end there. Another bit of trickery is directed at administrative action. In an effort to avoid paying for additional spending, congressional leaders have asked the administration to make changes in the Medicare rules allowing for higher reimbursement levels to Medicare health care providers. These payments, anticipated to be $4.5 billion over the next 5 years, will not show up in any action taken by Congress, but they will certainly result in higher spending and smaller surpluses.

The analogy is to a family which sends a son off to college and gives him or her a credit card to pay for college expenses. The credit card receipts may not be signed by the parents, but they are ultimately going to be responsible. At the day of reckoning, they will have to pay for them and reduce their bank account in so doing.

The threat to the on-budget and Social Security surpluses are not confined to the current fiscal year. There are other waves of spending that are about to hit the beach but are forming on the ocean’s horizon. As an example, we are proposing paybacks, additional reimbursement to Medicare providers, the current fiscal year of $1 billion; for the fiscal year 2001, $5 billion; and over the next 10 years, $15 billion. None of those are currently proposed to be offset by either spending reductions or revenue increases. In the House of Representatives, they want to marry a minimum wage increase with tax cuts. Those tax cuts over 10 years will total $95 billion. They are not proposed to be offset by either spending cuts elsewhere or revenue increases.

Mr. President, $5 billion of the discretionary spending authorized in the last few months will not occur in the current fiscal year but, rather, have been pushed into 2001, and another $2 billion even has been pushed into the year 2002. The spending limits of fiscal years 2001 and 2002 are even more restrictive than this year's limit. The spending cap for 2000 was set in 1997 at $579 billion. We are probably going to spend in excess of $610 billion before this session concludes. We have blown through the spending cap for this year by some $31 billion.

The problem gets worse because in fiscal year 2001, we have set ourselves a spending limit of $575 billion, $35 billion below the amount we spent this year. In the fiscal year 2002, the spending cap is $569 billion, another $6 billion below current year spending.

Given the fact that Congress cannot pass spending bills within this year's limit of $579 billion, it is wholly unrealistic to believe Congress will have even greater success with the significantly lower—$35 billion next year and $41 billion 2 years out—limits than we have today. Spending above those limits will further threaten the Social Security surplus.

In fiscal year 2000, we will spend all of the tax revenue we collect, we will spend all of the on-budget surplus, and we will dip into Social Security by about $20 billion. In the year 2001, we will spend all the revenue we collect, and at this rate, we have already spent all but $3 billion of the on-budget surplus.

Why is this recounting of the reality of our spendthrift year of 1999 important? Some say it does not matter if we spend the Social Security surplus; we have done it for 30 years, so why not 1 more year? Why stop the spend-and-borrow party today? That the Social Security surplus is stated to be good for the economy. I argue just the opposite, that preserving the Social Security surplus is intricately linked to a strong American economy. Most economists agree that increasing national savings is important to maintaining a strong economy. Greater savings results in greater investment in plant and equipment, which creates jobs and raises productivity. Greater productivity translates into a higher standard of living. The surest way to increase national savings is to reduce the Federal debt.

The Finance Committee even has a subcommittee dedicated to this proposition. It has a subcommittee with the title, Long-Term Growth and Debt Reduction. We have denominated one of our very institutions to the proposition of the relationship between economic growth and debt reduction.

Alan Greenspan, the Chairman of the Federal Reserve Board, told the Senate Finance Committee earlier this year: Increasing our national saving is critical. The President’s approach to Social Security reform supports a large unified budget surplus. This is a major step in the right direction in that it would ensure that the current rise in government’s positive contribution to national saving is sustained.

I would say that quotation is even more relevant today, as we have just gotten the latest monthly report on the national personal savings rate and it is virtually at an all-time low. It is, in fact, true that the savings prevailing at the national governmental level that are providing most of the savings which are available in our economy.

Reducing the Federal debt frees capital for use in the private sector. Lowering the public debt reduces the Federal Government’s interest costs, freeing scarce resources for other important public investments.

The Office of Economic Policy responds in August that for the last 7 years, because of the greater fiscal discipline that has been practiced at the national level, we have saved for the American taxpayer $189 billion in interest costs—$189 billion which is now available for other constructive public uses. I believe Congress will have even greater success with the significantly lower—$35 billion next year and $41 billion 2 years out—limits than we have today. Spending above those limits will further threaten the Social Security surplus.

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mortgage on their home will save about $2,000 a year in mortgage payments if interest rates are reduced 2 percent as a result of the Federal Government's more austere fiscal policy. 

So saving the Social Security surplus is important. The biggest challenge facing our Nation is one for individual American families today. It also will be a critical factor in the challenge we are going to be faced with in the next two decades as Social Security begins to meet the demands of the baby boom generation. 

Demographic changes taking place in our country will dramatically alter the Social Security program. An aging post-World War II generation, declining birthrates among young- and middle-aged adult Americans, and increasing life expectancies will quickly deplete the assets which are currently accumulating in the Social Security trust fund.

By law, surpluses generated by Social Security may only be invested in U.S. Government or U.S. Government-backed securities. The Social Security surpluses being generated today were planned as part of the changes made to the program in 1977 and then in 1983. The surpluses were created for the express purpose of funding the retirement benefits of the baby boom generation. It is much like the biblical principle of saving during 7 good years to prepare for 7 lean years.

Mr. President, I ask unanimous consent for an additional 5 minutes to complete my remarks.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GRAHAM. I thank the Chair and my colleagues.

Under current projections, these surpluses will reverse in the year 2014 when the baby boom generation begins to retire. Their demand for retirement benefits will outpace the revenue collected by taxes after the year 2014. These shortfalls will require that the assets, the Federal Government's securities which have been accumulated by the Social Security trust fund, be redeemed.

In essence, the Social Security trust fund, with a large pile of several trillion dollars' worth of Federal securities, will now be going to the Federal Treasury and saying: We are going to turn these pieces of paper back to you, and we will take those you represent in order to meet the current obligations to Social Security beneficiaries.

The most effective way to plan for the demands that will be created by the baby boomers' retirement is to utilize the current Social Security surpluses in a very thoughtful and prudent manner, in a manner to reduce that portion of the national debt which is held by the public.

Lowering our outstanding debt today will put the United States in a much stronger financial position should we need to borrow funds to redeem the U.S. Treasury securities currently held by the Social Security trust fund. The cash obtained from redeeming those assets will be used to pay benefits when the baby boom generation retires.

The Social Security surplus can lower the debt held by the public by $2 trillion if we do not waste it. That $2 trillion reduction in the debt held by the public will serve as a critical cushion to meet our Social Security obligations.

In summary, we are about to lose a great opportunity to address the long-term fiscal challenges facing our country. Instead of preserving both the on-budget and the Social Security surpluses for uses in saving Social Security, Medicare, investing in America, or returning it to the taxpayers in the form of tax relief, Congress is frittering the money away.

We have spent the fiscal year 2000 on-budget surplus, and we have spent at least $20 billion of this year's Social Security surplus. The outlook for 2001 and 2002 is not any better. We should stop. We should stop now, for the spending we enact, and avoid the use of accounting gimmicks.

We stand at a unique point in history. Two months from now, we will move into a new century and, indeed, a new millennium. Instead of taking a "get the appropriations bills done and get out of here approach," we should direct our sights to larger goals. We should be prepared to act boldly. We can seize upon this opportunity provided for us by a strong economy and an improved financial state of affairs and embark on a fiscal agenda that will pay rich dividends for decades to come.

Our predecessors, at the beginning of the 19th and 20th centuries, faced similar opportunities and challenges. Each chose the bold approach. The Louisiana Purchase in 1803 and the building of the Panama Canal in 1904 were emblematic of a proud, vigorous, bold new nation at the beginning of a new century. Although controversial in their day, the Louisiana Purchase and building of the Panama Canal are examples of courageous endeavors that have stood the test of time.

The question facing this Congress is whether we will live up to the example of the 19th century and the 20th century as we commence the 21st century or whether we will squint in the narrow, visionless box built for parliamentary pygmies. Will we validate Proverbs 19:18, wherein it says: "Where there is no vision, the people perish?"

Thank you, Mr. President.

Mr. WYDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Mr. President, I ask unanimous consent to speak for up to 15 minutes as in morning business.

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

PRESCRIPTION DRUG COVERAGE FOR SENIORS

Mr. WYDEN. Mr. President, I have been coming to the floor over the last few days in an effort to win support for bipartisan legislation to secure prescription drug coverage for the Nation's older people. As part of that effort, I have been urging seniors, as this poster says, to send in copies of their prescription drug bills to each of us in the Senate in Washington, DC.

In addition to getting copies from seniors of their prescription drug bills, I am now hearing from seniors who are sending me copies of prescriptions they cannot afford to obtain. This is a prescription that was written for an older gentleman at home in Beaverton, OR. He is using 21 prescriptions at this point. He has already spent almost $1,700 this year on his prescriptions. Here we have three he cannot afford to get filled: Glucophage is a drug that one takes to deal with diabetes; Tagamet; Prilosec—three very common prescriptions older people in our country need and use. This is an example of what he sent me, prescriptions his doctors wrote out, and he cannot afford to actually get them filled.

This is the kind of account I am hearing from seniors across the country. We have asked them to send in copies of their prescription drug bills. I have received a whole sheaf of these kinds of bills we are receiving in that area. But now we are actually hearing from seniors and getting copies of their prescriptions their physicians are writing for them that they cannot even take to a pharmacy and get filled.

In the last 24 hours, we in the Senate have been watching the news reports about the dueling press conferences involving prescriptions. There has been an awful lot of finger pointing one way or another. Frankly, each one of them has some reasonable points to make. What is so frustrating is that instead of these dueling press conferences and going back and forth, having all this finger pointing, the Senate ought to be working on bipartisan legislation.

There is one bipartisan bill now before the Senate. It is the Snowe-Wyden legislation. The Senator from Maine and I have teamed up over the last few months to put together a bipartisan bill to get prescription drugs covered for older people on Medicare. We have 54 Members of the Senate already on record as voting for a specific plan to fund this program. A majority of the Senate is now on record for a bipartisan proposal to pay for prescriptions.

We have only having a few more days to go, Senators--I am sure I am not the only one—getting copies from seniors of prescriptions that they cannot actually afford to have filled. We have asked them in recent days to send us copies of their prescription drug bills. They have been doing that. Now they are sending us copies of prescriptions they cannot afford to take to their neighborhood pharmacy and get covered.

It is so sad to see these dueling press conferences, and then we don't have a response, to have seniors telling us the sad and often tragic stories about how
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they can't afford to take their medici-
ne. Their doctor tells them to take
three pills. They don't do that. They
start taking two. They start taking one.
Eventually they get much sicker.

The Snowe-Wyden legislation is bi-
partisan, it is market-based. We don't
have a Federal price control regime.
We don't have a one-size-fits-all
health care policy. We have the kind
of approach that works for Mem-
bers of Congress and their families.

Our S.P.I.C.E., the Senior Prescrip-
tion Insurance Coverage Equity Act,
is a senior citizens version of the
type of health plan that Members of
Congress have. We incorporated rec-
ommendations from consumer groups.
Families USA, for example, has made
some excellent recommendations on
consumer protections that older people
need.

We have also listened to the insur-
ance sector and the pharmaceutical
sector, making sure there would be
adequate incentives for research and
the initiatives that are underway to
help us find a cure for Alzheimer's and
all of the illnesses that are so tragic,
for which every Member of the Senate
wants to see a cure.

I wish to yield the floor. The
want to cite a couple more examples
before we wrap up. I know other
people's wants to speak.

I heard recently from a senior citizen
in Florida. What she spent in recent
years she spent almost $1,500 on her
prescription drugs. Another older person
from the Portland metropolitan area
reported that in a few months, she spent
over $500 for her medications. She is
now taking more than seven medica-
tions on an ongoing basis.

Very often the families have to go
out and try to find free samples to
compensate for some of the drugs the
older people can't afford. Families have
to chip in when it is hard for them to
afford. They are all asking, can the
Senate going to just bicker about this
issue or is the Senate going to come
together in a bipartisan way and
actually do something about these
problems? We have more than 20 per-
cent of the Nation's older people spend-
ing over $1,000 an year out of pocket
on their medicine.

I am very often asked: Can this Na-
tion afford to cover prescription drugs?
My response is, we cannot afford not
to cover these prescriptions. As I have
cited several times during these presen-
tations, a lot of these drugs help us to
hold down costs. They help us to
deal with blood pressure and choles-
terol. The anticoagulant drugs are ab-
solutely key to that intalling strokes. I
cited an example of one important
anticoagulant drug where for $1,000 a
year, in terms of the cost to the senior,
they are able to save $100,000 in ex-
enses that they would incur if they
suffered a debilitating stroke, when they
would have to forego these medicines.

It is absolutely essential that we se-
cure this coverage for the Nation's
older people. It seems to me now a
question of political will. Can we set
aside some of the partisanship on this
health care issue, some of the bick-
ering that has gone on back and forth?
I believe the Snowe-Wyden legisla-
tion—a majority of the Senate has al-
ready voted for in terms of its funding
plan—and I know my colleagues have other ideas.

What we ought to do is resolve to
deal with this issue in a bipartisan
way. I hope seniors will continue to
send us copies of their prescription
drug bills and say, to their Senator in Washington, DC.

I hope in the days ahead we won't see
a whole lot more of these tragedies
such as the one I have cited today. It
is one thing for a senior to send in their
bills and say, I am having difficulty
paying for this; I hope you will cover
it. But it is quite another for a senior
citizen to send me, as this older person
did from Beaverton, a copy of his pre-
scriptions saying—it says it right down
in the margin—"can't afford to get
filled." Prescriptions his doctor or-
dered, in effect the prescriptions go un-
filled. These are important medicines.
If you don't take Glucophage and you
have diabetes, you can have some very
dangerous health problems.

I am hopeful the Senate will look to
got beyond the dualing press con-
ferences, look beyond some of the
issues that have surrounded this dis-
ussion in a partisan way and say: We
are going to come together and go to
bat for seniors and their families. It is
time to do it.

I intend to keep coming back to the
floor until we secure this coverage. It
was important for seniors back in the
days when I was director of the Gray
Panthers. It is even more important
now because these drugs can help us to
save bigger health care bills down the
road. I will be back on the floor contin-
ually calling for a bipartisan approach
to this issue, that uses marketplace forces to deal with the challenge
of health care costs. I yield the floor.

THE PRESIDING OFFICER. The Sen-
ator from Minnesota.

Mr. GRAMS. Mr. President, I ask
unanimous consent to speak for up to
15 minutes as in morning business.

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

(Their Majesties, the Apartments of
the Senate, 1950 are located in today's RECORD under
"Statements on Introduced Bills and
Joint Resolutions."

REMARKS BY U.S. TRANSPORT-
ATION SECRETARY RODNEY
SLATER ON THE PASSING
OF SENATOR JOHN CHAFEE

Mr. WARNER. Mr. President, today,
as we gather together to witness Lin-
coln's birthday at the President's
office to serve as the Senator from Rhode Is-
lard. I am reminded of my conversa-
tion last week with Transportation
Secretary Rodney Slater.

We shared fond memories of our
friend and spoke of his many contribu-
tions to transportation safety. Sec-
retary Slater worked closely with Chair-
man Chafee on transportation issues that came before the Committee
on Environment and Public Works.

As chairman of the Senate Environ-
ment and Public Works Committee, Sen. Chafee realized that the highway system is more
than concrete, asphalt, and steel, and was an early champion of a balanced, environmentally sensitive
transportation system. As a key author of the ground-
breaking Intermodal Surface Transportation
Efficiency Act of 2001, he envisioned a vision
of how much better and stronger our surface
transportation system could be. He then
worked tirelessly to preserve and build on
those gains in the 1998 Transportation
Equity Act for the 21st Century. He cared deep-
ly about health care, and fought hard for
critical highway safety improvements and
against drunk and drugged driving.

Sen. Chafee also was a protector of our
marine environment, playing a major role in
the passage of legislation to prevent oil
spills and prohibit ports or oil also
was instrumental in the passage of the 1990
Clean Air Act. He always worked in a bipar-
tisan manner with President Clinton and this
administration in order to get things
done. Here at the U.S. Department of Transpor-
tation, we will work to carry forward his leg-
acy as we continue to build the transporta-
tion system of the next century.

OMBUDSMAN REAUTHORIZATION
ACT OF 1999

Mr. ALLARD. Mr. President, in the
Summer of 1998, I met with a group of
concerned citizens from the Overland
Park neighborhood, which is located in
southwest Denver. The dozen or so resi-

cents had requested a meeting at me
request. I was an issue that had taken up
more than six years of their lives and
had driven them to distrust anything
the Environmental Protection Agency
had told them about a Superfund site
located in their neighborhood called Shat-
tuck.

The story surrounding the Shattuck
Superfund site and what the EPA did
to this community will have a lasting
impact not only on the residents of

We are deeply saddened by the death of
Senator John Chafee. He served the people of
Rhode Island and of this nation long and
well, and leaves a legacy of accomplishment
that will endure for generations.

As chairman of the Senate Environ-
ment and Public Works Committee, Sen. Chafee
realized that the highway system is more
than concrete, asphalt, and steel, and was an
early champion of a balanced, environmentally
sensitive transportation system. As a key author of the ground-
breaking Intermodal Surface Transportation
Efficiency Act of 2001, he envisioned a vision
of how much better and stronger our surface
transportation system could be. He then
worked tirelessly to preserve and build on
those gains in the 1998 Transportation
Equity Act for the 21st Century. He cared deep-
ly about health care, and fought hard for
critical highway safety improvements and
against drunk and drugged driving.

Sen. Chafee also was a protector of our
marine environment, playing a major role in
the passage of legislation to prevent oil
spills and prohibit ports or oil also
was instrumental in the passage of the 1990
Clean Air Act. He always worked in a bipar-
tisan manner with President Clinton and this
administration in order to get things
done. Here at the U.S. Department of Transpor-
tation, we will work to carry forward his leg-
acy as we continue to build the transporta-
tion system of the next century.
Overland Park neighborhood, but on each and everyone of us who look for the EPA to be the guardian of our nation's environmental health and safety.

For those who have not followed the Shattuck case, these are the facts that have transpired. The office of the local Region 8 EPA office and the Colorado Department of Health began to look at possible remedies for the cleanup of the old S.W. Shattuck Chemical Company located on South Bannock Street in Denver. Initially, it was determined that the safest and most effective cleanup was removal of the radioactive waste to a registered storage facility in Utah. But following a secret meeting between Shattuck's attorneys, EPA and the Colorado Department of Health the decision was made to store the waste on-site. Residents in the area were never told that the remedy chosen by the EPA had never been used before anywhere in the United States, and more importantly documents recording questions relative to the liability of the remedy were kept from the public. In 1993, the EPA signed the Record of Decision (ROD) and the radioactive waste at the Shattuck Superfund site was entombed on-site.

Over the last several years the citizens of Overland Park fought to get their neighborhood back. They petitioned the EPA for a review of the decision and were denied. They attempted to submit information about the viability of the remedy selected and were told by the EPA the remedy was safe. Finally, last summer the residents concerns were brought to my attention. After meeting with area residents and business owners, I determined their questions deserved answers and together we began a journey to find the truth about Shattuck.

Last October, I asked the EPA to meet with the community to answer their questions and was informed they would not be in attendance. Outraged by their answer, I exercised my right as a U.S. Senator to hold up Senate confirmation of a key EPA official. The move resulted in the EPA agreeing to my request for an independent investigation of Shattuck by the National Ombudsman. Earlier this year he began his investigation and quickly determined the claims made by residents were not only meritorious, but that EPA officials had engaged in an effort to keep documents hidden from the public.

In fact, the Ombudsman was so successful at uncovering the facts surrounding Shattuck, his investigation has resulted in EPA officials now looking at eliminating his office. A meeting was recently held among all ten EPA regional administrators and staff from EPA Administrator Carol Browner's office to discuss eliminating the Ombudsman position. This can not be allowed to happen. And what really has happened is a secret meeting between Shattuck's office and the residents of Overland Park would have never learned the truth. The Ombudsman's investigation brought integrity back into the process.

The EPA's efforts to curtail the Ombudsman's independence is an attempt to seek revenge for the on-going Shattuck investigation and to intimidate citizens who dare question the answers they are given by the EPA. I have recently introduced Senate Bill 1763, the "Ombudsman Reauthorization Act of 1999," which will preserve the office of the National Ombudsman. The battle to enact this legislation could be tough because the EPA to admit they made a mistake at Shattuck.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, November 3, 1999, the Federal debt stood at $5,654,990,773,682.18 (Five trillion, six hundred fifty-four billion, nine hundred ninety million, seven hundred seventy-three thousand, six hundred eighty-two dollars and eighteen cents).

One year ago, November 3, 1998, the Federal debt stood at $5,533,993,000,000 (Five trillion, five hundred ninety-three billion, nine hundred ninety-three million), an increase of almost $3 trillion.

Ten years ago, November 3, 1989, the Federal debt stood at $4,723,729,000,000 (Four trillion, seven hundred twenty-three billion, seven hundred twenty-nine million). An increase of almost $4 trillion.

Forty years ago, November 3, 1959, the Federal debt stood at $2,864,340,000,000 (Two trillion, eight hundred sixty-four billion, three hundred forty million), an increase of $1 trillion.

The Federal debt stood at $2,553,893,000,000 (Two trillion, five hundred ninety-three billion, one hundred ninety-three million), an increase of almost $3 trillion.

There are three points I'd like to leave with you today. They are:

First, as supporters of the National Trust, you are engaged in extremely important work for our country.

Second, you are on the cutting edge of the environmental movement.

Third, some suggestions I have that could make your efforts even more effective.

Mr. MOYNIHAN. Mr. President, on the day that his son, LINCOLN, succeeds Mr. HELMS. Mr. President, on the day that his son, LINCOLN, succeeds him in the Senate I would ask to have printed in the RECORD the following:

THE NATIONAL TRUST FOR HISTORIC PRESERVATION

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None of it has to be built—it is already in place because of the past exodus of residents. Washington, DC is typical of our older cities where the population has gone from 800,000 in 1950 to 540,000 today—a 32 percent drop. This didn't just happen. It came about exclusively on aid, when the real enemy was our exclusive dependence on aid, when the real enemy was our exclusive dependence on aid. The real enemy was our exclusive dependence on aid. The real enemy was our exclusive dependence on aid.

Let me give you an example of a court house that was abandoned, then homes are not going to be built there. The National Trust is at the forefront of environmental action by making our cities more attractive, thus reducing the汽车的使用, which means less pollution of global warming, and the principal culprit is the automobile. If people really do want to be able to do it.

Do all you can to make the federal government a leader in historic preservation. When we do something real good, check us on. For example, the best-kept secret of historic preservation is the ability to keep brick and mortar, lintel and beam. It is about the quality of life, and the possibility of a bright future. Carl Sandburg expressed the danger of losing touch with our past when he said: "If America forgets where she came from, if people lose sight of what brought them along, . . . then will begin the rot and dissolution."

Who could say it better? On behalf of the city of Providence and Rhode Island, we look forward to sharing our historic treasures with you during your 2001 conference. Keep up the good work. Thank you.

THE AFRICAN GROWTH AND OPPORTUNITY ACT
Mr. LEAHY. Mr. President, yesterday the Senate voted on a modest package of trade bills which included the African Growth and Opportunity Act and the Caribbean Basin Trade Enhancement Act. As a long time supporter of expanding opportunities for Vermonter and all Americans, as well as people in developing countries, I reluctantly cast my vote against this bill.

Exports are a key component of Vermont's economy. As a small state, we must promote our products beyond the Green Mountains. Vermonters are reaping the benefits of more open markets around the world and these markets are creating new jobs here at home. Not long ago, I led a Vermont trade delegation to Ireland which has one of the fastest growing economies in Europe.

Having said that, trade is about more than financial statistics. It is about more than increasing market opportunities for American products, as important and laudable a goal as that is. In our increasingly inter-connected world, trade involves a broad range of issues and concerns. As the wealthiest nation, we have a responsibility to do our part to ensure that the benefits of the global economy are enjoyed by people from every walk of life, here and abroad. And when we vote, we have a responsibility to ensure that legislation entitled the "African Growth and Opportunity Act", actually benefits African workers and protects their families' health and welfare, and the natural environment. The bill that was passed yesterday will not do that.

The Council on Foreign Relations recently issued a report, "A Relationship with Africa Needs to Change. It cannot continue to be based almost exclusively on aid, when the real engine of development, as we have seen..."
elsewhere in the world, is investment and trade. However, in developing a trade policy toward Africa—where poverty is deeply rooted and protections for the environment and the rights of workers are virtually non-existent—precarities, are taken too far as if it is a sound policy that responds to Africa’s unique and urgent needs.

It used to be that workers’ rights and environmental concerns were treated separately from trade considerations, and the African Growth and Opportunity Act is no different. It rewards Africa’s weak environmental laws and long history of taking advantage of African workers and the environment. Many of my concerns about the African Growth and Opportunity Act, also included true for the Caribbean Basin Trade Enhancement Act. I fully support efforts to expand U.S. trade with Caribbean Basin countries and to provide these countries with trade benefits that will help them compete in the global economy. However, again, it is vital that the trade benefits included in this Act actually benefit the people who need them the most—workers and their families. Virtually every amendment that would have required Caribbean companies to institute fair and enforceable labor standards or reduce incentives for trade benefits under the Caribbean Basin Trade Enhancement Act was defeated, and crucial protections were therefore not included.

Mr. President, it is disappointing that at times the opportunity to simultaneously redefine our relationship with Africa, re-examine our trade policy toward the Caribbean Basin and expand international economic opportunities for Americans, that the approach and the outcome was so flawed.

Like the NAFTA debate, however, the rhetoric on both sides of this issue was overblown. The African Growth and Opportunity Act is not, as some of its supporters claimed, an historic step toward integrating Africa into the global economy. At best, this Act will have a modest impact. It simply offers limited market access to African countries under the Generalized System of Preferences and establishes a U.S.-Africa trade and economic forum.

On the other hand, the African Growth and Opportunity Act will not, as some of its opponents claimed, force African countries to cut spending on education and the uprooting of people if barriers to foreign investment are lowered or eliminated—as the Act calls for—and meaningful, enforceable environmental protections are not put in place, these problems will only get worse.

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In all my time in the Senate, this is the first attempt that has been made to redefine our relationship with Africa from one of dependency to one which begins to promote economic growth and self-reliance. This is long overdue, and the opportunity to address these issues is not likely to come again soon. A few years ago, when the African Growth and Opportunity Act reached the floor it would have provided for expanded export opportunities for both Africans and Americans while protecting African workers and the environment.

Many of my concerns about the African Growth and Opportunity Act, also hold true for the Caribbean Basin Trade Enhancement Act. I fully support efforts to expand U.S. trade with Caribbean Basin countries and to provide these countries with trade benefits that will help them compete in the global economy. However, again, it is vitally important that the trade benefits included in this Act actually benefit the people who need them the most—workers and their families. Virtually every amendment that would have required Caribbean companies to institute fair and enforceable labor standards or reduce incentives for trade benefits under the Caribbean Basin Trade Enhancement Act was defeated, and crucial protections were therefore not included.

Mr. President, it is disappointing that at times the opportunity to simultaneously redefine our relationship with Africa, re-examine our trade policy toward the Caribbean Basin and expand international economic opportunities for Americans, that the approach and the outcome was so flawed.

FIFTH ANNIVERSARY OF ISRAELI PRIME MINISTER YITZHAK RABIN’S ASSASSINATION

Mr. MOYNIHAN. Mr. President, today is the fourth anniversary of the assassination of Israeli Prime Minister Yitzhak Rabin. On October 25, 1995, ten days before the assassination of Prime Minister Rabin spoke to the Rotunda of the capitol at a ceremony celebrating the passage of the Jerusalem Embassy Act of 1995. The honor of introducing him fell to me. I said, “History will honor him as the magnanimous leader of a brave people—brave enough to fight daunting odds—perhaps even braver still to make peace.” Four years later as Israel and the Palestinians prepare to begin final status negotiations, I think it appropriate to remember the man who helped lead his people down this road to peace. I ask unanimous consent to have printed in the RECORD my remarks on that occasion.

There being no objection, the remarks were ordered to be printed in the RECORD, to which Senator Moynihan referred:

REMARKS OF SENATOR DANIEL PATRICK MOYNIHAN ON THE PASSAGE OF THE JERUSALEM EMBASSY ACT OF 1995, UNITED STATES CAPITOL, ROTUNDA, OCTOBER 25, 1995

My pleasant and appropriate task this afternoon is to introduce one of Jerusalem’s most illustrious sons.

History will acknowledge him as the magnanimous leader of a brave people—brave enough to fight daunting odds—perhaps even braver still to make peace. History will remember him as the last of the generation of founders—the intrepid children of a two thousand year dream. Almost certainly, the last Israeli Prime Minister to play a leading role in the War for Independence, he was also the first—and to this day the only—Prime Minister to be born in the Holy Land.

He is a proud son of Jerusalem. As a young man he dreamed of a career as an engineer. But destiny had other plans and he fought and led for almost half a century so that his people could live in peace and security.

Nobel Laureate, statesman, military hero, friend of our nation where he served with distinction as an ambassador in this very city, he honors us today by joining us in our festivities—the Prime Minister of Israel, the Honorable Yitzhak Rabin.

AMENDMENT TO REQUIRE A WTO MINISTERIAL REPORT

Mr. BYRD. Mr. President, I am pleased that yesterday the Senate adopted my amendment to H.R. 434, the African and Caribbean trade legislation, regarding the upcoming World Trade Organization (WTO) Ministerial Conference in Seattle, Washington, from November 30 to December 3, 1999.

My amendment is straightforward. It expresses the sense of the Congress on the importance of the new round of international trade negotiations that will be launched at the WTO Ministerial Conference, and would require the United States Trade Representative (USTR) to submit a report to Congress regarding discussions at the Ministerial on antidumping and countervailing duty agreements. My amendment sends a message from the Senate that these talks are significant and that we will be examining these discussions closely. Specifically, it sends a message to our trading partners that we have no intention of allowing the antidumping and countervailing duty agreements to be nonchalantly relinquished, and that we will be keeping an official record of any discussions on these topics.

I am strongly opposed to opening the antidumping and countervailing duty agreements to negotiation, and, therefore, I am very pleased that the Administration reports that it will put forth counterbalancing rules as leverage against other U.S. priority issues, thus, pitting U.S. industries against one another.
Without the antidumping and countervailing duty agreements, I believe that many of our trading partners would not hesitate to flatly dismiss their WTO obligations in order to maximize their own profits. Antidumping and countervailing duties help offset foreign countervailable subsidies and below-cost pricing schemes intended to harm a U.S. industry. Prohibiting these unfair trade practices is the essence of our most basic trade agenda, and laws to thwart and penalize these unfair practices were enacted as early as 1897. As in 1897, antidumping and countervailing measures are a vital tool to combat unfair trade.

My amendment would help the Administration put forth a U.S. trade agenda at the Seattle talks that reaffirms U.S. rights to enforce antidumping and countervailing duty measures, and that protects these codes from any negotiation. Undermining the right of the U.S. to respond to unfair trade practices will hinder the ability of many U.S. manufacturers, including U.S. steel mills, to fight against unfair trade. It would also undermine a century of work to build a straightforward and responsive international trade system.

The PRESIDING OFFICER. The majority leader.

MAKING FURTHER CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 2000

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.J. Res. 75, the continuing resolution received from the House. I further ask unanimous consent that the joint resolution be read a third time, passed, and that the motion to reconsider be laid upon the table.

This has been cleared with the Democratic leader.

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

The joint resolution (H.J. Res. 75) was read the third time and passed.

ORDER OF BUSINESS

Mr. LOTT. Mr. President, the Senate, then, has just passed the continuing resolution to the 10th of November. Progress is being made every hour on the appropriations process—some hours more than others. I hope Members will continue being patient while the final must-do legislation is completed.

I want to say again that I think the last 2 days have been phenomenal when you stop and look at all the difficulty that was involved—the fact that we passed major trade legislation by a vote of 75 or 76 to 23 last night, and today we passed the biggest reform of the banking and securities financial services industries in several decades with 90 votes. It is incredible.

We are going to continue to work to move vital legislation. We have other conferences that we hope to get agreed to. We need to get agreements. In fact, we must get an agreement on the FAA reauthorization bill. We are very close to getting an agreement on the satellite conference report. We are very close on the work incentives conference report.

There are three or four major conferences that are very close to being completed. When they are completed, we will take them up as soon as possible.

In addition, if agreements are reached on appropriations bills, of course, we would set everything aside for that. It seems to me that District of Columbia and perhaps the foreign relations conference reports could be ready as early as tomorrow. Certainly, if they are, we will vote on them.

The Senate hopefully also will reach, in just a very few minutes, an agreement on how to proceed on the bankruptcy bill. Senator Daschle and I have been working on this for weeks actually. I think we are very close to having an agreement. We are exchanging amendments so each side will know what is in our amendments both tonight and again tomorrow by noon. I hope to have more relevant amendments on the underlying bankruptcy bill will come to the floor and offer them yet today.

We are in what I hope are the final days of the session. Members must be willing to work into the night in order to complete this legislation. I know there are some relevant amendments that are controversial and they will have second-degree amendments. Members should come to the floor and offer them.

Members could also expect votes during tomorrow's session. One could come with regard to appropriations. We could have votes on amendments with regard to the bankruptcy bill.

Members should expect that on Monday there will be recorded votes beginning at 5:30.

Also, votes will be ordered on the bankruptcy consent, calling for two votes with respect to minimum wage and business cost issues at 10:30 on Tuesday morning.

I am announcing that we may have to have votes tomorrow. We will have votes at 5:30 Monday. We will have votes at 10:30 on Tuesday.

We hope within the next few minutes to be able to enter the agreement on the bankruptcy bill.

I yield the floor.

Ms. LANDRIEU. Will the majority leader yield?

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, I defer.

Ms. LANDRIEU. Mr. President, does the majority leader have any information regarding the Interior appropriations bill? That is one of the bills that are continuing to be negotiated.

Maybe I should wait to get his attention.

I yield the floor.

Mr. DASCHLE. Mr. President, if I could respond to the Senator from Louisiana, I apologize for not directing my attention to her question. I was visiting with the Senator from Maryland with respect to possible votes tomorrow. The Interior appropriations conference report is being worked on while negotiations have been going forward on the foreign operations appropriations conference report. I have information that real progress has been made today on the foreign operations appropriations report, but they will not get to the point of wrapping up Interior until the foreign operations bill is done.

I know the Senator from Louisiana has a real interest in that Interior bill, particularly provisions that could affect coastal areas such as hers and mine. Oil and gas revenues have been going in the Land and Water Conservation Fund for years and to lands out west, which is well and good. However, many of the States along the Eastern coast have not been getting any money. I don't think that is fair. We have beach erosion problems; we have estuary replenishment with which we need to deal.

I am very sympathetic to the concerns of the Senator from Louisiana.

No final agreement has been reached on Interior. The Senator still has time to weigh in mightily with the Senators involved, and the administration, and needs to talk to them. I know the Senator has Senator DARRELL working very, very closely with her.

Ms. LANDRIEU. If I could respond, both have been very helpful and supportive as we worked toward a bipartisan compromise on some of these issues.

I particularly thank the majority leader for his efforts as a cosponsor of one particular piece of legislation, but there have been different versions filed. However, there is a tremendous amount of interest.

Perhaps I should ask Senator Gorton—I said I will say this publicly—if tomorrow at his convenience, maybe through the majority leader or directly, he can give Members some idea of some of the things that perhaps are being discussed in terms of riders that were very controversial when this bill passed, as well as some of the specific ways we may be funding some of these projects.

We want to work out a bipartisan solution that is reflective of what many Members have worked on now for over 2 years. Maybe there could be an appropriate time tomorrow for discussion. Senator DASCHLE may have something to add.

I certainly want to be supportive of progress we are making on bankruptcy, but I think there are some other important issues, too, that should be dealt with in the next few days.

Mr. DASCHLE. Mr. President, I couldn't agree more with the distinguished Senator from Louisiana. This is an important issue. While we need to stay focused on the appropriations bill...
and on bankruptcy, she has been working on this matter for a long, long time and has made great progress.

I share the view expressed by the majority leader that this is an issue that has great impact not only in her region of the country but in regions throughout the United States. I am hopeful we can resolve this satisfactorily and she can be satisfied with the final product. I will do all I can to work with the majority leader to see that happens in the remaining days of this session.

I congratulate the majority leader for getting the Senate to this point. I think we are very close to reaching an agreement. As I understand, we have not yet had the opportunity to exchange amendments, but we will be doing that shortly. He and I have both worked with our colleagues to ensure we can work through this agreement. I think this is a win-win. I think it is an opportunity to finish an important piece of legislation, an opportunity to deal with some issues that both sides think are important. I think it is a very appropriate vehicle with which to get our work done. I am hopeful we will get total cooperation procedurally to allow the Senate the opportunity to finish this work.

I am fully expecting before the end of the day we will have an agreement that will allow the Senate to go through the next couple of days in expectation of finishing this legislation.

Mr. LOTT. I suggest the absence of a quorum.

The PRESIDING OFFICIAL. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Ms. LANDRIEU. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Ms. LANDRIEU. Mr. President, I ask unanimous consent for 15 minutes to speak in morning business.

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

OFFSHORE OIL AND GAS REVENUES

Ms. LANDRIEU. Mr. President, a few minutes ago I posed a few questions to the majority leader about a very important piece of legislation, an appropriation bill that is still pending. As we know, there are several important appropriations measures being debated and negotiated, and that is the process. Some of that happens, a lot of it, behind closed doors, which is the way it has worked for many, many years and will probably continue to work that way.

However, there are some questions I want to raise or some points I want to bring.

There are a great number of Members—Senators from the South, the East, the North, and the West, Democrats and Republicans, a great group of House Members, led by Don Young of Alaska and George Miller of California, Chris John from Louisiana, Billy Tauzin from Louisiana, a Democrat and Republican respectfully, and Representative Udall in the House—who have worked very hard to come to some bipartisan agreements about a new way to spend our offshore and gas revenues in a way that is fair to all the coastal States, particularly those States including Louisiana, Mississippi, Texas, and Alabama to a certain degree, that produce these offshore revenues. Without our States acting as a platform, this industry would not exist.

Many Members have worked on a bipartisan redirection of some of those revenues to come back to the States and local governments instead of going into the Federal Treasury as they do now, and as they have been since 1955, redirecting those revenues back to help the coastal restoration programs, to help restore our coastlines particularly in Louisiana, which is the soft, and the Florida Everglades, which need a tremendous amount of help.

In addition, we have the idea these moneys could be permanently allocated to fund the Land and Water Conservation Fund, which has been funded intermittently—hit and miss—through the decades.

We think the American people should have something to count on, so they know every Federal Government is going to take a very small portion, but an important portion, of money for land purchases and acquisitions and conservation easements to help expand our park system, both at the Federal level and to improve our park system, as well as giving Governors and mayors and county officials the ability to create recreational opportunities. As a Governor, Mr. President, you know how important that is to the people of your State and my State, as well. They really in recreation and access to the outdoors.

In addition, this bipartisan group believes it can also take a portion of those moneys and expand the very successful Pittman-Robertson, which is one of the most successful Federal programs, working in partnership with local outdoors enthusiasts—hunters, fishermen and women, conservationists in those areas—and to fully fund historic preservation and urban parks, to name just a few. It is a very comprehensive approach. It is an innovative approach.

Although we do not have a bill out of either House yet, we do have a great mark up that I want to share with the Members, Chairman Young's markup that came out this morning. Their bill, which is reflective of some of the things I have said, will be considered next week. It would be a tremendous accomplishment for this administration to come together in a bipartisan way to make at least a down payment this year. If we cannot fully fund what I have generally just described, let us at least make an effort this year to fund, for 1 year, these programs that are currently already authorized, that have been in existence for many years, to actually put some money where our mouth is—within the budget caps and the balanced budget agreement we have reached—so we could perhaps build on this year, and over the next several years, fully fund the programs I have talked about.

I will ask to have printed in the Record today a letter I received from 800 individuals and organizations supporting this initiative. It is signed by 800 of some of the leading environmentalists and activists in the country today, groups representing all different aspects of the environmental community from the east coast to the west coast, from south to north. They have submitted a letter to us today supporting the efforts I have just articulated.


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

November 1, 1999.

U.S. Senate/House of Representatives, Washington, DC.

Dear Senator, Representative: As the twentieth century draws to a close, Congress has a rare opportunity to pass landmark legislation that would establish a permanent and significant source of conservation funding. A number of promising legislative proposals would take revenues from non-renewable offshore oil and gas resources and reinvest them in the protection of renewable resources such as our wildlife, public lands, coasts, oceans, cultural treasures, and outdoor recreation. Securing this funding would allow us to build upon the pioneering conservation tradition that Teddy Roosevelt initiated at the beginning of the century.

The vast majority of Americans recognize the duty we have to protect and conserve our rich cultural and natural legacies for future generations. A diverse array of interests, including sportsmen and women, conservationists, historic preservationists, outdoor recreationalists, the faith community, business interests, state and local governments, and others, support conservation funding legislation because they recognize it is essential to fulfill this obligation.

We call upon you and your colleagues to seize this unprecedented opportunity. Pass legislation that would make a substantial and reliable investment in the conservation of our nation’s wildlife, public lands, coastal and marine resources, historic and cultural treasures, urban and rural parks, and open space. Design a bill that provides significant conservation benefits, is free of harmful environmental impacts to our coastal and ocean resources, and does not unduly hinder land acquisition programs.

An historic conservation funding bill is within our grasp. It will be an accomplishment that all can celebrate. We look to Congress to make this legislation a reality.

Sincerely,
Ms. LANDRIEU. Mr. President, basically they are saying there is a way, a better way, to locate these revenues from offshore oil and gas to fund a variety of programs that are fair to all the different parts of this Nation, one that is environmentally friendly, one that focuses on the needs of our coastline and also recognizes the proper role of Congress in authorizing the purchases of land because that is something that should be done not only by the administration, whoever the President may be, Republican or Democrat—whether it is the current President, who has been terrific in many ways on this issue—but it is something that must be worked on in conjunction with the Members of Congress.

They have signed a letter that is going to be distributed. I will have it printed for the Record. In addition, I would like to reflect what we received 2 weeks ago an endorsement from the National Chamber of Commerce. They usually do not get into environmental issues such as this, but the Chamber of Commerce realizes, as businesspeople representing some of the finest businesses in our country, that a clean environment, access to parks and recreation, improving the quality of life for Americans everywhere, is central to the business community. This is one idea they have both said is terrific: let’s move forward.

Finally, for the Record, I want to re-submit a letter from 40 Governors—not 10, not 12, not Democratic Governors, not Republican Governors. Mr. President, you were a Governor at one time, and a great leader, so you know it is not easy to get 40 signatures on behalf of the Governors’ Association of Democrats and Republicans who have said the same thing.

I ask unanimous consent those letters be printed in the Record. There being no objection, the material was ordered to be printed in the Record, as follows:

DEAR SENATORS LOTT AND DASCHEL AND REPRESENTATIVES HASTERT AND GEPHARDT: The 106th Congress has an historic opportunity to end this century with a major commitment to natural resource conservation that will benefit future generations. We encourage you to approve legislation this year that reinvests a meaningful portion of the revenues from federal outer continental shelf (OCS) oil and gas development in coastal conservation and impact assistance, open space and farmland preservation, federal, state and local parks and recreation, and wildlife conservation, including endangered species protection, prevention and recovery costs. Since outer continental shelf revenues come from non-renewable resources, it makes sense to permanently dedicate them to natural resource conservation rather than dispersing them in a general government purposes. Around the nation, citizens have repeatedly affirmed their support for conservation through numerous ballot initiatives and state and local government support of State and local governments in preserving and protecting natural resources. The legislation reported by the Committee should, to the maximum extent possible, permanently appropriate these new funds to the states, to partnership with local governments and non-profit organizations to implement these various conservation initiatives. We urge the Congress to cooperate with state and local governments to build the capacity in determining how to invest these funds. In this way, federal funds can be tailored to complement state plans, priorities and resources. States and local governments are in the best position to apply these funds to necessary and unique conservation efforts, such as preserving species, while providing for the economic needs of communities. The legislation should be neutral with regard to both existing OCS moratoria and future offshore oil and gas development. The legislation should not come at the expense of federally supported state programs.

We recognize that dedicating funds over a number of years to any specific use is a difficult budgetary decision. Nevertheless, we believe that the time is right to make this major commitment to conservation along the lines outlined in this letter.

We look forward to working with you to take advantage of this unique opportunity and are available to press that this commitment is fiscally responsible. Thank you for your consideration of these legislative principles and we proceed to enact this important legislation.


DEAR SENATOR LANDRIEU:

Mr. President, on behalf of the U.S. Chamber of Commerce, I am writing in support of S. 25, the Conservation and Reinvestment Act of 1999. The Chamber has long supported the concept that the federal government should share a portion of revenues from Outer Continental Shelf (OCS) energy production efforts with the coastal states that may be affected by these activities.

S. 25 recognizes the contribution that states make to national fuel production and reducing our nation’s dependence on foreign oil. It would direct more monies from leasing and production activities to coastal states and communities that should bear the responsibility for energy development along their coastlines. It would provide local communities with impact assistance funds to address infrastructure problems and other public service needs associated with federal offshore activities. It is a bipartisan conservation legislation that would help promote a lasting legacy of natural resource stewardship for future generations.

DEAR SENATOR LANDRIEU:

Mr. President, I come to the floor today to say, as we get down to the final days of these negotiations, even though we do not have a bill of compromise from the leadership of the House, we do have a lot of language that helps to show there is bipartisan support for this effort. I am hoping the
appropriators, who are at the negotiating table, will hear loudly and clearly from hundreds and thousands of individuals and groups that there is a better way to spend this money.

We realize we do not have all we would like to see in the final product of this Interior bill to come out in a way that is reflective of the principles I have outlined—Federal/State partnership, coastal impact assistance, full funding for land and water, historic preservation, and wildlife conservation, with current appropriated and authorized programs—not anything new, just something a little better, a little different, a little improved.

As we are waiting for the final decisions of today and how we are going to proceed I wanted to take some time to have these documents printed in the Record and to thank my colleagues on this side of the aisle, particularly my senior Senator from Louisiana, for his tireless work, particularly Chairman Murkowski for his terrific work on this issue as chairman of our committee; particularly the members of the committee, Senator JOHNSON, Senator BAYH, Senator LINCOLN, and others; Senator Sessions, who has been a terrific supporter.

I thank them for their work on this bill and tell them we are moving forward. We are building support and building a bipartisan bill. Today was good news when Chairman Young took the ranking member, George Miller, who had competing versions, came together and signed an agreement that is very reflective of what I think the American public wants us to do in this Congress.

We may not be able to get it all done this year, but we could make an important downpayment, a first step towards this historic conservation bill and leave a real legacy for our children and our grandchildren—not just a 1-year appropriation but a real legacy, as this century ends, of which we can all be proud and all share credit for something well done.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CLELAND. Mr. President, I ask unanimous consent that the order for the quorum be rescinded.

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

SOCIAL SECURITY

Mr. CLELAND. Mr. President, I come before the Senate today to speak about a subject which has been the topic of much political rhetoric in recent days: Social Security. While there was a time when not all in Congress acknowledged this fact, Social Security’s long-term solvency is crucial to today’s and tomorrow’s retirees. There has never been a more successful Government program: Social Security has helped cut the poverty rate of older Americans by two-thirds. We must ensure this program will survive well into the 21st century.

The current dispute centers on which party has proposed a preserve and preserve—‘‘lockbox’’ for Social Security. I must say that I am personally pleased to see this development, which reflects the fact that Social Security is truly a consensus issue among the American people, has bipartisan support and has largely been the confounding of arcane budgetary terminology and it is sometimes difficult to sort out. However, in evaluating the present-day claims and counterclaims, the historic record clearly shows that it is the Democratic Party which has consistently fought to protect the program since its inception in the Social Security Act of 1935. And though I could certainly be accused of being biased on the question, I believe that a close look will reveal unmistakably the true history of Social Security for future generations greatly surpass the recent efforts of my friends across the aisle in laying claim to be the protectors of Social Security.

For example, let’s look at the competing proposals to ‘‘lockbox’’ around Social Security and see which one truly best protects the benefits of tomorrow’s recipients.

First, Democratic lockbox proposals establish a Social Security and Medicare lockbox that precludes any portion of the Social Security surplus or any portion of the surplus reserved for Medicare to be used for any purpose other than to strengthen and preserve these programs. Over the next 15 years, the Democratic lockbox would protect 100 percent of the Social Security surplus each year, and one-third of any on-budget surplus for Medicare.

On the other hand, the Republican lockbox proposal does not reserve any portion of the surplus available for Medicare, nor does it extend the life of the Social Security trust fund, which, under their proposals, will be insolvent in 2034. Furthermore, in the absence of protections for Medicare, this critical program is projected to be insolvent in 2015. Perhaps most importantly, the Republican proposals include language which creates a large potential loophole for the lockbox protections. Specifically, if any legislation is designated as ‘‘reform provisions’’—regardless of whether such provisions help or hurt the interests of beneficiaries—lockbox surpluses would not have to be used to pay benefits and could be used for tax cuts. Finally, the Republican lockbox proposal does not even require that such Social Security ‘‘reform’’ legislation extend the solvency of the Social Security program. Is this meaningful, long-term protection for Social Security?

Some of my colleagues have accused Democrats of raiding Social Security surplus, yet the bipartisan Congressional Budget Office—which was appointed by the Republican leader—has determined that spending bills supported by the congressional majority have already tapped into the Social Security surplus by at least $13 billion. In belated recognition of this fact, House Republicans have proposed an amendment to block the Social Security portion of the operating budgets of Federal agencies. As a member of the Senate Armed Services Committee, I am loath to take a step in the wrong direction just after we have recently provided—an bipartisan basis—the Department of Defense with much-needed budget relief for both personnel and equipment costs.

But when we consider the impact of recent congressional proposals on the future of Social Security we must look back no further than August 1999 when the Republican majority pushed through Congress a tax cut that, at the time, I labeled a ‘‘convenient but fisically irresponsible measure.’’ This tax bill would have consumed 100 percent of the projected $1 trillion non-Social Security budget surplus over the next 10 years, without setting aside any funds for Medicare solvency. The direct revenue loss was estimated at $702 billion over that period and with the sharply diminished surplus, higher interest costs on the national debt would bring the total to $964 billion. And the projected $1 trillion surplus itself is dependent on large cuts in defense, education, and other priority programs. If one only assumes that these programs are held at their current levels, plus inflation, the projected 10-year surplus falls from $1 trillion to $46 billion.

Clearly, enactment of this massive tax cut, which the President appropriately vetoed, would have vastly compromised and complicated our ability to preserve Social Security and Medicare. No other action considered in this Congress comes even close to having this large a negative impact on Social Security’s future.

We can continue to attempt to ‘‘one-up’’ each other over who has the better plan to protect the existing Social Security trust fund. In trying to set the record straight from my own viewpoint, I have spoken today from perhaps a partisan perspective. However, there is plenty of blame to go around for our joint failure in this session of Congress to use the unique opportunity afforded by the long-sought end to massive Federal budget deficits to enact true Social Security reform to protect the benefit of millions of future recipients. The millions of Americans who depend on Social Security for themselves or their parents and grandparents, now and in the future, deserve no less.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.
Mr. LOTT. Mr. President, I believe we have a unanimous-consent agreement now. I will read it carefully, and if there are any questions, Senator Daschle may point them out. I believe it will be fair in the way it is going to be handled and will allow us to complete this important legislation hopefully by Tuesday or not later than Wednesday of next week. It will allow for, of course, relevant amendments and second-degree amendments if any will be in order for those, but it will limit the nonrelevant amendments to three on each side with an agreed-to time.

Mr. DASCHLE. Will the majority leader yield on that point for a question?

Mr. LOTT. I will be glad to.

Mr. DASCHLE. As I understand this agreement—I went through it in detail—it will allow relevant second-degree amendments to relevant amendments.

Mr. LOTT. I have into that hornet's nest yesterday. There are a couple of relevant amendments that are certainly worthwhile and actively supported, but they also are very much opposed by others. It will allow to second degree them. Clearly, that will be in order.

I thank Senator Daschle for working with me on this, since the middle of October actually. I believe this bill can be considered and completed. Bankruptcy reform is something we certainly want to do. I know the majority leader has indicated his desire to have three nongermane amendments in order to the bill from Members of his side of the aisle. Those are relative to East Timor, agriculture, and minimum wage. I hope all Members would allow us to adopt this agreement in order for the Senate to consider and approve this very important bankruptcy reform bill.

On our side, we will have three amendments, also, that relate to education, drugs, and business costs. I will specify that in a moment.

So I ask unanimous consent that the Senate now turn to consideration of Calendar No. 109, S. 625, the bankruptcy bill, and following the report by the clerk, the committee amendments be immediately agreed to and the motion to reconsider be laid upon the table en bloc.

I further ask consent that all first-degree amendments must be filed at the desk by 5 p.m. on the second day of the bill's consideration and that all first-degree amendments must be relevant to the issue of bankruptcy, and/or truth in lending/credit card agreements, with the exception of three amendments to be offered by the majority leader, or his designee, relative to agriculture, minimum wage/taxes, and East Timor, and three amendments to be offered by the majority leader, or his designee, regarding education, drugs, and business costs.

I further ask consent that the 5 p.m. filing requirement apply to each of these nonrelevant amendments and there will be a time limit of 2 hours equally divided on relevant amendments, with the exception of the agriculture and drug amendments on which there will be 4 hours each for debate, with no second-degree amendments in order to these six issues and no motions to commit or recommit in order. I further ask consent that, on Monday, November 8, the minority leader, or his designee, be recognized to offer the amendment relative to the issue of minimum wage, and following the debate the amendment be laid aside, and the majority leader, or his designee, be recognized to offer the amendment relative to business costs, and that the votes occur in relation to the amendments at 10:30 a.m. on Tuesday, November 9, with 1 hour equally divided in no vote occurring in the debate. I further ask consent that the first vote occur in relation to the minority amendment, to be followed by a vote in relation to the majority amendment, with 4 minutes prior to each vote for explanation.

I further ask consent that following the disposition of all of the above-described amendments, the bill be immediately advanced to third reading, that the Senate then proceed to the House companion bill, H.R. 833, that after the enacting clause be stricken, the text of the Senate bill as amended be inserted, the bill be advanced to third reading, and a vote occur on passage of the bill, without any intervening action, motion or debate.

Further, I ask consent that the Senate insist on its amendment, request a conference with the Senate, and the Senate bill be placed back on the calendar.

Finally, I ask consent that the exchange of the amendments by the two leaders on the two issues regarding minimum wage and business costs occur at noon on Friday. If by 3 p.m. either Member objects to the text of the amendments, this agreement be null and void and the bill be placed back on the calendar.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. Reserving the right to object, and I shall not, Mr. President, for the information of our colleagues, we have exchanged some of the amendments that have been referred to in this unanimous-consent request. There may be minor alterations in these two amendments that have been exchanged. We will not have any major changes in our amendments. And I assume that while there may be minor alterations, we do not anticipate any consequential alterations in the amendments to be offered by the Republican Party.

I ask the majority leader if that is his understanding relating to education and drugs.

Mr. LOTT. First, let me clarify one error I made. Staff informs me I did say: "If by 3 p.m. any Member objects, It should say: "If by 3 p.m. either leader objects to the text of the amendments, this agreement be null and void and the bill will be placed back on the calendar."

Now, under the Senator's reservation, Mr. President, responding to his questions, obviously, on both sides—there may be minor changes that you would want to make on your agricultural amendment or East Timor, whatever; same thing on this side. I think we have to continue to work in good faith. If it goes to fundamental substance, and changes a major portion or the overall intent of the bill, I think that would be exceeding the bounds of reasonableness. But if it is some technical change or some minor change, we will have to continue to work with each other to get that done. I hope everybody will continue to be as flexible and productive as we can be in this effort. But there is no intent to come back now and change the whole thrust of the bill. And that would not be fair.

Mr. DASCHLE. Mr. President, I thank all of the Senators involved in this. We have consulted with virtually every Member. While no one is ever completely satisfied with a complex agreement such as this, I think it gives us the best opportunity to address an important issue, bankruptcy, and to address bankruptcy issues about which both caucuses care a good deal. So I think this is a good agreement. I appreciate the work of the majority leader to get us to this point.

I have no objection.

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

ORDER OF BUSINESS

Mr. LOTT. Mr. President, I hope now that Members will remain tonight to do their opening statements. I see the distinguished chairman is here, Senator Grassley from Iowa, who has probably asked me about this bill over 100 times this year. I apologize to him now for not having gotten it on the calendar and up for consideration before now. But he has been dogged in his determination to address this very important area.

I say right up front we would not be having bankruptcy reform if it were not for the diligent efforts and the patience and the determination and the substantive involvement of the Senator from Iowa. So I think it is to his credit.

Now we need to move forward and get this bill completed, get it into conference, and hopefully act on it very quickly out of conference.

But since we do have this agreement now, and the manager is ready to go—Senator Grassley is the manager of the Democratic side is ready to go—I can announce now there will be no further votes this evening. The Senate will resume the bankruptcy bill at 9:30 a.m.
on Friday. All Senators should be aware that votes could occur with respect to the appropriations process or amendments to the bankruptcy bill on Friday.

Several Senators have been asking about exactly what we can expect to tomorrow. I cannot say. If we have an appropriations conference report that has been cleared that we are ready to move on, we will try to do it on a voice vote; but if we have to have a recorded vote, we just have to have a recorded vote. If we are going to get to the final days of the session, we have to be prepared to vote on Fridays and Mondays, if that is necessary. So we cannot give any assurance at this point that there will not be votes tomorrow. There very well may be.

Votes will occur at 5:30 Monday. And under this agreement, at least two votes will occur at 10:30 Tuesday. Then, in conclusion, I wish to, again, thank all our colleagues for their cooperation this week. The fact that we did overwhelmingly pass this very important trade bill involving the Caribbean Basin area, Central America, and Africa, after a long period of time, is a significant and positive step for our country. I believe, not to mention the additional trading opportunities in other countries. And also to have completed the conference report on the financial services modernization—the second monumental achievement this week—I think the Senate, as a whole, can take a lot of pride. And now we are ready to begin a third one. I wish every week could be as productive.

With that, I yield the floor, Mr. President.

BANKING REFORM ACT OF 1999

The PRESIDENT pro tempore. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 625) to amend title 11, United States Code, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with amendments; as follows:

The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italics.

S. 625

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 “Bankruptcy Reform Act of 1999”.

(b) Table of Contents.—The table of contents of this Act is as follows:

TITLe I—NEEDS-BASED BANKRUPTCY

Sec. 101. Conversion.

Sec. 102. Dismissal or conversion.

Sec. 103. Notice of alternatives.

Sec. 104. Development of financial management training test program.

Sec. 105. Credit counseling.

Sec. 106. Additional trading opportunities.

TITLe II—ENHANCED CONSUMER PROTECTION

Subtitle A—Penalties for Abusive Creditor Practices

Sec. 201. Promotion of alternative dispute resolution.


Sec. 203. Violations of the automatic stay.

Sec. 204. Discharging abuse of reaffirmation practices.

Subtitle B—Priority Child Support

Sec. 211. Definition of domestic support obligation.

Sec. 212. Priorities for claims for domestic support obligations.

Sec. 213. Requirements to obtain confirmation and discharge in cases involving domestic support obligations.

Sec. 214. Exceptions to automatic stay in domestic support obligation bankruptcy. 1

Sec. 215. Nondischargeability of certain debts for alimony, maintenance, and support.

Sec. 216. Continued liability of property.

Sec. 217. Protection of domestic support obligations against preferential transfer motions.

Sec. 218. Amendment to section 1325 of title 11, United States Code.

Sec. 219. Definition of domestic support obligation.

Sec. 220. Disposable income defined.

Sec. 221. Collection of child support.

Subtitle C—Other Consumer Protections

Sec. 222. Definitions.

Sec. 223. Disclosures.

Sec. 224. Debtor’s bill of rights.

Sec. 225. Enforcement.

Sec. 226. Amendments to discharge abusive bankruptcy filings.

Sec. 227. Sense of Congress.

Sec. 228. Additional amendments to title 11, United States Code.

Sec. 229. Protection of retirement savings in bankruptcy.

TITLe III—DISCOURAGING BANKRUPTCY ABUSE

Sec. 301. Reinforcement of the fresh start.

Sec. 302. Discouraging bad faith repeat filings.

Sec. 303. Curbing abusive filings.

Sec. 304. Debtor retention of personal property security.

Sec. 305. Reforms to the automatic stay when the debtor does not complete intended surrender of consumer debt collateral.

Sec. 306. Giving secured creditors fair treatment in chapter 13.

Sec. 307. Exemptions.

Sec. 308. Residency requirement for homestead exemption.

Sec. 309. Protecting secured creditors in chapter 13.

Sec. 310. Limitation on luxury goods.

Sec. 311. Automatic stay.

Sec. 312. Extension of period between bankruptcy discharges.

Sec. 313. Definition of household goods and antiques.

Sec. 314. Debt incurred to pay nondischargeable debts.

Sec. 315. Giving creditors fair notice in chapters 7 and 13 cases.

Sec. 316. Dismissal for failure to timely file schedules of assets or provide required information.

Sec. 317. Adequate time to prepare for hearing on confirmation of the plan.

Sec. 318. Chapter 13 plans to have a 5-year duration in certain cases.


Sec. 320. Prompt relief from stay in individual cases.

Sec. 321. Treatment of certain earnings of an individual debtor who files a voluntary case under chapter 11.

TITLe IV—GENERAL AND SMALL BUSINESS BANKRUPTCY PROVISIONS

Subtitle A—General Bankruptcy Provisions

Sec. 401. Rolling stock equipment.

Sec. 402. Adequate protection for investors.

Sec. 403. Meetings of creditors and equity security holders.

Sec. 404. Protection of refinance of security interest.

Sec. 405. Executory contracts and unexpired leases.

Sec. 406. Creditors and equity security holders committee.

Sec. 407. Amendment to section 546 of title 11, United States Code.

Sec. 408. Limitation.

Sec. 409. Amendments to section 303(a) of title 11, United States Code.

Sec. 410. Postpetition disclosure and solicitation.

Sec. 411. Preferences.

Sec. 412. Venue of certain proceedings.

Sec. 413. Period for filing plan under chapter 11.

Sec. 414. Fees arising from certain ownership interests.

Sec. 415. Creditor representation at first meeting of creditors.

Sec. 416. Elimination of offset of claims payable in chapter 11 bankruptcy cases.

Sec. 417. Definition of interested person.

Sec. 418. Factors for compensation of professional persons.

Sec. 419. Appointment of elected trustee.

Sec. 420. Utility service.


Sec. 421. Flexible rules for disclosure statement and plan.

Sec. 422. Definitions; effect of discharge.

Sec. 423. Standard form disclosure Statement and plan.

Sec. 424. Uniform national reporting requirements.

Sec. 425. Uniform reporting rules and forms for small business cases.

Sec. 426. Duties in small business cases.

Sec. 427. Plan filing and confirmation deadlines.

Sec. 428. Plan confirmation deadline.

Sec. 429. Prohibition against extension of time.

Sec. 430. Duties of the United States trustee.

Sec. 431. Scheduling conferences.

Sec. 432. Serial filer provisions.

Sec. 433. Expanded grounds for dismissal or conversion and appointment of trustee.

Sec. 434. Study of operation of title 11, United States Code, with respect to small businesses.

Sec. 435. Payment of interest.

TITLe V—MUNICIPAL BANKRUPTCY PROVISIONS

Sec. 501. Petition and proceedings related to petition.

Sec. 502. Applicability of other sections to chapter 9.

TITLe VI—IMPROVED BANKRUPTCY STATISTICS AND DATA

Sec. 601. Audit procedures.

Sec. 602. Improved bankruptcy statistics.

Sec. 603. Uniform rules for the collection of data.

Sec. 604. Sense of Congress regarding availability of bankruptcy data.
TITLe VII—BANKRUPTCy TAX PROVISIONS

Sec. 1003. Elimination of requirement that
Sec. 903. Asset-backed securitizations.
Sec. 902. Damage measure.
Sec. 901. Bankruptcy Code amendments.

Sec. 1004. Certain claims owed to govern-
Sec. 703. Notice of request for a determina-
Sec. 702. Effective notice to government.
Sec. 704. Rate of interest on tax claims.

Sec. 714. Income tax returns prepared by tax
Sec. 716. Requirement to file tax returns to
Sec. 715. Discharge of the estate's liability
Sec. 713. Tardily filed priority tax claims.

Sec. 710. Periodic payment of taxes in chap-
Sec. 709. Stay of tax proceedings.
Sec. 708. Chapter 11 discharge of fraudulent
Sec. 707. Dismissal of a case or conversion to a

Sec. 1001. General effective date; application of
Sec. 908. Consumer bankruptcy pleadings.
Sec. 907. Bankruptcy Code amendments.
Sec. 906. Damages measure.

Sec. 905. Distribution of cash.
Sec. 904. Effective date; application of
Sec. 903. Claims relating to insurance depos-
Sec. 902. Asset-backed securitizations.

Sec. 803. Claims relating to insurance depos-
Sec. 1212. Priorities.
Sec. 1211. Exemptions.
Sec. 1210. Priorities.

Sec. 1209. Effect of conversion.
Sec. 1208. Effect of conversion.
Sec. 1206. Bankruptcy Code amendments.
Sec. 1205. Consumer bankruptcy pleadings.

Sec. 1204. Bankruptcy Code amendments.
Sec. 1203. Extension of time.
Sec. 1202. Adjustment of dollar amounts.
Sec. 1201. Definitions.

Sec. 1106. Limitation on compensa-
tion of professional persons.
Sec. 1107. Special tax provisions.
Sec. 1106. Effect of conversion.
Sec. 1105. Limitation on compensation of
professional persons.

Sec. 1103. Definition of term.
Sec. 1102. Disposal of patient records.
Sec. 1101. Definitions.
Sec. 1100. Reenactment of chapter 12.

Sec. 1007. Distribution of cash.
Sec. 1006. gimmary date; application of
Sec. 1005. Distribution of cash.
Sec. 1004. Certain claims owed to govern-

Sec. 1003. Elimination of requirement that
Sec. 903. Asset-backed securitizations.
Sec. 902. Damage measure.
Sec. 901. Bankruptcy Code amendments.

Sec. 1004. Certain claims owed to govern-
Sec. 703. Notice of request for a determina-
Sec. 702. Effective notice to government.
Sec. 704. Rate of interest on tax claims.

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Sec. 902. Asset-backed securitizations.

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Sec. 1210. Priorities.

Sec. 1209. Effect of conversion.
Sec. 1208. Effect of conversion.
Sec. 1206. Bankruptcy Code amendments.
Sec. 1205. Consumer bankruptcy pleadings.

Sec. 1204. Bankruptcy Code amendments.
Sec. 1203. Extension of time.
Sec. 1202. Adjustment of dollar amounts.
Sec. 1201. Definitions.
(A) by inserting "(a)" before "The trustee shall;" and
(B) by adding at the end the following:
"(8) in paragraph (7), representing to an individual debtor under this chapter—
"(A) the United States trustee or bankruptcy administrator shall review all materials submitted by the debtor and not later than 10 days before the first meeting of creditors, file with the court a statement as to whether the debtor’s case would be presumed to be an abuse under section 707(b) and face a party in interest—
"(B) not later than 5 days after receiving a statement filed under paragraph (1), file a motion to dismiss or convert under section 707(b), or file a statement setting forth the reasons the United States trustee or bankruptcy administrator does not believe that such a motion would be appropriate. If, in the filing of such statement with the court, the United States trustee or bankruptcy administrator determines that the debtor’s case should be presumed to be an abuse under section 707(b) and the product of the debtor’s current monthly income, multiplied by 12 is not less than—
"(A) the highest national or applicable State median family income reported for a family of equal or lesser size, whichever is greater; or
"(B) in the case of a household of 1 person, the national or applicable State median household income for 1 earner, whichever is greater.
"(3)(A) The court shall order the counsel for the debtor to reimburse the panel trustee for all reasonable costs in prosecuting a motion brought under section 707(b), including reasonable attorneys’ fees, if—
"(i) a panel trustee appointed under section 586(a)(1) of title 28 brings a motion for dismissal or conversion under this subsection; and
"(ii) the court—
"(I) grants that motion; and
"(II) finds that the action of the counsel for the debtor in filing under this chapter was not substantially justified.
"(B) If the court finds that the attorney for the debtor violated Rule 9011, at a minimum, the court shall—
"(i) assess the attorney’s civil penalty against the counsel for the debtor; and
"(ii) pay the penalty to the panel trustee or the United States trustee.
"(C) In the case of a petition referred to in paragraph (2), the signature of an attorney shall constitute a certificate that the attorney has—
"(i) performed a reasonable investigation into the circumstances that gave rise to the petition; and
"(ii) determined that the petition—
"(I) is well grounded in fact; and
"(II) is warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law and does not constitute an abuse under paragraph (1).

(4) Subject to subparagraph (B) and subject to paragraph (5), the court may award a debtor all reasonable costs in contesting a motion brought by a party in interest (other than a panel trustee or United States trustee) under this subsection (including reasonable attorneys’ fees) if—
"(i) the court does not grant the motion; and
"(ii) the court finds that—
"(I) the position of the party that brought the motion was not substantially justified; or
"(II) the party brought the motion solely for the purpose of coercing a debtor into waiving a right guaranteed to the debtor under this title.
"(B) A party in interest that has a claim of an aggregate amount less than $1,000 shall not be subject to subparagraph (A).

(5) Only the judge, United States trustee, bankruptcy administrator, or panel trustee may bring a motion under this section if the debtor and the debtor’s spouse combined, as of the date of the order for relief, have a current monthly income equal to or less than the national or applicable State median family monthly income calculated on a monthly basis for a family of equal size.

(c) Clerical Amendment.—The table of sections for chapter 7 of title 11, United States Code, is amended by striking the item relating to section 707 and inserting the following:

"(707. Dismissal of a case or conversion to a case under chapter 13.)"

SECTION 103. NO GROSS NEGLIGENCE.

Section 34(b) of title 11, United States Code, is amended to read as follows:

"(b)(1) Before the commencement of a case under this chapter, the following individuals—
"(I) are primarily consumer debts, that individually shall be determined by the bankruptcy administrator, or panel trustee under this chapter—
"(A) a written notice prescribed by the United States trustee for the district in which the petition is filed under section 586 of title 28,
"(B) a brief description of services that may be available to that individual from a credit counseling service that is approved by the United States trustee for that district.

"(B) A brief description of services that may be available to that individual from a credit counseling service that is approved by the United States trustee for that district.

SEC. 104. DEBTOR FINANCIAL MANAGEMENT TRAINING TEST PROGRAM.

(a) Development of Financial Management and Training Curriculum and Materials.—The Director of the Executive Office for United States Trustees (in this section referred to as the "Director") shall—

(1) consult with a wide range of individuals who are experts in the field of debtor education, including experts who are appointed by the United States trustee for a district, and nonprofit credit counseling services for that district, to develop an instructional course concerning personal financial management described in section 111.

"(b) Test. The Director shall choose for inclusion in an instructional course concerning personal financial management described in section 111—

"(A) a representative of nonprofit credit counseling services described in subparagraph (A) of section 111(a) of title 11, United States Code, and who operate financial management education programs for debtors; and
"(B) development a financial management training curriculum and materials that may be used to educate individual debtors concerning how to better manage their finances.

(b) Test. The Director shall—

"(2) choose a representative of nonprofit credit counseling services described in subparagraph (A) of section 111(a) of title 11, United States Code, and who operate financial management education programs for debtors; and
"(3) after selecting a representative of nonprofit credit counseling services described in subparagraph (A) of section 111(a) of title 11, United States Code, the Director shall—

"(A) refer to the appropriate committees of the United States Code, is amended by striking the item relating to section 707 and inserting the following:

"(b)(1) Before the commencement of a case under this chapter, the following individuals—
"(I) are primarily consumer debts, that individually shall be determined by the bankruptcy administrator, or panel trustee under this chapter—
"(A) a written notice prescribed by the United States trustee for the district in which the petition is filed under section 586 of title 28,
"(B) a brief description of services that may be available to that individual from a credit counseling service that is approved by the United States trustee for that district.

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"(3) after selecting a representative of nonprofit credit counseling services described in subparagraph (A) of section 111(a) of title 11, United States Code, the Director shall—

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"(I) are primarily consumer debts, that individually shall be determined by the bankruptcy administrator, or panel trustee under this chapter—
"(A) a written notice prescribed by the United States trustee for the district in which the petition is filed under section 586 of title 28,
"(B) a brief description of services that may be available to that individual from a credit counseling service that is approved by the United States trustee for that district.

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"(2) choose a representative of nonprofit credit counseling services described in subparagraph (A) of section 111(a) of title 11, United States Code, and who operate financial management education programs for debtors; and
"(3) after selecting a representative of nonprofit credit counseling services described in subparagraph (A) of section 111(a) of title 11, United States Code, the Director shall—

"(A) refer to the appropriate committees of
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(c) Chapter 13 Discharge.—Section 1328 of title 11, United States Code, is amended by adding at the end the following:

"(g) The court shall not grant a discharge under this section to a debtor, unless after filing a petition the debtor has completed an instructional course concerning personal financial management described in section 111.

(h) Subsection (g) shall not apply with respect to a debtor who resides in a district for which the United States trustee or bankruptcy administrator of the bankruptcy court of that district determines that the approved instructional courses are not adequate, and that additional individuals who would be required to complete the instructional course by reason of the requirements of this section.

(1) Each United States trustee or bankruptcy administrator that makes a determination described in subsection (h) shall review that determination not later than 1 year after the date of that determination, and not less frequently than every year thereafter.

(d) Trustee's Duties.—Section 521 of title 11, United States Code, is amended—

(1) by inserting "(a) before "The debtor shall";

(2) by adding at the end the following:

"(b) the court, on the motion of a creditor who unreasonably refused to negotiate a reasonable alternative repayment schedule proposed by an approved credit counseling agency acting by or on behalf of the debtor;"

(3) by adding at the end the following:

"(B) The court shall not grant a discharge under this section to a debtor who resides in a district for which the United States trustee or bankruptcy administrator of the bankruptcy court of that district determines that—

(i) each United States trustee or bankruptcy administrator that makes a determination described in subsection (h) shall review that determination not later than 1 year after the date of that determination, and not less frequently than every year thereafter; and

(ii) the court, on the motion of a creditor who unreasonably refused to negotiate a reasonable alternative repayment schedule proposed by an approved credit counseling agency acting by or on behalf of the debtor;

(c) If the debtor is represented by counsel, the debtor may waive the right of the debtor to a hearing under subclause (I) by signing a statement—

"(aa) waiving the hearing;"

"(bb) stating that the debtor is represented by counsel; and"

"(cc) identifying the counsel;"

"(d) Limitation.—Section 547 of title 11, United States Code, is amended by adding at the end the following:

"(1) by striking the period at the end and adding "and"; and

(2) by adding at the end the following:

"(I) consider the debtor's proposal; and

(ii) the court, on the motion of a creditor who unreasonably refused to negotiate a reasonable alternative repayment schedule proposed by an approved credit counseling agency;"

"(e) General Provisions.—

(1) in subsection (e) —

"(aa) waiving the hearing;"...

""TITILE II—ENHANCED CONSUMER PROTECTION

Subtitle A—Penalties for Abusive Creditor Practices

SEC. 201. PROMOTION OF ALTERNATIVE DISPUTE RESOLUTION.

(a) Reduction of Claim.—Section 502 of title 11, United States Code, is amended by adding at the end the following:

"(k)(1) The court, on the motion of the debtor and after a hearing, may reduce a claim based in whole or in part on unsecured consumer debts by not more than 20 percent of the claim, if—

"(A) the claim was filed by a creditor who unreasonably refused to negotiate a reasonable alternative repayment schedule proposed by an approved credit counseling agency acting by or on behalf of the debtor;"...

"(aa) waiving the hearing;"

"(bb) stating that the debtor is represented by counsel; and"

"(cc) identifying the counsel;"

"(d) Limitation.—Section 547 of title 11, United States Code, is amended by adding at the end the following:

"(1) by striking the period at the end and adding "and"; and

(2) by adding at the end the following:

"(I) consider the debtor's proposal; and

(ii) the court, on the motion of a creditor who unreasonably refused to negotiate a reasonable alternative repayment schedule proposed by an approved credit counseling agency;"...
designated, the following:

striking "Sixth" and inserting "Seventh";
striking "Fifth" and inserting "Sixth";
striking "Fourth" and inserting "Fifth";

SEC. 211. DEFINITION OF DOMESTIC SUPPORT OBLIGATION.
Section 101 of title 11, United States Code, is amended—
(1) by striking paragraph (12A); and
(2) by inserting after paragraph (14) the following;

"(14) if the debtor is required by a judicial or administrative order or statute to pay a domestic support obligation, the debtor has paid all amounts payable under such order or statute that initially become payable after the date on which the petition was filed through the date of the certification (including amounts due before or after the petition was filed) have been paid" after "completion of the debtor of all payments under the plan"; certification have been paid, for all amounts payable under that order as of the date of certification, are owed directly to a spouse, former spouse, or child of the debtor, or the parent or legal guardian of such child have been paid (unless the holder of such claim agrees to a different treatment of such claim), after "completion of the debtor of all payments under the plan".

SEC. 212. PRIORITIES FOR CLAIMS FOR DOMESTIC SUPPORT OBLIGATIONS.
Section 507(a) of title 11, United States Code, is amended—
(1) by striking paragraph (7); and
(2) by redesignating paragraphs (1) through (6) as paragraphs (2) through (7), respectively.

"(7) if the debtor is required by a judicial or administrative order or statute to pay a domestic support obligation, the debtor has paid all amounts payable under such order or statute that initially become payable after the date on which the petition was filed through the date of the certification (including amounts due before or after the petition was filed) have been paid" after "completion of the debtor of all payments under the plan"; certification have been paid, for all amounts payable under that order as of the date of certification, are owed directly to a spouse, former spouse, or child of the debtor, or the parent or legal guardian of such child have been paid (unless the holder of such claim agrees to a different treatment of such claim), after "completion of the debtor of all payments under the plan".

SEC. 213. EXCEPTIONS TO AUTOMATIC STAY IN DOMESTIC SUPPORT OBLIGATION PROCEEDINGS.
Section 362(b) of title 11, United States Code, is amended—
(1) by striking paragraph (2) and inserting the following:

"(2) under subsection (a)—

(i) the commencement of an action or proceeding for—

(i) the establishment of paternity as a part of an effort to collect domestic support obligations; or

(ii) the establishment or modification of an order for domestic support obligations; or

(iii) the collection of a domestic support obligation from property that is not property of the estate;"

(2) in paragraph (17), by striking "or" at the end;

(3) in paragraph (18), by striking the period at the end and inserting a semicolon; and
(4) by inserting after paragraph (18) the following:

"(19) under subsection (a) with respect to the withholding of income under an order as specified in section 466(b) of the Social Security Act (42 U.S.C. 666(b)); or

(20) under subsection (a) with respect to—

(1) by inserting after paragraph (4) the following:

"(5) under subsection (a) with respect to the withholding of income—

(A) for payment of a domestic support obligation for amounts that initially become payable after the date the petition was filed; and

(B) for payment of a domestic support obligation for amounts such order or statute that initially become payable after the date the petition was filed, and owed directly to a spouse, former spouse, or child of the debtor, or the parent or guardian of such child;"

(2) in paragraph (17), by striking "or" at the end;

(3) in paragraph (18), by striking the period at the end and inserting a semicolon; and
(4) by inserting after paragraph (18) the following:

"(19) under subsection (a) with respect to—

(A) the withholding, suspension, or reduction of drivers' licenses, professional and occupational licenses, and recreational licenses under State law, as specified in section 466(a)(10) of the Social Security Act (42 U.S.C. 666(a)(10)); and

(B) the reporting of overdue support owed by an absent parent to any consumer reporting agency as specified in section 466(a)(7) of the Social Security Act (42 U.S.C. 666(a)(7));"
"(B)(1) the interception of tax refunds, as specified in sections 464 and 466(a)(3) of the Social Security Act (42 U.S.C. 664 and 666(a)(3)), if such tax refund is payable directly to a spouse, former spouse, or child of the debtor, or the parent or legal guardian of such child; or

(1)(C)(i) the enforcement of medical obligations as specified under title IV of the Social Security Act (42 U.S.C. 601 et seq.)."

SEC. 121A. NONDISCHARGEABILITY OF CERTAIN DEBTORS FOR ALIMONY, MAINTENANCE, AND SUPPORT.

Section 523 of title 11, United States Code, is amended—

(1) in subsection (a), by striking paragraph (5) and inserting the following:

"(5) for a domestic support obligation;"

(2) in subsection (c), by striking "(6), or" and all that follows through the end of the paragraph and inserting a semicolon; and

(3) in subsection (d), by striking "(6), or" and all that follows through the end of the paragraph and inserting a semicolon; and

(4) by adding at the end the following:

"(A) the debtor; and

(B) a governmental unit;"

SEC. 121B. CONTINUED LIABILITY OF PROPERTY.

Section 522 of title 11, United States Code, is amended—

(1) in subsection (c), by striking paragraph (1) and inserting the following:

"(2) by striking paragraph (5) and inserting the following:

"(5) a debt of a kind specified in paragraph (1) or (5) of section 523(a) in which case, notwithstanding any provision of applicable nonbankruptcy law, a creditor that makes a disclosure of a last known address of a debtor in connection with a request made under subparagraph (A) shall not be liable to the debtor or any other person by reason of making that disclosure.''.

(2) by adding the end the following:

"(C) in any case described in subsection (b)(7), the trustee shall—"

(1) notify in writing the holder of the claim of the right of that holder to use the services of a State child support enforcement agency established under sections 464 and 466 of the Social Security Act (42 U.S.C. 664 and 666) for the State in which the holder resides; and

(2) include in the notice under this paragraph the address and telephone number of the child support enforcement agency; and

(3) by adding at the end the following:

"(B)(1) notify in writing the State child support agency (of the State in which the holder resides) that

(i) the address and telephone number of the holder of the claim; and

(ii) that the holder resides of the claim; and

(iii) in the notice under this paragraph the name, address, and telephone number of the holder of the claim; and

(iv) in the notice under this paragraph the name, address, and telephone number of the holder of the claim; and

(v) the last known address of the debtor; and

(vi) in the case of a debtor that is the subject of a divorce or separation proceeding, a claim that—"

(1) is not discharged under paragraph (2), (4), or (14A) of section 523(a); or

(2) was reaffirmed by the debtor under section 507(a)(1), provide the applicable notification specified in subsection (c); and

(2) by adding at the end the following:

"(C) in any case described in subsection (b)(10), the trustee shall—"

(1) notify in writing the holder of the claim of the right of that holder to use the services of a State child support enforcement agency established under sections 464 and 466 of the Social Security Act (42 U.S.C. 664 and 666) for the State in which the holder resides; and

(2) include in the notice under this paragraph the address and telephone number of the child support enforcement agency; and

(3) provide the applicable notification specified in subsection (c); and

(4) by adding at the end the following:

"(D) in the case of a debtor that is the subject of a divorce or separation proceeding, a claim that—"

(1) is a debt of a kind specified in paragraph (1) or (5) of section 523(a) in which case, notwithstanding any provision of applicable nonbankruptcy law, a creditor that makes a disclosure of a last known address of a debtor in connection with a request made under subparagraph (A) shall not be liable to the debtor or any other person by reason of making that disclosure.''.

(c) DUTIES OF TRUSTEE UNDER CHAPTER 12—

Section 1202 of title 11, United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (4), by striking "(and)" at the end;

(B) in paragraph (6), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(7) if, with respect to an individual debtor, there is a claim for support of a child of the debtor or a custodial parent or legal guardian of such child entitled to receive priority under section 507(a)(1), provide the applicable notification specified in subsection (c); and

(2) by adding at the end the following:

"(A) the debtor; and

(B) a governmental unit;"

SEC. 121C. COLLECTION OF CHILD SUPPORT.

(a) DUTIES OF TRUSTEE UNDER CHAPTER 7—

Section 704 of title 11, United States Code, as amended by section 102(b) of this Act, is amended—

(1) in subsection (a)—

(A) in paragraph (8), by striking "and" at the end;

(B) in paragraph (9), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(ii) include in the notice under this paragraph the name, address, and telephone number of the holder of the claim; and

(iii) at such time as the debtor is granted a discharge under section 1341, notify the holder of the claim and the State child support agency of the State in which that holder resides of—"

(1) the granting of the discharge;

(2) the last known address of the debtor; and

(3) the name of each creditor that holds a claim against the debtor.

(b) DUTIES OF TRUSTEE UNDER CHAPTER 13—

Section 1325(b)(1)(A) of title 11, United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (5), by striking "(and)" at the end;

(B) in paragraph (6), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(7) if, with respect to an individual debtor, there is a claim for support of a child of the debtor or a custodial parent or legal guardian of such child entitled to receive priority under section 507(a)(1), provide the applicable notification specified in subsection (c); and

(2) by adding at the end the following:

"(D) not assigned to a nongovernmental entity or parent solely for the purpose of collecting child support, foster care, or disability payment for a dependent child made in accordance with applicable nonbankruptcy law after "dependent of the debtor"."

(c) DUTIES OF TRUSTEE UNDER CHAPTER 11—

Section 1106 of title 11, United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (5), by striking "(and)" at the end;

(B) in paragraph (6), by striking the period and inserting "; and"; and

(C) by adding at the end the following:

"(7) if, with respect to an individual debtor, there is a claim for support of a child of the debtor or a custodial parent or legal guardian of such child entitled to receive priority under section 507(a)(1), provide the applicable notification specified in subsection (c); and

(2) by adding at the end the following:

"(D) not assigned to a nongovernmental entity or parent solely for the purpose of collecting child support, foster care, or disability payment for a dependent child made in accordance with applicable nonbankruptcy law after "dependent of the debtor"."
"(c)(1) In any case described in subsection (b)(6), the trustee shall—
   "(A)(i) notify in writing the holder of the claim of the right of that holder to use the services of a State child support enforcement agency established under sections 464 and 466 of the Social Security Act (42 U.S.C. 664 and 666) for the State in which the holder resides; and
   "(ii) provide the following notices to the assisted person in return for the pay-
   ment of a filing fee:
   "(A) a statement of the terms of the bankruptcy assistance services; and
   "(B) any creditor of the person to the ex-
   tent as the notices required under sub-
   paragraph (A) shall not be liable to the debtor or any other person by reason of making that disclosure.

"(d) Duties of Trustee Under Chapter 13.—Section 1302 of title 11, United States Code, is amended—
   "(1) in subsection (a)—
      "(A) if after receiving a notice under paragraph (1)(B)(iii), a holder of a claim or a State child support agency is unable to lo-
      cate the debtor that is the subject of the notice, that party may request from a creditor described in paragraph (1)(B)(iii) the last known address of the debtor.
   "(B) Notwithstanding any other provision of law, a creditor that makes a disclosure of a last known address of a debtor in connec-
      tion with a request made under subparagraph (A) shall not be liable to the debtor or any other person by reason of that disclosure.
   "(2) A debtor relief agency providing bankruptcy assistance services to an assisted person shall provide any bankruptcy assistance services to an assisted person at the same time as the notices required under sub-
      section (a)(1) with the following statement, to the extent applicable, or a substantially similar statement. The statement shall be conspicuous, in a single document separate from other documents or notices provided to the assisted person:
   "I IMPORTANT INFORMATION ABOUT BANKRUPTCY ASSISTANCE SERVICES FROM AN ATTORNEY OR BANKRUPTCY PETITION PREPARER

   "If you decide to seek bankruptcy relief, you can represent yourself, you can hire an attorney to represent you, or you can get help in some localities from a bankruptcy petition preparer who is not an attorney. THE LAW REQUIRES AN ATTORNEY OR BANKRUPTCY PETITION PREPARER TO GIVE YOU A WRITTEN CONTRACT SPECIFYING WHAT THE ATTORNEY OR BANKRUPTCY PETITION PREPARER WILL DO FOR YOU AND HOW MUCH IT WILL COST. Ask to see the contract before you hire any-
one.

   "The following information helps you understand what must be done in a routine bankruptcy case to help you evaluate how one service will differ from another.

   I Before filing a bankruptcy case, either you or your attorney should analyze your eligibility for different forms of debt relief made available by the Bankruptcy Code and which form of relief is most likely to be ben-

   eficial for you. Be sure you understand the relief you can obtain and its limitations. To file a bankruptcy case, documents called a Petition, Schedules and Statement of Financ-

   ial Affairs, as well as the Statement of Intention need to be prepared correctly and filed with the bankruptcy court. You will have to pay a filing fee to the bank-

   ruptcy court. Once your case starts, you will have to attend the required first meeting of creditors where you may be questioned by a court official called a “trustee” and by creditors.

   "I If you choose to file a chapter 7 case, you may be asked by a creditor to reaffirm a debt. You may want help deciding whether to do so and a creditor is not permitted to coerce you into reaffirming your debts.

   "I If you choose to file a chapter 13 case in which you repay your creditors what you can afford over 3 to 5 years, you may also want help with preparing your chapter 13 plan and

   Subtitle C—Other Consumer Protections

   SEC. 221. Definitions.
   "(a) Definitions.—Section 101 of title 11, United States Code, is amended—
      "(1) by inserting after paragraph (3) the fol-
      lowing:
      "(AA) the granting of the discharge;
      "(BB) any creditor of the person to the ex-
      tent as the notices required under sub-
      paragraph (A) shall not be liable to the debtor or any other person by reason of making that disclosure.

   SEC. 222. Disclosures.
       "Subchapter II of chapter 5 of title 11, United States Code, is amended by adding at the end the following:
   "(e) Disclosures.
      "(1) A debt relief agency providing bankruptcy assistance services to an assisted person shall provide the following notices to the assisted person:
       "(1)(I) the name of each creditor that holds a claim that—
       "(aa) is not discharged under paragraph (2) or (3) of section 523(a); or
       "(bb) was reaffirmed by the debtor under section 524(c);
       "(1)(II) with respect to the debtor’s case, the name of each creditor that holds a claim that—
       "(aa) is not discharged under paragraph (2) or (3) of section 523(a); or
       "(bb) was reaffirmed by the debtor under section 524(c);
       "(2)(A) if, after receiving a notice under paragraph (1)(B)(iii), the holder of the claim or a State child support agency is unable to lo-
       cate the debtor that is the subject of the not-
       ice, that party may request from a creditor described in paragraph (1)(B)(iii) the last known address of the debtor.

   "(B) Notwithstanding any other provision of law, a creditor that makes a disclosure of a last known address of a debtor in connec-
      tion with a request made under subpara-
      graph (A) shall not be liable to the debtor or any other person by reason of making that disclosure.

   (C) total current monthly income, pro-
   jected monthly net income and, in a case under chapter 13, monthly net income shall be complete, accurate, and truthful.

   (D) information an assisted person provides during the case of that person may be audited under this title and the failure to provide the information described in this subsection shall be complete, accurate, and truthful.

   (E) all assets and all liabilities shall be com-
   pletely and accurately disclosed in the documents filed to commence the case, and the replacement value of each asset, as de-
   fined in section 506, shall be stated in those documents if requested after reasonable in-
   quiry.

   (F) a bankruptcy petition preparer who is not an attorney.

   "(2) A debtor relief agency providing bankruptcy assistance services to an assisted person shall provide any bankruptcy assistance services to an assisted person at the same time as the notices required under sub-
      section (a)(1) with the following statement, to the extent applicable, or a substantially similar statement. The statement shall be conspicuous, in a single document separate from other documents or notices provided to the assisted person:

   "I IMPORTANT INFORMATION ABOUT BANKRUPTCY ASSISTANCE SERVICES FROM AN ATTORNEY OR BANKRUPTCY PETITION PREPARER

   "If you decide to seek bankruptcy relief, you can represent yourself, you can hire an attorney to represent you, or you can get help in some localities from a bankruptcy petition preparer who is not an attorney. THE LAW REQUIRES AN ATTORNEY OR BANKRUPTCY PETITION PREPARER TO GIVE YOU A WRITTEN CONTRACT SPECIFYING WHAT THE ATTORNEY OR BANKRUPTCY PETITION PREPARER WILL DO FOR YOU AND HOW MUCH IT WILL COST. Ask to see the contract before you hire any-
one.

   "The following information helps you understand what must be done in a routine bankruptcy case to help you evaluate how one service will differ from another.

   I Before filing a bankruptcy case, either you or your attorney should analyze your eligibility for different forms of debt relief made available by the Bankruptcy Code and which form of relief is most likely to be ben-

   eficial for you. Be sure you understand the relief you can obtain and its limitations. To file a bankruptcy case, documents called a Petition, Schedules and Statement of Financ-

   ial Affairs, as well as the Statement of Intention need to be prepared correctly and filed with the bankruptcy court. You will have to pay a filing fee to the bank-

   ruptcy court. Once your case starts, you will have to attend the required first meeting of creditors where you may be questioned by a court official called a “trustee” and by creditors.

   "I If you choose to file a chapter 7 case, you may be asked by a creditor to reaffirm a debt. You may want help deciding whether to do so and a creditor is not permitted to coerze you into reaffirming your debts.

   "I If you choose to file a chapter 13 case in which you repay your creditors what you can afford over 3 to 5 years, you may also want help with preparing your chapter 13 plan and
with the confirmation hearing on your plan which will be before a bankruptcy judge.

(1) If you select another type of relief under the Bankruptcy Code other than chapter 7 or chapter 13, and want to find out what needs to be done from someone familiar with that type of relief.

(2) A bankruptcy case may also involve litigation. Your creditors are generally permitted to represent themselves in litigation in bankruptcy court, but only attorneys, not bankruptcy petition preparers, can give you legal advice.

(3) Except to the extent the debt relief agency provides the required information itself, the assistance person may also obtain the information from a diligent inquiry of the assisted person or others so as to obtain such information reasonably accurately for inclusion on the petition, schedules or statement of financial affairs, a debt relief agency providing bankruptcy assistance to an assisted person, to the extent permitted by nonbankruptcy law, shall provide each assisted person at the time required for the notice required under subsection (a)(1) reasonably sufficient information (which may be provided orally or in a clear and conspicuous writing) to the person on how to provide all the information the assisted person is required to provide under this title pursuant to section 521, including—

(1) how to value assets at replacement value, determine total current monthly income, projected monthly income, and related calculations; and

(2) how to complete the list of creditors, including how to determine what amount is owed and what address for the creditor should be shown; and

(3) how to—

(A) determine what property is exempt; and

(B) value exempt property at replacement value, as defined in section 506.

(4) A debt relief agency shall maintain a copy of the notices required under subsection (a)(4) of this section for a period of 2 years after the date on which the notice is given to the assisted person.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 5 of title 11, United States Code, is amended by inserting after the item relating to section 525 the following:

§ 526. Disclosures.

[SEC. 223. DEBTOR'S BILL OF RIGHTS.]

(a) DEBTOR'S BILL OF RIGHTS.—Subchapter II of chapter 5 of title 11, United States Code, as amended by section 222 of this Act, is amended by adding at the end the following:

§ 527. Debtor's bill of rights

(a)(1) A debt relief agency shall—

(A) not later than 5 business days after the first date on which a debt relief agency provides any bankruptcy assistance services to an assisted person, but before that assisted person's petition under this title is filed—

(I) execute a written contract with the assisted person specifying clearly and conspicuously the services the agency will provide for the preparation and the basis on which fees or charges will be made for such services and the terms of payment; and

(II) give the assisted person a copy of the fully executed and completed contract in a form the person is able to retain;

(B) disclose in any advertisement of bankruptcy assistance services or of the benefits of a contract directed to the general public (whether in general media, seminars or specific mailings, telephonic or electronic messages, or otherwise) that the services or benefits the agency will provide under this title, clearly and conspicuously using the statement: 'We are a debt relief agency. We help people file bankruptcy petitions to obtain relief under the Bankruptcy Code.' or a substantially similar statement; and

(C) if an advertisement directed to the general public indicates that the debt relief agency provides assistance with respect to credit defaults, mortgage foreclosures, lease delinquencies, wage garnishments, utility disconnections, property seizures, collection pressure, or inability to pay any consumer debt, disclose conspicuously in that advertisement that the assistance is not the debt relief assistance under this title, using the following statement: 'We are a debt relief agency. We help people file bankruptcy petitions to obtain relief under the Bankruptcy Code.' or a substantially similar statement.

(2) For purposes of paragraph (1)(B), an advertisement shall be of bankruptcy assistance services if that advertisement describes or offers bankruptcy assistance with a plan under chapter 12, without regard to whether chapter 13 is specifically mentioned. A statement such as 'federally supervised repayment plan' or 'federal debt restructuring help' or any other similar statement that would reasonably expect to provide that help with debt relief assistance under this title, is a statement covered under the preceding sentence.

(b)(1) A debt relief agency shall not—

(A) fail to perform any service that the debt relief agency promised to an assisted person or prospective assisted person the agency would provide that person in connection with the preparation for or activities during a proceeding under this title; or

(B) make any statement, or counsel or advise any assisted person to make any statement in any document filed in a proceeding under this title.

(c)(1) If a bankruptcy petition preparer is not an individual, then an officer, principal, related agent, or partner of the preparer shall be required to—

(A) sign the document for filing; and

(B) may bring an action on behalf of its residents to recover the actual damages of assisted persons arising from such violation, including any liability under paragraph (2); and

(c)(2) In the case of any successful action under subparagraph (A) or (B), shall be awarded the costs of the action and reasonable attorney fees as determined by the court.

(d)(1) The United States District Court for any district located in the State shall have concurrent jurisdiction of any action under this title or the Federal Rules of Bankruptcy Procedure applicable to such debt relief agency shall be liable to the assisted person in the amount of any fees and charges in connection with providing bankruptcy assistance to such person that the debt relief agency has already been paid on account of that proceeding.

(1) In addition to such other remedies as are provided under State law, whenever the chief law enforcement officer of a State, or an agency designated by a State, has reason to believe that any person has violated or is violating section 526 or 527, the State or agency may bring an action to enjoin such violation;

(B) may bring an action on behalf of its residents to recover the actual damages of assisted persons arising from such violation, including any liability under paragraph (2); and

(d)(2) In the case of any successful action under subparagraph (A) or (B), shall be awarded the costs of the action and reasonable attorney fees as determined by the court.

(e)(1) Notwithstanding any other provision of Federal law, if the court, on its own motion or on the motion of the United States trustee, finds that a person intentionally violated section 526 or 527, or engaged in a clear and consistent pattern or practice of violating section 526 or 527, the court may—

(A) enjoin the violation of such section; or

(2) impose an appropriate civil penalty against such person.

(f) If sections 526 and 527 shall not annul, alter, affect, or exempt any person subject to those sections from complying with any law of any State except to the extent that such law is inconsistent with those sections, and then only to the extent of the inconsistency.''.

[SEC. 224. ENFORCEMENT.]

(a) ENFORCEMENT.—Subchapter II of chapter 5 of title 11, United States Code, as amended by section 222 of this Act, is amended by adding after the item relating to section 526 of title 11, United States Code, the following:

§ 527. Debt relief agency enforcement.

(a) Any waiver by any assisted person of any provision or right provided by or under chapter 5 of title 11, United States Code, may not be enforced by any Federal or State court or by any other person.

(b) Any debt relief agency that has been found after notice and an opportunity for hearing to have violated section 526 or 527 with respect to a bankruptcy case or related proceeding shall be jointly and severally liable to the United States, the bankruptcy trustee, or the affected assisted person, or partner of the preparer, for the actual damages of the affected assisted person, or partner of the preparer, for the actual damages of the affected assisted person, and may be enjoined from enforcing any provision of section 526 or 527 shall be treated as void and may not be enforced by any Federal or State court or by any other person.

(A) (A) negligently failed to comply with any provision of section 526 or 527 with respect to a bankruptcy case or related proceeding of an assisted person; and

(B) provided bankruptcy assistance to an assisted person in a case or related proceeding which is dismissed or converted before that assistance person's petition under this title is filed.

(c) (1) If an advertisement directed to the general public indicates that the debt relief agency provides assistance with respect to credit defaults, mortgage foreclosures, lease delinquencies, wage garnishments, utility disconnections, property seizures, collection pressure, or inability to pay any consumer debt, disclose conspicuously in that advertisement that the assistance is not the debt relief assistance under this title, using the following statement: 'We are a debt relief agency. We help people file bankruptcy petitions to obtain relief under the Bankruptcy Code.' or a substantially similar statement.

(d) (1) For purposes of paragraph (1)(B), an advertisement shall be of bankruptcy assistance services if that advertisement describes or offers bankruptcy assistance with a plan under chapter 12, without regard to whether chapter 13 is specifically mentioned. A statement such as 'federally supervised repayment plan' or 'federal debt restructuring help' or any other similar statement that would reasonably expect to provide that help with debt relief assistance under this title, is a statement covered under the preceding sentence.

(e) (1) An advertisement shall not—

(A) fail to perform any service that the debt relief agency promised to an assisted person or prospective assisted person the agency would provide that person in connection with the preparation for or activities during a proceeding under this title; or

(B) make any statement, or counsel or advise any assisted person to make any statement in any document filed in a proceeding under this title.

(f) (1) A debt relief agency shall not—

(A) negligently fail to comply with any provision of section 526 or 527, the court may—

(A) enjoin the violation of such section; or

(2) impose an appropriate civil penalty against such person.

(g) If sections 526 and 527 shall not annul, alter, affect, or exempt any person subject to those sections from complying with any law of any State except to the extent that such law is inconsistent with those sections, and then only to the extent of the inconsistency.''.

[SEC. 225. AMENDMENTS TO DISCOURAGE ABUSIVE BANKRUPTCY FILINGs.]

Section 110 of title 11, United States Code, as amended by section 222 of this Act, is amended by adding at the end the following:

(1) in subsection (a)(1), by inserting ', under the direct supervision of an attorney,' after 'who';

(2) in subsection (b)—

(A) in paragraph (1), by adding at the end the following: 'If a bankruptcy petition preparer is not an individual, then an officer, principal, related agent, or partner of the preparer shall be required to—'

(A) sign the document for filing; and
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"(B) print on the document the name and address of that officer, principal, responsible person or partner."; (B) by striking paragraph (2) and inserting the following: "(2)(A) Before preparing any document for filing or accepting any fees from a debtor, the bankruptcy petition preparer shall provide to the debtor on a separate notice to debtors concerning bankruptcy petition preparers, which shall be on an official form issued by the Judicial Conference of the United States. (B) The notice under subparagraph (A)— (i) shall inform the debtor in simple language that a bankruptcy petition preparer is not an attorney and may not practice law or give legal advice; (ii) may contain a description of examples of legal advice that a bankruptcy petition preparer is not authorized to give, in addition to any advice that the preparer may not give by reason of subsection (e)(2); and (iii) shall— (I) be signed by— (aa) the debtor; and (bb) the bankruptcy petition preparer, under penalty of perjury; and (II) be filed with any document for filing; (c) in subsection (c)— (1) paragraph (2); (2) in subparagraph (B) of paragraph (2), as redesignated by subparagraph (A) of this paragraph, by striking "(I) to file a petition under this title; or (II) be filed with any document for filing."; (3) in subsection (c)– (A) in paragraph (2)— (i) by striking "(2) For purposes" and inserting "(2)(A) Subject to paragraph (B), for purposes"; and (ii) by adding at the end the following: "(B) A bankruptcy petition preparer is not an individual, the identifying number of the bankruptcy petition preparer shall be the Social Security account number of the officer, principal, responsible person, or partner of the preparer:"; and (B) by striking paragraph (3)– (A) by redesigning paragraph (3) as paragraph (4) and redesigning paragraph (4) as paragraph (5); (B) by striking paragraph (2); (C) in paragraph (2), as redesignated by subparagraph (A) of this paragraph, by striking "(d)(1)" and inserting "(d)"; and (D) by striking paragraph (2); and (B) by adding at the end the following: "(2)(A) A bankruptcy petition preparer may not offer or accept any fee for services for which the bankruptcy petition preparer is not authorized to give, including any legal advice described in subparagraph (B), (C), or (D); and (E) by redesigning paragraph (6) as paragraph (7), by redesigning paragraph (7) as paragraph (8), by redesigning paragraph (9) as paragraph (10), and by redesigning paragraph (10) as paragraph (11)."

"(5) as paragraphs (2) through (5), respectively; (8) in subsection (g)– (C) retirement funds to the extent that those retirement funds are in a retirement account of the United States Trustee System Fund referred to in section 586(e)(2) of title 28. Amounts deposited under this paragraph shall be available to fund the enforcement of this section on a national basis."

"SEC. 225. ADDITIONAL AMENDMENTS TO TITLE 11, UNITED STATES CODE. (a) IN GENERAL.—Section 507(a) of title 11, United States Code, as amended by section 211 of this Act, is amended by inserting after paragraph (9) the following: "(10) Tenth, allowed claims for death or personal injuries resulting from the operation of a motor vehicle or vessel if such operation was unlawful because the debtor was intoxicated from using alcohol, a drug, or another substance." (b) VESSELS.—Section 523(a)(9) of title 11, United States Code, is amended by inserting "or vessel" after "vehicle".

"SEC. 226. PROTECTION OF RETIREMENT SAVINGS IN BANKRUPTCY. (a) IN GENERAL.—Section 522 of title 11, United States Code, as amended by section 215 of this Act, is amended by adding a new subsection (b) after subsection (a)— (1) in subsection (b)– (A) retirement funds to the extent that those retirement funds are in a retirement account of the United States Trustee System Fund referred to in section 586(e)(2) of title 28. Amounts deposited under this paragraph shall be available to fund the enforcement of this section on a national basis.

"(2) The court shall triple the amount of a fine assessed under paragraph (1) in any case in which the court finds that a bankruptcy petition preparer— (A) coerced the debtor to exclude assets or income that should have been included on applicable schedules; (B) advised the debtor to use a false Social Security account number; (C) failed to inform the debtor that the debtor was filing for relief under this title; or (D) prepared a document for filing in a manner that failed to disclose the identity of the preparer. (3) The debtor, the trustee, a creditor, or the United States trustee may file a motion for an order imposing a fine on the bankruptcy petition preparer for each violation of this section. All fines imposed shall be paid to the United States trustee, who shall deposit an amount equal to such fines in a special account of the United States Trustee System Fund referred to in section 586(e)(2) of title 28.

"(h) In general.—Section 522 of title 11, United States Code, is amended by adding a new subsection (b) after subsection (a)— (1) in subsection (b)– (A) retirement funds to the extent that those retirement funds are in a retirement account of the United States Trustee System Fund referred to in section 586(e)(2) of title 28. Amounts deposited under this paragraph shall be available to fund the enforcement of this section on a national basis."

"(ii) by striking ``paragraph (1)'' each place it appears in paragraph (1) of this Act, is amended— (A) in paragraph (2)– (i) by striking ``(2) For purposes" and inserting "(2)(A) Subject to paragraph (B), for purposes"; and (ii) by adding at the end the following: "(B) A bankruptcy petition preparer is not an individual, the identifying number of the bankruptcy petition preparer shall be the Social Security account number of the officer, principal, responsible person, or partner of the preparer:"; and (B) by striking paragraph (3)– (A) by redesigning paragraph (3) as paragraph (4) and redesigning paragraph (4) as paragraph (5); (B) by striking paragraph (2); (C) in paragraph (2), as redesignated by subparagraph (A) of this paragraph, by striking "(d)(1)" and inserting "(d)"; and (D) by striking paragraph (2); and (B) by adding at the end the following: "(2)(A) A bankruptcy petition preparer may not offer or accept any fee for services for which the bankruptcy petition preparer is not authorized to give, including any legal advice described in subparagraph (B), (C), or (D); and (E) by redesigning paragraph (6) as paragraph (7), by redesigning paragraph (7) as paragraph (8), by redesigning paragraph (9) as paragraph (10), and by redesigning paragraph (10) as paragraph (11)."
this title, those funds shall be presumed to be exempt from the estate.

"(II) If the retirement funds are in a retirement fund that has not received a favorable determination such as the one described in section 401A of the Internal Revenue Code of 1986, those funds are exempt from the estate if the debtor demonstrates that—

"(i) no prior determination to the contrary has been made by a court or the Internal Revenue Service; and

"(ii) the retirement fund is in substantial compliance with the applicable requirements of the Internal Revenue Code of 1986;

"(III) the retirement fund fails to be in substantial compliance with the applicable requirements of the Internal Revenue Code of 1986 and the debtor is not materially responsible for that failure.

(C) A direct transfer of retirement funds from 1 fund to another that is exempt from taxation under section 401, 403, 408, 408A, 414, 457, or 501(a) of the Internal Revenue Code of 1986, pursuant to section 401(a)(31) of the Internal Revenue Code of 1986, otherwise shall not cease to qualify for exemption under paragraph (3)(C) or subsection (d)(12) by reason of that direct transfer.

(D) Any distribution that qualifies as an eligible rollover distribution within the meaning of section 402(c) of the Internal Revenue Code of 1986 or that is described in clause (ii) shall not cease to qualify for exemption under paragraph (3)(C) or subsection (d)(12) by reason of that distribution.

(E) A distribution described in this clause is an exempt amount that—

"(i) has been distributed from a fund or account that is exempt from taxation under section 401, 403, 408, 408A, 414, 457, or 501(a) of the Internal Revenue Code of 1986; and

"(ii) in the case of a plan described in subchapter III of title 5, United States Code, is amended by adding at the end the following:

``(b) AUTOMATIC STAY.ÐSection 362(b) of title 11, United States Code, is amended by adding at the end the following:

`(II) to the extent allowed by law, is deposited in such a fund or account not later than 60 days after the distribution of that amount.'';

"(2) in paragraph (d), by striking paragraph (d)(1) and inserting "(d)(1)'' after "section 402(c)'' each place it appears.

"(F) Nothing in paragraph (19) may be construed to provide that any loan made under a government plan described in subchapter III of title 5, United States Code, is amended by adding at the end the following:

``(b) AUTOMATIC STAY.ÐSection 362(b) of title 11, United States Code, is amended by adding at the end the following:

`(II) to the extent allowed by law, is deposited in such a fund or account not later than 60 days after the distribution of that amount.'';

"(2) in paragraph (d), by striking paragraph (d)(1) and inserting "(d)(1)'' after "section 402(c)'' each place it appears.

"(G) A distribution described in this clause is an exempt amount that—

"(i) has been distributed from a fund or account that is exempt from taxation under section 401, 403, 408, 408A, 414, 457, or 501(a) of the Internal Revenue Code of 1986; and

"(ii) the case is presumptively filed not in good faith to the creditors to be stayed;

"(H) if a case under chapter 7 of this title, a party in interest demonstrates that the filing of the later case is in good faith as to the creditors to be stayed;

"(I) a stay imposed under subparagraph (B) of paragraph (19) has been lifted prior to the date allowing the stay to go into effect; and

"(J) for purposes of subparagraph (B), a case is presumptively filed not in good faith if—

"(i) there has not been a substantial change in the financial or personal affairs of the debtor since the dismissal of the next most previous case under chapter 7, 11, or 13 of this title, or any other reason to conclude that the later case will be concluded—

"(aa) if a case under chapter 7 of this title, with a discharge; or

"(bb) if a case under chapter 11 or 13 of this title, with a confirmed plan which will be fully performed; and

"(ii) as to any credit that commenced an action under subsection (d) in a previous case in which the individual was a debtor if, of the date of dismissal of such case, that action was still pending or had been resolved by terminating, conditioning, or limiting the stay as to actions of such creditor; and

"(a)(i) if a single or joint case is filed by or against an individual debtor in this title, and if 2 or more single or joint cases of the debtor were pending within the previous year but were dismissed, other than a case refiled under a chapter of title 11, a party in interest demonstrates that the filing of the later case is in good faith as to the creditors to be stayed;

"(b) a stay imposed under subparagraph (B) of paragraph (19) has been lifted prior to the date allowing the stay to go into effect; and

"(c) for purposes of subparagraph (B), a case is presumptively filed not in good faith if—

"(i) there has not been a substantial change in the financial or personal affairs of the debtor since the dismissal of the next most previous case under chapter 7, 11, or 13 of this title, or any other reason to conclude that the later case will be concluded—

"(aa) if a case under chapter 7 of this title, with a discharge; or

"(bb) if a case under chapter 11 or 13 of this title, with a confirmed plan which will be fully performed; and

"(ii) as to any credit that commenced an action under subsection (d) in a previous case in which the individual was a debtor if, of the date of dismissal of such case, the action was still pending or had been resolved by terminating, conditioning, or limiting the stay as to actions of such creditor; and

"(a)(i) if a single or joint case is filed by or against an individual debtor in this title, and if 2 or more single or joint cases of the debtor were pending within the previous year but were dismissed, other than a case refiled under a chapter of title 11, a party in interest demonstrates that the filing of the later case is in good faith as to the creditors to be stayed;

"(b) a stay imposed under subparagraph (B) of paragraph (19) has been lifted prior to the date allowing the stay to go into effect; and

"(c) for purposes of subparagraph (B), a case is presumptively filed not in good faith if—

"(i) there has not been a substantial change in the financial or personal affairs of the debtor since the dismissal of the next most previous case under chapter 7, 11, or 13 of this title, or any other reason to conclude that the later case will be concluded—

"(aa) if a case under chapter 7 of this title, with a discharge; or

"(bb) if a case under chapter 11 or 13 of this title, with a confirmed plan which will be fully performed; and

"(ii) as to any credit that commenced an action under subsection (d) in a previous case in which the individual was a debtor if, of the date of dismissal of such case, the action was still pending or had been resolved by terminating, conditioning, or limiting the stay as to actions of such creditor; and

"(a)(i) if a single or joint case is filed by or against an individual debtor in this title, and if 2 or more single or joint cases of the debtor were pending within the previous year but were dismissed, other than a case refiled under a chapter of title 11, a party in interest demonstrates that the filing of the later case is in good faith as to the creditors to be stayed;
SEC. 303. CURBING ABUSIVE FILINGS.

(a) IN GENERAL.—Section 362(d) of title 11, United States Code, is amended—

(1) in paragraph (2), by striking “or” at the end;

(2) in paragraph (3), by striking the period at the end; and

(3) by adding at the end the following:

“(4) with respect to a stay of an act against real property under subsection (a), by a creditor whose claim is insured by an interest in that real estate, if the court finds that the filing of the bankruptcy petition was part of a scheme to delay, hinder, and defraud creditors that involved either—

“(A) transfer of all or part ownership of, or other interest in, the real property without the consent of the secured creditor or court approval;

“(B) multiple bankruptcy filings against the real property.

If recorded in compliance with applicable State laws governing notices of interests or liens or order entered under this subsection shall be binding in any other case under this title purporting to affect the real property filed not later than 2 years after that recording, except that a debtor in a subsequent case may move for relief from such order based upon changed circumstances or for good cause shown, after notice and a hearing.

(b) AUTOMATIC STAY.—Section 362(b) of title 11, United States Code, as amended by section 304 of this Act, is amended in—

(1) in paragraph (19), by striking “or” at the end;

(2) in paragraph (20), by striking the period at the end; and

(3) by inserting after paragraph (20) the following:

“(22) under subsection (a), of any act to enforce an order or security interest in real property following the entry of an order under section 362(d)(4) as to that property in any prior bankruptcy case for a period of 2 years after the filing of such order, except that the debtor, in a subsequent case, may move the court for relief from such order based upon changed circumstances or for good cause shown, after notice and a hearing; or

“(22) under subsection (a), of any act to enforce any lien against or security interest in real property

“(A) the debtor is ineligible under section 109(g) to be a debtor in a bankruptcy case; or

“(B) if the bankruptcy case was filed in violation of a bankruptcy court order in a prior bankruptcy case prohibiting the debtor from being a debtor in another bankruptcy case.

SEC. 304. DEBTOR RETENTION OF PERSONAL PROPERTY SECURITY.

Title 11, United States Code, as amended—

(1) in section 521(a), or so redesignated by section 105(d) of this Act—

(A) in paragraph (4), by striking “and” and “or” at the end;

(B) in paragraph (5), by striking the period at the end and inserting “; and”;

(C) by adding at the end the following:

“(6) in an individual case under chapter 7 of this title, the claim of a creditor for personal property as to which a creditor has an allowed claim for the purchase price secured

in whole or in part by an interest in that personal property unless, in the case of an individual debtor, the debtor within 45 days after the first meeting of creditors under section 341(a)—

“(A) enters into an agreement with the creditor under section 524(c) with respect to the claim secured by such property; or

“(B) redeems such property from the security interest under section 722.”; and

(C) by adding at the end the following:

“(2) in section 722, by inserting “in full at the time of redemption” before the period at the end.

SEC. 305. RELIEF FROM THE AUTOMATIC STAY WHEN THE DEBTOR RETAINS OR DOES NOT COMPEL INTENDED SURRENDER OF CONSUMER DEBT COLLATERAL.

Title 11, United States Code, as amended—

(1) in section 362—

(A) in subsection (c), by striking “(e), (f), and (h)” and inserting “(e), (f), and (h)”; and

(B) in subsection (d), by striking “(I)” and inserting “(I)”; and

(C) by adding at the end the following flush sentence:

“(ii) as to any creditor that commenced an action against the debtor in default under that lease or rental agreement by reason of the occurrence, pendence, or existence of a proceeding under this title or the insolvency of the debtor. Nothing in this subsection shall be deemed to justify relief from such a provision in any other circumstance.”.

SEC. 306. GIVING SECURED CREDITOR FAIR TREATMENT IN CHAPTER 11.

(a) IN GENERAL.—Section 1325(a)(5)(B)(i) of title 11, United States Code, is amended to read as follows:

“(i) the holder of such claim retain the lien securing such claim until the earlier of—

“(aa) the payment of the underlying debt determined under nonbankruptcy law; or

“(bb) discharge under section 1328; and

“(ii) if the case under this chapter is dismissed or converted without completion of the plan, such lien shall also be retained by the holder to the extent authorized by applicable nonbankruptcy law.”.

(b) RESTORING THE FOUNDATION FOR SECURED CREDIT.—Section 1325(a) of title 11, United States Code, is amended by adding at the end the following flush sentence:

“For purposes of paragraph (5), section 506 shall not apply to a claim described in paragraph if the debt that is subject of the claim was incurred within the 5-year period preceding the filing of the petition and the collateral for that debt consists of a personal residence (as defined in section 506(b) of title 11) acquired for the personal use of the debtor, or if collateral for that debt consists of any other thing of value, if the debt was incurred during the 6-month period preceding that filing.”.

(c) DEFINITIONS.—Section 101 of title 11, United States Code, as amended by section 222 of this Act, is amended by—

(1) by inserting after paragraph (13) the following:

“(13A) the debtor’s principal residence—

“(A) means a residential structure, including incidental property, without regard to whether that structure is attached to real property; and

“(B) includes an individual condominium or cooperative unit;”;

and

(2) by inserting after paragraph (27), the following:

“(27A) ‘incidental property’ means, with respect to a debtor’s principal residence—

“(A) property commonly conveyed with a principal residence in the area where the real estate is located;

“(B) all easements, rights, appurtenances, fixtures, rents, royalties, mineral rights, oil or gas rights or profits, profits due to natural rights, escrow funds, or insurance proceeds; and

“(C) all replacements or additions.”.

SEC. 307. EXEMPTIONS.

Section 522(b)(3)(A) of title 11, United States Code, is amended—

(1) by striking “180” and inserting “730”;

and

(2) by striking “,” and inserting “;” for a longer portion of such 180-day period than in any other place.

SEC. 308. RESIDENCY REQUIREMENT FOR HOME-STEAD EXEMPTION.

Section 522(f) of title 11, United States Code, as amended by section 307 of this Act, is amended—
(1) in subsection (b)(2)(A)(i) thereof, by striking "and" and inserting "or" after the word "petition"; and

(2) by striking the period at the end of paragraph (a) and inserting a comma.

SEC. 1309. PROTECTING SECURED CREDITORS IN CHAPTER 13 CASES.

(a) STOPPING ABUSIVE CONVERSIONS FROM CHAPTER 13.—Section 1307 of chapter 13 of title 11, United States Code, is amended—

(1) in subparagraph (A), by striking "and" and inserting "or" before the words "as of the date on which the petition was filed; or"

(2) in paragraph (b), by striking "as of the date on which the petition was filed; or"

(b) GIVING DEBTORS THE ABILITY TO KEEP LEASED PERSONAL PROPERTY BY ASSUMPTION.—Section 365 of title 11, United States Code, is amended by adding at the end the following:

"(a)(1)(A) On or before the date that is 30 days after the filing of a case under chapter 13, the debtor shall make cash payments, which shall be in equal monthly amounts, to—

"(i) the lessor of personal property, and

"(ii) any creditor holding a claim secured by personal property to the extent that such claim is attributable to payments required to be made under the lease by the debtor to the lessor.

"(B) The debtor or the plan shall continue making adequate protection payments under the lease until the earlier of—

"(i) the debtor or the plan obtains confirmation of the plan filed in a case under chapter 13; or

"(ii) the amount of such payments, together with any accrued interest, exceeds the fair market value of the personal property as of the date on which such payments were first made under the lease.

"(2) the deferral of payments to such creditor or lessor pursuant to paragraph (1) shall not be less than the amount of any past due monthly, weekly, semi-monthly, or other periodic payment schedules as payable under the lease contract between the debtor and creditor.

SEC. 1310. LIMITATION ON LUXURY GOODS.

Section 523(a)(2)(C) of title 11, United States Code, is amended to read as follows:

"(1) consumer debts owed to a single creditor and aggregating more than $250 for luxury goods or services incurred by an individual debtor on or within 70 days before the date on which the order for relief under this title is presumed to be nondischargeable; and

"(2) cash advances aggregating more than $2,500 that are extensions of consumer credit under an open end credit plan obtained by an individual debtor on or within 70 days before the order for relief under this title, are presumed to be nondischargeable; and

"(1) upon notice and hearing, modify, increase, or reduce the payments required under this paragraph pending confirmation of a plan, or, after deducting any unpaid claim allowed under section 506(b)."
"(III) the term 'luxury goods or services' does not include goods or services reasonably necessary for the support or maintenance of the debtor or a dependent of the debtor.".

SEC. 311. AUTOMATIC STAY.

Section 362(b) of title 11, United States Code, as amended by section 303(b) of this Act, is amended—

(1) in paragraph (2), by striking "or" at the end;

(2) in paragraph (2), by striking the period at the end and inserting a semicolon;

and

(3) by inserting after paragraph (22) the following:

"(23) under subsection (a)(3), of the commencement of any eviction, unlawful detainer action, or similar proceeding by a lessor against a debtor involving residential real property in which the debtor resides as a tenant under a rental agreement;"

"(24) under subsection (a)(3), of the commencement of any eviction, unlawful detainer action, or similar proceeding by a lessor against a debtor involving residential real property in which the debtor resides as a tenant under a rental agreement that has terminated under the lease agreement or applicable State law; or"

"(25) under subsection (a)(3), of eviction actions based on endangerment to property or person or the use of illegal drugs.".

SEC. 312. EXTENSION OF PERIOD BETWEEN BANKRUPTCY DISCHARGES.

Title 11, United States Code, is amended—

(1) in section 727(a)(8), by striking "six" and inserting "8"; and

(2) in section 1328, by adding at the end the following:

"(f) Notwithstanding subsections (a) and (b), the court shall not grant a discharge of all debts provided for by the plan or disallowed under section 502 if the debtor has received a discharge in any case filed under this title within 5 years before the order for relief in this case.".

SEC. 313. DEFINITION OF HOUSEHOLD GOODS AND ANTIQUES.

Section 522(f) of title 11, United States Code, is amended by adding at the end the following:

"(4)(A) Subject to subparagraph (B), for purposes of paragraph (1)(B), the term 'household goods' includes—

(i) clothing;

(ii) furniture;

(iii) appliances;

(iv) television; (v) VCR;

(vii) linens;

(ix) crockery;

(x) kitchenware;

(xi) educational materials and educational equipment primarily for the use of

minor dependent children of the debtor, but only 1 personal computer if used primarily for the education or entertainment of such children; and

(xii) medical equipment and supplies;

(xii) furniture exclusively for the use of

minor children, or elderly or disabled dependents of the debtor; and

(xiv) personal effects (including wedding rings and the toys and hobby equipment of

minor dependent children) of the debtor and the dependents of the debtor.

(B) The term 'household goods' does not include—

(i) works of art (unless by or of the debtor or their dependents); and

(ii) electronic entertainment equipment (except 1 television, 1 radio, and 1 VCR);

(iii) items acquired as antiques;

(iv) anyinguished (except wedding rings); and

(v) a computer (except as otherwise provided for in this section), motor vehicle (including a tractor or lawn tractor), boat, or a motorized recreational device, conveyance, vehicle, watercraft, or aircraft.''.

SEC. 314. DEBT INCURRED TO PAY NONDISCHARGEABLE DEBTS.

Section 523(a) of title 11, United States Code, as amended by inserting after paragraph (14A) the following:

"(14A)(i) pay a debt that is nondischargeable by reason of section 727, 1141, 1228(a), 1228(b), or 1328(b), or any other provision of this subsection, if the debtor incurring the debt pay such a nondischargeable debt with the intent to discharge in bankruptcy the newly created debt; except that

(ii) (Except that,) all debts incurred to pay nondischargeable debts shall be presumed to be nondischargeable debts if incurred within 70 days before the filing of the petition (except that, in any case in which there is an allowed claim under section 502 for child support or spousal support entitled to priority under section 507(a)(1) and that would otherwise be presumed to be nondischargeable debts by reason of this subsection shall be treated as dischargeable debts);

(b) DISCHARGE UNDER CHAPTER 13.

Section 1328(b) of title 11, United States Code, as amended by striking paragraphs (1) through (3) and inserting the following:

"(1) provided for under section 1325(b)(5);

(2) of the kind specified in paragraph (2), (4), (3)(B), (5), (8), or (9) of section 522(a);

(3) for restitution, or a criminal fine, included in a sentence on the debtor's conviction of a crime; or

(4) for restitution, or damages, awarded in a civil action as a result of willful or malicious injury by the debtor that caused personal injury to an individual or the death of an individual.''.

SEC. 315. GIVING CREDITORS FAIR NOTICE IN CHAPTERS 7 AND 13 CASES.

(a) NOTICE.—Section 342 of title 11, United States Code, is amended—

(1) in subsection (c)—

(A) by inserting "(1)" after "(1)"; and

(B) by striking ", but the failure of such notice to contain such information shall not invalidate the legal effect of such notice;" and

(2) by adding at the end the following:

"(d) At any time, a creditor, in a case of an individual debtor under chapter 7 or 13, may file with the court and serve on the debtor a notice that the creditor requests the plan filed under chapter 13 may file with the court no later than 30 days after the date of the filing of the petition requesting the petition, schedules, and a statement of affairs filed by the debtor in the case and the court shall make those documents available to the creditor who requests those documents.

(2)(A) At any time, a creditor in a case under chapter 13 may file with the court notice that the creditor requests the plan filed by the debtor in the case.

The court shall make such plan available to the creditor who requests such plan—

(i) at a reasonable cost; and

(ii) not later than 5 days after such request.

(e) An individual debtor in a case under chapter 7 or 13 shall file with the court—

(1) at the time filed with the tax authority, all tax returns, including any schedules or attachments, with respect to the period from the commencement of the case until the time of the tax return; and

(2) at the time filed with the tax authority, all tax returns, including any schedules or attachments, that were not filed with the taxing authority when the schedules or attachments, with respect to the preceding tax year and monthly expenditures over the 12-month period following the date of filing the petition request; or

(3) by adding at the end the following:

"(d)(1) At any time, a creditor, in the case of an individual under chapter 7 or 13, may file with the court notice that the creditor requests the plan filed by the debtor in the case and the court shall make those documents available to the creditor who requests those documents.

(B) unless the court orders otherwise—

(i) a schedule of assets and liabilities;

(ii) a schedule of current income and current expenditures;

(iii) a statement of the debtor's financial affairs and, if applicable, a certificate from an attorney for the debtor whose name is on the petition as the attorney for the debtor or any bankruptcy petition preparer signing the petition under section 110(b)(1), indicating that such attorney or bankruptcy petition preparer signed the petition of the debtor that such notice was obtained and read by the debtor; and

(iv) copies of any tax return, including any schedules or attachments, filed by the debtor for the 3-year period preceding the order for relief;

(v) copies of all payment advice, other evidence of payment, if any, received by the debtor from any employer of the debtor in the period 60 days before the filing of the petition; and

(vi) a statement of the amount of projected monthly net income, itemized to show how the amount is calculated;

(vii) a statement disclosing any reasonably anticipated increase in income or expenditures over the 12-month period following the date of filing of the petition request; or

(2) by adding at the end the following:

"(d)(1) At any time, a creditor, in the case of an individual under chapter 7 or 13, may file with the court notice that the creditor requests the plan filed by the debtor in the case and the court shall make those documents available to the creditor who requests those documents.

(B) unless the court orders otherwise—

(i) a schedule of assets and liabilities;

(ii) a schedule of current income and current expenditures;

(iii) a statement of the debtor's financial affairs and, if applicable, a certificate from an attorney for the debtor whose name is on the petition as the attorney for the debtor or any bankruptcy petition preparer signing the petition under section 110(b)(1), indicating that such attorney or bankruptcy petition preparer signed the petition of the debtor that such notice was obtained and read by the debtor; and

(iv) copies of any tax return, including any schedules or attachments, filed by the debtor for the 3-year period preceding the order for relief;

(v) copies of all payment advice, other evidence of payment, if any, received by the debtor from any employer of the debtor in the period 60 days before the filing of the petition; and

(vi) a statement of the amount of projected monthly net income, itemized to show how the amount is calculated;

(vii) a statement disclosing any reasonably anticipated increase in income or expenditures over the 12-month period following the date of filing of the petition request; or

(3) by adding at the end the following:

"(d)(1) At any time, a creditor, in the case of an individual under chapter 7 or 13, may file with the court notice that the creditor requests the plan filed by the debtor in the case and the court shall make those documents available to the creditor who requests those documents.

(B) unless the court orders otherwise—

(i) a schedule of assets and liabilities;

(ii) a schedule of current income and current expenditures;

(iii) a statement of the debtor's financial affairs and, if applicable, a certificate from an attorney for the debtor whose name is on the petition as the attorney for the debtor or any bankruptcy petition preparer signing the petition under section 110(b)(1), indicating that such attorney or bankruptcy petition preparer signed the petition of the debtor that such notice was obtained and read by the debtor; and

(iv) copies of any tax return, including any schedules or attachments, filed by the debtor for the 3-year period preceding the order for relief;

(v) copies of all payment advice, other evidence of payment, if any, received by the debtor from any employer of the debtor in the period 60 days before the filing of the petition; and

(vi) a statement of the amount of projected monthly net income, itemized to show how the amount is calculated;

(vii) a statement disclosing any reasonably anticipated increase in income or expenditures over the 12-month period following the date of filing of the petition request; or

(4) in a case under chapter 13, a statement subject to the penalty of perjury by the debtor of the debtor's income and expenditures in the preceding tax year and monthly income, that shows how the amounts are calculated;
year or 1 year after the order for relief, unless a plan has been confirmed; and

“(B) thereafter, on or before the date that is 45 days before each anniversary of the confirmation of the petition until the case is closed.

“(f)(1) A statement referred to in subsection (e)(4) shall disclose—

“(A) the amount and sources of income of the debtor;

“(B) the identity of any person responsible with the debtor for the support of any dependent of the debtor; and

“(C) the identity of any person who contributed, and the amount contributed, to the household in which the debtor resides.

“(2) The tax returns, amendments, and statements of income and expenditures described in paragraph (1) shall be submitted to the United States trustee, any bankruptcy administrator, any trustee, and any party in interest for inspection and copying, subject to the requirements of subsection (f)(1)(g).

“(g)(1) Not later than 30 days after the date of enactment of the Bankruptcy Reform Act of 1999, the Director of the Administrative Office of the United States Courts shall establish procedures for safeguarding the confidentiality of any tax information required to be provided under this section.

“(2) Under paragraph (1), the plan may not provide for payments over a period that is longer than 3 years.

“(3) More than 45 days after the date of enactment of the Bankruptcy Reform Act of 1999, the Director of the Administrative Office of the United States Courts shall prepare and submit to Congress a report that—

“(A) assesses the effectiveness of the procedures under paragraph (1); and

“(B) if appropriate, includes proposed legislation to—

“(i) further protect the confidentiality of tax information; and

“(ii) provide penalties for the improper use by any person of the tax information required to be provided under this section.

“(h) If requested by the United States trustee or a trustee serving in the case, the debtor shall provide—

“(1) a document that establishes the identity of the debtor, including a driver’s license, passport, or other document that contains a photograph of the debtor; and

“(2) any other personal identifying information relating to the debtor that establishes the identity of the debtor.

SEC. 316. DISMISSAL FOR FAILURE TO TIMELY FILE DOCUMENTS OR PROVIDE REQUIRED INFORMATION.

Section 521 of title 11, United States Code, as amended by section 315 of this Act, is amended—

“(i)(1) Notwithstanding section 707(a), and subject to paragraph (2), if an individual debtor in a voluntary case under chapter 7 or 13 fails to file the information required under subsection (a)(1) within 45 days after the filing of the petition commencing the case, the case shall be automatically dismissed effective on the 46th day after the filing of the petition.

“(2) With respect to a case described in paragraph (1), any party in interest may request the court to enter an order dismissing the case. The court shall enter an order of dismissal not later than 5 days after such request.

“(3) Upon request of the debtor made within 45 days after the filing of the petition commencing a case described in paragraph (1), the court may allow the debtor an additional period of not to exceed 45 days to file the information required under subsection (a)(1) if the court finds justification for extending the period for the filing.

SEC. 317. ADEQUATE TIME TO PREPARE FOR HEARING ON CONFIRMATION OF THE PLAN.

(a) Hearing. Section 1324 of title 11, United States Code, is amended—

“(1) by striking “After” and inserting the following:

“(a) Except as provided in subsection (b) and after;” and

“(2) by adding at the end the following:

“(b) The hearing on confirmation of the plan may be held not more than 45 days after the meeting of creditors under section 341(a).”.

(b) Filing of Plan. Section 1321 of title 11, United States Code, is amended to read as follows:

“§ 1321. Filing of plan

“Not later than 90 days after the order for relief under this chapter, the debtor shall file a plan, except that the court may extend such period if the need for an extension is attributable to circumstances for which the debtor should not justly be held accountable.

SEC. 318. CHAPTER 13 PLANS TO HAVE A 5-YEAR DURATION IN CERTAIN CASES.

Section 1322(d) of title 11, United States Code, is amended to read as follows:

“(g)(1) Except as described in subparagraph (A), the plan may not provide for payments over a period that is longer than 3 years.

“(2) The plan may provide for payments over a period that is longer than 3 years if—

“(A) the plan is for a case that was converted to a case under chapter 7, or the plan is for a debtor who has been dismissed from chapter 7 by reason of section 707(b), in which case the plan shall provide for payments over a period of 5 years; or

“(B) the plan is for a case that is not described in subparagraph (A), and the court, for cause, approves a period longer than 3 years, but not to exceed 5 years.”.

SEC. 319. SENSE OF THE CONGRESS REGARDING EXPANSION OF RULE 9011 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE.

It is the sense of Congress that Rule 9011 of the Federal Rules of Bankruptcy Procedure (11 U.S.C. App.) should be modified to include requirements that documents (including schedules), signed and unsealed, submitted to the court or to a trustee by debtors who represent themselves and debtors who are represented by legal counsel may only be submitted by legal counsel. See Section 362, if the debtor is an individual debtor who, in accordance with section 362, if the debtor is an individual debtor who, in accordance with section 321. TREATMENT OF CERTAIN EARNINGS OF AN INDIVIDUAL DEBTOR WHO FILES A VOLUNTARY CASE UNDER CHAPTER 11.

Section 541(a)(6) of title 11, United States Code, is amended by inserting “(other than an individual debtor who files a voluntary case under chapter 11)” after “individual debtor.”.
SEC. 405. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

Section 365(d)(4) of title 11, United States Code, is amended to read as follows:

"(4A) Subject to subparagraph (B), in any case under this title, an unexpired lease of nonresidential real property under which the debtor is the lessor shall be deemed rejected and the trustee shall immediately surrender and return to the secured party, lessor, or conditional vendor, equipment described in subsection (a)(1), to be surrendered or returned by the lessor in connection with the surrender or return of such equipment.
"(2) The prohibition under paragraph (1) shall be applied in a manner consistent with any applicable State statute that is similar to section 7-209 of the Uniform Commercial Code.

SEC. 408. LIMITATION.
Section 546(c)(3)(B) of title 11, United States Code, is amended by striking "20 months after the date of the order for relief under this chapter."

SEC. 409. AMENDMENT TO SECTION 330(a) OF TITLE 11, UNITED STATES CODE.
Section 330(a)(3) of title 11, United States Code, is amended—
(1) by striking "(A) the; and inserting "(i) the;"
(2) by striking "(B) and inserting "(ii);"
(3) by striking "(C) and inserting "(iii);"
(4) by striking "(D) and inserting "(iv);"
(5) by striking "(E) and inserting "(v);"
(6) by striking (A), by inserting "to an examiner, trustee under chapter 11, or professional person after "awarded"; and
(7) by adding at the end the following:
"(B) and inserting the amount of reasonable compensation to be awarded a trustee, the court shall treat such compensation as a commission based on the results achieved."

SEC. 410. POSTPETITION DISCLOSURE AND LICITATION.
Section 1225 of title 11, United States Code, is amended by adding at the end the following:
"(g) Notwithstanding subsection (b), an acceptance of a plan may be solicited from a holder of a claim or interest if such solicitation complies with applicable nonbankruptcy law and if such holder was solicited before the commencement of the case in a manner complying with applicable nonbankruptcy law.".

SEC. 411. PREFERENCES.
Section 547(c)(10) of title 11, United States Code, is amended by adding at the end the following:
"(10) by inserting the following:
"(vi) a certificate of deposit;
"(v) a prepayment of utility consumption; or
"(iv) another form of security that is mutually agreed upon between the utility and the debtor;"

SEC. 412. VENUE OF CERTAIN PROCEEDINGS.
Section 109(c) of title 11, United States Code, is amended by inserting ", of a consumer case or a small business case, whether the person is board certified or otherwise has demonstrated skill and experience in the bankruptcy field.";

SEC. 413. UTILITY SERVICE.
Section 366 of title 11, United States Code, is amended—
(1) in subsection (a), by striking "subsection (b)" and inserting "subsections (b) and (c)"; and
(2) by adding at the end the following:
"(c)(1)(A) For purposes of this subsection, the term "assurance of payment" means—
"(i) a cash deposit;
"(ii) a letter of credit; or
"(iii) a certificate of deposit;
"(v) a prepayment of utility consumption; or
"(vi) another form of security that is mutually agreed upon between the utility and the debtor or the trustee.

"(B) For purposes of this subsection an administrative expense priority shall not constitute an assurance of payment.

"(2) Subject to paragraphs (3) through (5), with respect to a case filed under chapter 11, a utility referred to in subsection (a) may alter, refuse, or discontinue utility service, if during the 30-day period beginning on the date of filing of the petition, the utility does not receive from the debtor or the trustee adequate assurance of payment for utility service that is satisfactory to the utility.

"(3)(A) On request of a party in interest and after notice and a hearing, the court may order modification of the amount of an assurance of payment under paragraph (2).

"(B) In making a determination under this paragraph whether an assurance of payment is adequate, the court may consider—
"(i) the absence of security before the date of filing of the petition; and
"(ii) the payment by the debtor of charges for utility service in a timely manner before the date of filing of the petition; or
"(iii) the availability of an administrative expense priority.

"(4) Notwithstanding any other provision of law, with respect to a case subject to this subsection, utility service may be resumed only if a security deposit is in the amount of the lowest security deposit provided to the utility by the debtor before the date of filing of the petition without notice or order of the court.

Subtitle B—Small Business Bankruptcy Procedures

SEC. 414. FLEXIBLE RULES FOR DISCLOSURE STATEMENT AND PLAN.
Section 1102(b) of title 11, United States Code, is amended by striking subsection (f) and inserting the following:
"(f) Notwithstanding subsection (b), in a small business case—
"(1) in determining whether a disclosure statement provides adequate information, the court shall consider the complexity of
the case, the benefit of additional information to creditors and other parties in interest, and the cost of providing additional information;

(2) the court may determine that the plan itself provides adequate information and that a separate disclosure statement is not necessary; and

(3) the court may approve a disclosure statement submitted on standard forms approved by the court or adopted under section 2075 of title 28.

(f)(4)(A) The court may conditionally approve a disclosure statement subject to final approval after notice and a hearing.

(b) Effect of rejections of a plan may be solicited based on a conditionally approved disclosure statement if the debtor provides adequate information to each holder of a claim or interest that is solicited, but a conditionally approved disclosure statement shall be mailed not later than 20 days before the date of the hearing on confirmation of the plan; and

(c) the hearing on the disclosure statement may be combined with the hearing on confirmation of a plan.

SEC. 424. UNIFORM NATIONAL REPORTING REQUIREMENTS.

(a) REPEAL.—

(1) IN GENERAL.—Chapter 3 of title 11, United States Code, is amended by inserting after section 307 the following:

§ 308. Debtor reporting requirements

(1) for purposes of subparagraph (A) of section 1115(c), the term `profitability' means, with respect to a debtor, the amount of money that the debtor has earned or lost during current and recent fiscal periods.

(2) A small business debtor shall file periodic financial and other reports containing information, including information related to—

(A) the debtor's profitability;

(B) reasonable approximations of the debtor's projected cash receipts and cash disbursements over a reasonable period;

(C) comparisons of actual cash receipts and disbursements with projections in prior reports;

(D)(i) whether the debtor is—

(I) in compliance in all material respects with postpetition requirements imposed by this title and the Federal Rules of Bankruptcy Procedure; and

(II) timely filing tax returns and paying taxes and other administrative claims when due;

(ii) if the debtor is not in compliance with the requirements referred to in clause (i)(I) or filing tax returns and making the payments referred to in clause (i)(II), mention the failures as are and how, at what cost, and when the debtor intends to remedy such failures; and

(iii) such other matters as are in the best interests of the debtor and creditors, and in the public interest in fair and efficient procedures under chapter 11 of this title.

(B) clerical amendment.—The table of sections for chapter 3 of title 11, United States Code, is amended by inserting after the item relating to section 307 the following:

308. Debtor reporting requirements.

SEC. 425. UNIFORM REPORTING RULES AND FORMS FOR SMALL BUSINESS CASES.

(a) PROPOSAL OF RULES AND FORMS.—The Advisory Committee on Bankruptcy Rules of the Judicial Conference of the United States shall propose for adoption standard form disclosure statements and plans of reorganization for small business debtors (as defined in section 1102(a)(3) of title 11, United States Code, as amended by this Act), designed to achieve a practical balance between—

(1) the reasonable needs of the courts, the United States trustee, creditors, and other parties in interest for reasonably complete information; and

(2) economic and simplicity for debtors.

SEC. 426. DUTIES IN SMALL BUSINESS CASES.

(a) DUTIES IN CHAPTER 11 CASES.—Title 11, United States Code, is amended by inserting after section 1114 the following:

$1115. Duties of trustee or debtor in possession in small business cases

In a small business case, a trustee or the debtor in possession, in addition to the duties provided in this title and as otherwise required by law, shall—

(1) append to the voluntary petition, or in an involuntary case, file within 3 days after the date of the order for relief—

(A) its most recent balance sheet, statement of operations, cash-flow statement, Federal income tax return; or

(B) a statement made under penalty of perjury that no balance sheet, statement of operations, or cash-flow statement has been prepared and no Federal tax return has been filed;

(2) attend, through its senior management personnel and counsel, meetings scheduled by the court or the United States trustee, including initial debtor interviews, scheduling conferences, and meetings of creditors convened under section 341 unless the trustee waives that requirement after notice and hearing, upon a finding of extraordinary and compelling circumstances;

(3) timely file all schedules and statements of financial affairs unless the court, after notice and hearing, extends that time period or finds that exceptional circumstances justify extending or waiving that requirement after notice and hearing, upon a finding of extraordinary and compelling circumstances;

(4) file all postpetition financial and other reports required by the Federal Rules of Bankruptcy Procedure or by local rule of the district court;

(5) subject to section 363(c)(2), maintain insurance customary and appropriate to the industry;

(6)(A) timely file tax returns;

(B) subject to section 363(c)(2), timely pay all administrative expense tax claims, except those being contested by appropriate proceedings being diligently prosecuted; and

(C) subject to section 363(c)(2), establish 1 or more separate deposit accounts no later than 10 business days after the date of order for relief (or as soon thereafter as possible if all banks contacted decline the business); and thereafter, not later than the next business day after receipt thereof, all taxes payable for periods beginning after the date the case is commenced that are collected or withheld by the debtor for governmental units, unless the court waives that requirement after notice and hearing, upon a finding of extraordinary and compelling circumstances; and

(f) TECHNICAL AMENDMENT.—The table of sections for chapter 11, United States Code, is amended by inserting after the item relating to section 1114 the following:

1115. Duties of trustee or debtor in possession in small business cases.

SEC. 427. PLAN FILING AND CONFIRMATION DEADLINES

Section 1121 of title 11, United States Code, is amended by striking subsection (e) and inserting the following:

(e) In a small business case—

(B) the debtor may file a plan not later than 90 days after the date of the order for relief, unless that period is—
"(A) shortened on request of a party in interest made during the 90-day period;
(B) extended as provided by this subsection, after notice and hearing;
(C) extended, for cause, orders otherwise;
(2) the plan, and any necessary disclosure statement, shall be filed not later than 90 days after the date of the order for relief; and
(3) the time periods specified in paragraphs (1) and (2), and the time fixed in section 112(e), within which the plan shall be confirmed, are extended only if:
(A) the debtor, after providing notice to parties in interest (including the United States trustee), demonstrates by a preponderance of the evidence that it is more likely than not that the court will confirm a plan within a reasonable period of time;
(B) a new deadline is imposed at the time the extension is granted; and
(C) the order extending time is signed before the existing deadline has expired.

SEC. 428. PLAN CONFIRMATION DEADLINE.
Section 1129 of title 11, United States Code, is amended by adding at the end the following:

"(e) In a small business case, the plan shall be confirmed not later than 150 days after the date of the order for relief, unless such 150-day period is extended as provided in section 1121(e)(3)."

SEC. 429. PROHIBITION AGAINST EXTENSION OF TIME.
Section 105(d) of title 11, United States Code, is amended—

(1) in paragraph (1), by striking "and" at the end,
(2) in paragraph (2)(B)(vi), by striking the period at the end and inserting "; and"; and
(3) by adding at the end the following:

"(3) In a small business case, not extend the time periods specified in sections 1121(e) and 1106(e), except as provided in section 1121(e)(3)."

SEC. 430. DUTIES OF THE UNITED STATES TRUSTEE.
Section 308(a) of title 28, United States Code, is amended—

(1) in paragraph (3)—
(A) in subparagraph (G), by striking "and" at the end; and
(B) by redesignating subparagraph (H) as subparagraph (I); and
(C) by inserting after subparagraph (G) the following:

"(H) in small business cases (as defined in section 101 of title 11), performing the additional duties specified in title 11 pertaining to such cases;"

(2) in paragraph (5), by striking "and" at the end;
(3) in paragraph (6), by striking the period at the end and inserting "and"; and
(4) by inserting after paragraph (6) the following:

"(7) In each of such small business cases—
(A) the initial debtor interview shall be conducted not later than 30 days after the date of the order for relief; and
(B) if determined to be appropriate and advisable, file monthly operating reports and other required reports;"

SEC. 431. SCHEDULING CONFERENCES.
Section 105(d) of title 11, United States Code, as amended by section 429 of this Act, is amended—

(1) in the matter preceding paragraph (1), by inserting "; and"
(2) by striking paragraph (1) and inserting the following:

"(I) shall hold such status conferences as are necessary to further the expedient and economical resolution of the case; and;
(3) in paragraph (2), by striking "unless inconsistent with another provision of this title or with applicable Federal Rules of Bankruptcy Procedure." and inserting "may";

SEC. 432. SERIAL FILER PROVISIONS.
Section 302 of title 11, United States Code, is amended—

(1) in subsection (j), as redesignated by section 305(j) of this Act—
(A) by inserting "and" and inserting "(I) Except as provided in paragraph (2), an"; and
(B) by adding at the end the following:

"(2) If such violation is based on an action taken by an entity in the good faith belief that subsection (h) applies to the debtor, the recovery under paragraph (1) against such entity shall be limited to actual damages; and
(3) by inserting after subsection (j)(I), as added by section 419 of this Act, the following:

"(K)(I) Except as provided in paragraph (2), the filing of a petition under chapter 11 of this title operates as a stay of the acts described in subsection (a) only in an involuntary case described in subparagraph (A)(i) of paragraph (1) and in which the debtor—
(A) is a debtor in a small business case pending at the time the petition is filed;
(B) is a debtor in a business case that was dismissed for any reason by an order that became final in the 2-year period ending on the date of the order for relief entered with respect to the petition;
(C) was a debtor in a small business case in which a plan was confirmed in the 2-year period ending on the date of the order for relief entered with respect to the petition; or
(D) is an entity that has succeeded to substantially all of the assets or business of a small business debtor described in subparagraph (A), (B), or (C).

"(2) Paragraph (1) does not apply to the filing of a petition if the debtor proves by a preponderance of the evidence that—
(A) the filing of that petition resulted from circumstances beyond the control of the debtor not foreseeable at the time the case was pending; and
(B) it is more likely than not that the court will confirm a feasible plan, but not a liquidating plan, within a reasonable period of time,"

SEC. 433. EXPANDED GROUNDS FOR DISMISSAL OR CONVERSION AND APPOINTMENT OF TRUSTEE.
(a) EXPANDED GROUNDS FOR DISMISSAL OR CONVERSION.—Section 1112 of title 11, United States Code, is amended by striking subsection (b) and inserting the following:

"(b)(1) Except as provided in paragraph (2), in subsection (c), and section 1104(a)(3), on request of a party in interest, and after no-
(b) ADDITIONAL GROUNDS FOR APPOINTMENT OF TRUSTEE.—Section 1304(a) of title 11, United States Code, is amended—

(1) in paragraph (1), by striking "or" at the end;

(2) in paragraph (2), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(3) if grounds exist to convert or dismiss the case under section 1112, but the court determines that the appointment of a trustee is in the best interests of creditors and the estate.

SEC. 434. STUDY OF OPERATION OF TITLE 11, UNITED STATES CODE, WITH REPECT TO SMALL BUSINESSES.

Not later than 2 years after the date of the enactment of this Act, the Administrator of the Small Business Administration, in consultation with the Attorney General of the United States, the Director of the Administrative Office of United States Trustees, and the Director of the Administrative Office of the United States Courts, shall—

(1) conduct a study to determine—

(A) the internal and external factors that cause small businesses, especially sole proprietorships, to file cases under title 11, United States Code, and that cause certain small businesses to successfully complete cases under chapter 11 of such title;

(B) how Federal laws relating to bankruptcy may be made more effective and efficient in assisting small businesses to remain viable; and

(2) submit to the President a report on the study.

SEC. 435. PAYMENT OF INTEREST.

Section 362(d)(3) of title 11, United States Code, is amended—

(1) by inserting "or 30 days after the court determines that the debtor is subject to this paragraph, whichever is later" after "90-day period"; and

(2) by striking subparagraph (B) and inserting the following:

"(B) the debtor has commenced monthly payments that—

"(i) pay, in the debtor's sole discretion, notwithstanding section 363(c)(2), be made from rents or other income generated before or after the commencement of the case by or from the property to each creditor whose claim, or was not represented by an attorney; and

"(ii) are in an amount equal to interest at the applicable nondefault contract rate of interest on the value of the creditor's interest in the real estate; or".

TITLE VI—MUNICIPAL BANKRUPTCY PROVISIONS

SEC. 501. PETITION AND PROCEEDINGS RELATED TO PETITION.

(a) TECHNICAL AMENDMENT RELATING TO MUNICIPALITIES.—Section 921(d) of title 11, United States Code, is amended by inserting "MUNICIPALITIES. —Section 921(d) of title 11, United States Code, is amended—

SEC. 502. APPLICABILITY OF OTHER SECTIONS TO CHAPTER 9.

Section 901 of title 11, United States Code, is amended—

(1) by inserting "§55, §56," after "§55;" and

(2) by inserting "§59, §60." after "§55;".

TITLE VI—IMPROVED BANKRUPTCY STATISTICS AND DATA

SEC. 601. AUDIT PROCEDURES.

(a) AMENDMENTS.—Section 506 of title 28, United States Code, is amended—

(1) in subsection (a), by striking paragraph (6) and inserting the following:

"(6) make such reports as the Attorney General directs, including the results of audits performed under subsection (f) and,

and

(2) by adding at the end the following:

"(III) on the performance of audits in cases designated by the United States trustee according to the procedures established under paragraph (1), of—

"(A) the number of audits performed under section 586(f) of title 28; and

"(B) the debtor has commenced monthly payments that—

"(i) pay, in the debtor's sole discretion, notwithstanding section 363(c)(2), be made from rents or other income generated before or after the commencement of the case by or from the property to each creditor whose claim, or was not represented by an attorney; and

"(ii) are in an amount equal to interest at the applicable nondefault contract rate of interest on the value of the creditor's interest in the real estate; or".

TITLE VI—MUNICIPAL BANKRUPTCY PROVISIONS

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TITLE VI—IMPROVED BANKRUPTCY STATISTICS AND DATA

SEC. 601. AUDIT PROCEDURES.

(a) AMENDMENTS.—Section 506 of title 28, United States Code, is amended—

(1) in subsection (a), by striking paragraph (6) and inserting the following:

"(6) make such reports as the Attorney General directs, including the results of audits performed under subsection (f) and,

and

(2) by adding at the end the following:

"(III) on the performance of audits in cases designated by the United States trustee according to the procedures established under paragraph (1), of—

"(A) the number of audits performed under section 586(f) of title 28; and

"(B) the debtor has commenced monthly payments that—

"(i) pay, in the debtor's sole discretion, notwithstanding section 363(c)(2), be made from rents or other income generated before or after the commencement of the case by or from the property to each creditor whose claim, or was not represented by an attorney; and

"(ii) are in an amount equal to interest at the applicable nondefault contract rate of interest on the value of the creditor's interest in the real estate; or".

TITLE VI—MUNICIPAL BANKRUPTCY PROVISIONS

SEC. 501. PETITION AND PROCEEDINGS RELATED TO PETITION.

(a) TECHNICAL AMENDMENT RELATING TO MUNICIPALITIES.—Section 921(d) of title 11, United States Code, is amended by inserting "MUNICIPALITIES. —Section 921(d) of title 11, United States Code, is amended—

SEC. 502. APPLICABILITY OF OTHER SECTIONS TO CHAPTER 9.

Section 901 of title 11, United States Code, is amended—

(1) by inserting "§55, §56," after "§55;" and

(2) by inserting "§59, §60." after "§55;".
“(iii) the number of cases in which the debtor filed another case during the 6-year period preceding the date of filing; “

“(G) the number of cases in which creditors' motion for relief from the Bankruptcy Procedure were imposed against debtor's counsel and damages awarded under such rule; “

“(H) the number of cases in which sanctions were imposed under the Federal Rules of Bankruptcy Procedure adopted under chapter 11 of title 11, United States Code, is amended by adding at the end of the following: “

“S 559. Bankruptcy statistics.” “

“(c) Effective date.—The amendments made by this section shall take effect 18 months after the date of enactment of this Act.”

SEC. 603. UNIFORM RULES FOR THE COLLECTION OF BANKRUPTCY DATA.

(a) Amendment.—Chapter 39 of title 28, United States Code, is amended by inserting after section 589a the following: “

*S 559b. Bankruptcy data “

“(a) Within a reasonable period of time after the effective date of this section, the Attorney General of the United States shall issue rules requiring uniform forms for (and from to time thereafter to appropriately modify and approve) “

“(1) final reports by trustees in cases under chapters 7, 12, and 13 of title 11; “

“(2) periodic reports by debtors in possession of property of the estate; and “

“(b) each report referred to in subsection (a) shall be designed (and the requirements as to place and manner of filing shall be established) so as to facilitate compilation of data and maximum practicable access of the public—“

“(1) physical inspection at 1 or more central filing locations; and “

“(2) electronic access through the Internet or other appropriate media. “

“(c)(1) The information required to be filed in the reports referred to in subsection (b) shall be information that is— “

“(A) in the best interests of debtors and creditors, and in the public interest; and “

“(B) reasonable and adequate information to evaluate the efficiency and practicality of the Federal bankruptcy system; “

“(2) In issuing rules providing the forms referred to in subsection (a), the Attorney General shall make the best achievable practical balance between— “

“(A) the reasonable needs of the public for information about the operational results of the Federal bankruptcy system; and “

“(B) economy, simplicity, and lack of undue burden on persons with a duty to file reports. “

“(d) Final reports proposed for adoption by trustees under chapters 7, 12, and 13 of title 11 shall include, with respect to a case under such title, by appropriate category— “

“(A) information about the length of time the case was pending; “

“(B) assets abandoned; “

“(C) assets exempted; “

“(D) receipts and disbursements of the estate; “

“(E) expenses of administration; “

“(F) fees of the ordering of the Attorney General; “

“(G) claims allowed; and “

“(H) distributions to claimants and claims discharged without payment. “

“(2) In subsections (a) and (b) of title 11, final reports proposed for adoption by trustees shall include— “

“(A) the date of confirmation of the plan; “

“(B) description of the plan; “

“(C) defaults by the debtor in performance under the plan. “

“(3) The information described in paragraphs (1) and (2) shall be in addition to such other matters as are required by law for a final report or as the Attorney General, in the discretion of the Attorney General, may propose for a final report. “

“(e)(1) Periodic reports proposed for adoption by trustees in possession under chapter 11 of title 11 shall include— “

“(A) information about the standard industry classification, published by the Department of Commerce for the businesses conducted by the debtor; “

“(B) the length of time the case has been pending; “

“(C) the number of full-time employees— “

“(i) as of the date of the order for relief; and “

“(ii) at the end of each reporting period since the case was filed; “

“(D) cash receipts, cash disbursements, and profitability of the debtor for the most recent period and cumulatively since the date of the order for relief; “

“(E) compliance with title 11, whether or not tax returns and tax payments since the date of the order for relief have been timely filed and made; “

“(F) all professional fees approved by the court in the case for the most recent period and cumulative since the date of the order for relief (separately reported, for the professional fees incurred by or on behalf of the debtor, between those that would have been incurred absent a bankruptcy case and those that would not have been so incurred); and “

“(G) plans of reorganization filed and confirmed and, with respect thereto, by class, the recoveries, expressed in aggregate dollar values and, in the case of claims, as a percentage of total claims of the class allowed. “

“(2) The information described in paragraph (1) shall be in addition to such other matters as are required by law for a periodic report or as the Attorney General, in the discretion of the Attorney General, may propose for a periodic report. “

“(b) Technical amendment.—The table of sections for chapter 39 of title 28, United States Code, is amended by adding at the end of the following: “

*S 559b. Bankruptcy data “

“SEC. 604. APPLICATION OF CONGRESS REGARDING AVAILABILITY OF BANKRUPTCY DATA. “

It is the sense of Congress that—

“(1) it should be the national policy of the United States that all data held by bankruptcy clerks in electronic form, to the extent such data can be publicly released (as defined in section 107 of title 11, United States Code), should be released in a usable electronic form in bulk to the public subject to such appropriate privacy concerns and safeguards as the Judicial Conference of the United States may determine; and “

“(2) there should be established a bankruptcy data system— “

“(A) a single set of data definitions and forms are used to collect data nationwide; and “

“(B) data for any particular bankruptcy case are aggregated in the same electronic record. “

TITLE VII—BANKRUPTCY TAX PROVISIONS

SEC. 701. TREATMENT OF CERTAIN LIENS.

(a) Treatment of Certain Liens.—Section 724 of title 11, United States Code, is amended—

“(1) in subsection (b), in the matter preceding paragraph (1), by inserting ‘‘(except that such expenses, other than claims for wages, salaries, or commissions which arise after the filing of a petition, shall be limited to expenses incurred under chapter 7 of this title and shall not include expenses incurred under chapter 11 of this title’’);”

“(2) in subsection (b)(2), by inserting ‘‘(except that such expenses, other than claims for wages, salaries, or commissions which arise after the filing of a petition, shall be limited to expenses incurred under chapter 7 of this title and shall not include expenses incurred under chapter 11 of this title’’);”

“SEC. 702. EFFECTIVE NOTICE TO GOVERNMENT.

(a) Effective Notice to Governmental Units.—Section 342 of title 11, United States Code, is amended by adding at the end of the following: “

“(g)(1) If a debtor lists a governmental unit as a creditor in a list of creditors or schedule, any notice required to be given by the debtor under this title, applicable rule, other provision of law, or order of the court, shall identify the governmental unit by name, the debtor shall identify that individual, entity, or organization, or under a different name, the debtor shall describe the underlying basis for the claim of the governmental unit. “

“(2) If the liability of the debtor to a governmental unit arises from a debt or obligation owed or incurred by another individual, entity, or organization, or under a different name, the debtor shall describe the underlying basis for the claim of the governmental unit. “

“(h) The clerk shall keep and update on a quarterly basis, in such form and manner as the Director of the Administrative Office of the United States Courts prescribes, a register in which a governmental unit may designate or redesignate a mailing address for notice of cases pending in the district. The clerk shall make such register available to debtors.”.

“(b) Adoption of Rules Providing Notice.—

“(1) In general.—Within a reasonable period of time after the date of enactment of this Act, the Advisory Committee on Bankruptcy Rules of the Judicial Conference shall propose for adoption enhanced rules for providing notice to Federal, State, and local
government units that have regulatory authority over the debtor or that may be creditors in the debtor's case.

(2) PERSONS NOTIFIED.—The rules proposed under paragraph (1) shall be reasonably calculated to ensure that notice will reach the representatives of the governmental unit (or subdivision thereof) who will be the appropriate persons authorized to act upon the notice.

(3) RULES REQUIRED.—At a minimum, the rules under paragraph (1) should require that the debtor—

(A) identify in the schedules and the notice, the subdivision, agency, or entity with respect to which such notice should be received;

(B) provide sufficient information (such as case captions, permit numbers, taxpayer identification number, or similar identifying information) to permit the governmental unit (or subdivision thereof) entitled to receive such notice to identify the debtor or the person or entity on behalf of which the debtor is providing notice in any case in which—

(i) the debtor may be a successor in interest; or

(ii) may not be the same entity as the entity that incurred the debt or obligation; and

(C) identify, in appropriate schedules, serves together with the notice—

(i) the property with respect to which the claim or regulatory obligation may have arisen, if applicable;

(ii) the nature of such claim or regulatory obligation; and

(iii) the purpose for notice which is being given.

(c) EFFECT OF FAILURE OF NOTICE.—Section 342 of title 11, United States Code, as amended by subsection (a), is amended by adding at the end the following:

“(i) A notice that does not comply with subsections (d) and (e) shall not be effective unless the debtor demonstrates by clear and convincing evidence that—

“(I) timely notice was given in a manner reasonably calculated to satisfy the requirements of the notice; and

“(II) either—

“(aa) the notice was timely sent to the address provided in the register maintained by the credit reporting agency in which the case was pending for such purposes; or

“(bb) no address was provided in such list for the governmental unit and that an officer of the unit who is responsible for the matter or claim had actual knowledge of the case in sufficient time to act.”.

SEC. 703. NOTICE OF REQUEST FOR A DETERMINATION OF TAXES.

The second sentence of section 505(b) of title 11, United States Code, is amended by striking “Unless” and inserting “If the request is made substantially in the manner designated by the governmental unit and unless”.

SEC. 704. RATE OF INTEREST ON TAX CLAIMS.

(a) IN GENERAL.—Subchapter I of chapter 5 of title 11, United States Code, is amended by adding at the end the following:

“§ 511. Rate of interest on tax claims.

“(a) If any provision of this title requires the payment of interest on a tax claim or the payment of interest to enable a creditor to receive the present value of the allowed amount of a tax claim, the rate of interest shall be as follows:

“(1) In the case of secured tax claims, unless ad valorem tax claims, other unsecured ad valorem tax claims, other unsecured claims which interest is required to be paid under section 726(a)(5), and administrative tax claims paid under section 503(b)(1), the rate shall be determined under applicable nonbankruptcy law.

“(2) In the case of any tax claim other than a claim described in paragraph (1), the minimum rate of interest shall be a percentage equal to the sum of—

“(i) 3; plus

“(ii) the Federal short-term rate rounded to the nearest one-tenth percent, determined under section 1274(d) of the Internal Revenue Code of 1986.

“(b) In the case of any claim for Federal income tax or excise tax, the rate of interest shall be subject to any adjustment that may be required under section 6621(d) of the Internal Revenue Code of 1986.

“(C) In the case of taxes paid under a confirmed plan or reorganization under this title, the minimum rate of interest shall be determined as of the calendar month in which the plan or reorganization became effective.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 5 of title 11, United States Code, is amended by inserting after the item relating to section 510 the following:

“§ 511. Rate of interest on tax claims.”.

SEC. 705. TOLLING OF PRIORITY OF TAX CLAIM TIME PERIODS.

Section 507(a)(8)(A) of title 11, United States Code, as redesignated by section 212 of this Act, is amended—

(1) in clause (i), by inserting before the semicolon at the end, the following: “, plus any time during which the stay of proceedings was in effect in a prior case, plus 30 days; or

(2) by striking clause (ii) and inserting the following:

“(ii) assessed within 240 days before the date of the filing of the petition, exclusive of—

“(I) any time during which an offer in compromise with respect to that tax, was pending or in effect during that 240-day period, plus 30 days; or

“(II) the lesser of—

“(aa) any time during which an installment agreement with respect to that tax was pending or in effect during that 240-day period, plus 30 days; or

“(bb) 1 year; and

“(III) any time during which a stay of proceedings against collections was in effect in a prior case under this title during that 240-day period; plus 6 months.

“(C) In a case pending under chapter 7 of title 11, United States Code, as redesignated by section 221 of this Act, is amended by striking “as assessed” and inserting “incurred.”.

SEC. 706. PREVAILING PROPERTY TAXES INCURRED.

Section 507(a)(9)(B) of title 11, United States Code, as redesignated by section 221 of this Act, is amended by inserting “stricken” after “awarding”.

SEC. 707. CHAPTER 13 DISCHARGE OF FRAUDULENT AND OTHER TAXES.

Section 1328(a)(2) of title 11, United States Code, as amended by section 223 of this Act, is amended by inserting “stricken” after “awarding”.

SEC. 708. CHAPTER 11 DISCHARGE OF FRAUDULENT TAXES.

Section 1141(d) of title 11, United States Code, is amended by adding at the end the following:

“(S) notwithstanding paragraph (1), the confirmation of a plan does not discharge a debtor that is a corporation from any debt for a tax or customs duty with respect to which the debtor—

“(A) made a fraudulent return; or

“(B) willfully attempted in any manner to evade or defeat that tax or duty.”.

SEC. 709. STAY OF TAX PROCEEDINGS.

(a) SECTION 362 STAY LIMITED TO PREPETITION TAXES.—Section 362(a)(8) of title 11, United States Code, is amended by inserting before the semicolon at the end of the following: “, with respect to a tax liability for a taxable period ending before the order for relief under section 301, 302, or 303.”.

(b) APPETITION.—Section 362(b)(9) of title 11, United States Code, is amended—

(1) in subparagraph (C), by striking “or” at the end;

(2) in subparagraph (D), by striking the period at the end and inserting “; or”;

(3) by adding at the end the following: “(E) the appeal of a decision by a court or administrative tribunal which determines a tax liability of the debtor (without regard to whether such determination was made in a prepetition or postpetition proceeding).”.

SEC. 710. PERIODIC PAYMENT OF TAXES IN CHAPTER 11 CASES.

Section 1123(b)(1) of title 11, United States Code, is amended—

(1) in subparagraph (B), by striking “and” at the end; and

(2) in subparagraph (C), by striking “deferred cash payments, over a period not exceeding six years after the date of assessment of such claim,” and all that follows through the end of the subparagraph, and inserting “regular installment payments—

“(i) of a total value, as of the effective date of the claim, equal to the allowed amount of such claim in cash, but in no case with a balloon payment; and

“(ii) beginning not later than the effective date of the plan and ending on the earlier of—

“(I) the date that is 5 years after the date of the filing of the petition; or

“(II) the last date payments are to be made under the plan to unsecured creditors; and

(3) by adding at the end the following:

“(D) with respect to a secured claim which would otherwise meet the description on an unsecured claim of a governmental unit under section 507(a)(8), but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in subparagraph (C).”.

SEC. 711. AVOIDANCE OF STATUTORY TAX LIENS PROHIBITED.

Section 540(2) of title 11, United States Code, is amended by striking the semicolon at the end and inserting “, except in any case in which a purchaser is a purchaser described in section 6323 of the Internal Revenue Code of 1986; or in any other similar provision of State or local law.”.

SEC. 712. PAYMENT OF TAXES IN THE CONDUCT OF BUSINESS.

(a) PAYMENT OF TAXES REQUIRED.—Section 364 of title 11, United States Code, is amended—

(1) by inserting “(a)” before “Any”; and

(2) by adding at the end the following:

“A tax under section 362 of this title shall be paid when due in the conduct of business unless—

“(i) the tax is a property tax secured by a lien against property that is abandoned within a reasonable period of time after the lien attaches, by the trustee of a bankruptcy estate, under section 554 of title 11; or

“(II) payment of the tax is excused under a specific provision of title 11.

“(c) In a case pending under chapter 7 of title 11, payment of a tax may be deferred until final distribution is made under section 726 of title 11, if—

“(1) the tax was not incurred by a trustee duly appointed under chapter 7 of title 11; or

“(2) before the due date of the tax, the court makes a finding of probable insufficiency of funds of the estate to pay in full the administrative expenses allowed under section 507(b)(4) of title 11 that have the same priority in distribution under section 726(b) of title 11 as the priority of that tax.”.

(b) PAYMENT OF AD VALOREM TAXES REQUIRED.—Section 364 of title 11, United States Code, is amended by inserting “whether secured or unsecured, including
property taxes for which liability is in rem, in personam, or both," before "except".

(c) REQUEST FOR PAYMENT OF ADMINISTRATIVE EXPENSE TAXES ELIMINATED.—Section 530(b)(1) of title 11, United States Code, is amended—

(1) in subparagraph (B), by striking "and" at the end;

(2) in subparagraph (C), by adding "and" at the end; and

(3) by adding at the end the following:

"(D) notwithstanding the requirements of subsection (a), a governmental unit shall not be required to file a request for the payment of a claim described in subparagraph (B) or (C)."

(d) PAYMENT OF TAXES AND FEES AS SECURED CLAIMS.—Section 506 of title 11, United States Code, is amended—

(1) in subsection (b), by inserting "or State statute" after "agreement"; and

(2) in subsection (c), by inserting "including the payment of all ad valorem property taxes with respect to the property" before "the estate," after "misrepresentation,".

SEC. 714. DISCHARGE OF THE ESTATE'S LIABILITY FOR UNPAID TAXES.

Section 523(a)(1) of title 11, United States Code, is amended—

(1) in paragraph (1)(B)—

(A) by inserting "or equivalent report or notice," after "a return,";

(B) in clause (i)—

(i) by inserting "or given" after "filed"; and

(ii) by striking "or" at the end; and

(C) in clause (ii)—

(i) by inserting "or given" after "filed"; and

(ii) by inserting "request, or notice" after "return"; and

(2) by striking at the end the following flush sentences:

"For purposes of this subsection, the term 'return' includes any return prepared pursuant to, or filed under, the Internal Revenue Code of 1986, or similar State or local law, or a written stipulation to a judgment entered by a nonbankruptcy tribunal, but does not include a return made pursuant to section 6020(b) of the Internal Revenue Code of 1986, or a similar State or local law.".

SEC. 715. DISCHARGE OF THE ESTATE'S LIABILITY FOR UNPAID TAXES.

The second sentence of section 505(b) of title 11, United States Code, as amended by section 305(b) of this Act, is amended by inserting the following:

"and the term 'estate' after "misrepresentation".

SEC. 716. REQUIREMENT TO FILE TAX RETURNS WITHIN A SPECIFIED PERIOD.

(a) FILING OF PREPETITION TAX RETURNS REQUIRED FOR PLAN CONFIRMATION.—Section 1325(a) of title 11, United States Code, as amended by section 221 of this Act, is amended—

(1) in paragraph (6), by striking "and" at the end;

(2) in paragraph (7), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(8) this section and all applicable Federal, State, and local tax returns as required by section 1309.".

(b) ADDITIONAL TIME PERMITTED FOR FILING TAX RETURNS.—

(1) IN GENERAL.—Chapter 13 of title 11, United States Code, as amended by section 1325(a)(4) of this Act, is amended by adding at the end the following:

"§1309. Filing of prepetition tax returns.

(a) Not later than the day before the day on which the first meeting of the creditors is held, the debtor shall file with appropriate tax authorities all tax returns for all taxable periods ending during the 90-day period ending on the date of the filing of the petition.

(b)(1) Subject to paragraph (2), if the tax returns required by subsection (a) have not been filed on which the first meeting of creditors is convened under section 341(a), the trustee may continue that meeting for a reasonable period of time to allow the debtor an additional period of time to file any unfiled returns, but such additional period of time shall not extend beyond

(1) for any return that is past due as of the date of the filing of the petition, the date that is 120 days after the date of that first meeting; or

(2) for any return that is not past due as of the date of the filing of the petition, the later of

(i) the date that is 120 days after the date of that first meeting; or

(ii) the date on which the return is due under the last automatic extension of time for filing that the debtor is entitled, and for which request has been timely made, according to applicable nonbankruptcy law.

(2) Upon notice and hearing, and order entered before the tolling of any applicable filing period determined under this subsection, if the debtor demonstrates by clear and convincing evidence that the failure to file a return as required under this subsection is attributable to circumstances beyond the control of the debtor, the court may extend the filing period established by the trustee under this subsection for

(A) a period of not more than 30 days for returns described in paragraph (1); and

(B) a period not to extend after the applicable extended due date for a return described in paragraph (2).

(c) For purposes of this section, the term 'return' includes a return prepared pursuant to section 6020(a) or (b) of the Internal Revenue Code of 1986, or a similar State or local law, or written stipulation to a judgment entered by a nonbankruptcy tribunal.

(d) CONFORMING AMENDMENT.—The table of sections for chapter 13 of title 11, United States Code, is amended by inserting after the item relating to section 1308 the following:

"1309. Filing of prepetition tax returns.".

(e) DISMISSAL OR CONVERSION ON FAILURE TO COMPLY.—Section 1307 of title 11, United States Code, is amended—

(1) by redesignating subsections (e) and (f) as subsections (f) and (g), respectively; and

(2) by inserting after subsection (d), the following:

"(e) Upon the failure of the debtor to file a tax return under section 1309, on request of a party in interest or the United States trustee and after notice and a hearing, the court shall dismiss the case.

(f) TIMELY FILED CLAIMS.—Section 502(b)(9) of title 11, United States Code, is amended by inserting before the period at the end the following:

"(8) this section and all applicable Federal, State, and local tax returns as required by section 1309.".".

(e) RULES FOR OBJECTIONS TO CLAIMS AND TO CONFIRMATION.—It is the sense of Congress that the Advisory Committee on Bankruptcy Rules of the Judicial Conference shall adopt amended Federal Rules of Bankruptcy Procedure which provide that—

(1) in subsection (g) of that part of Rule 3015(f), in cases under chapter 13 of title 11, United States Code, a governmental unit may object to the confirmation of a plan on or before the date that is 60 days after the date on which the debtor files all tax returns required under sections 1309 and 1325(a)(7) of title 11, United States Code; and

(2) in addition to the provisions of Rule 3007, in a case under chapter 13 of title 11, United States Code, no objection to a tax with respect to which a return is required to be filed under section 1309 of title 11, United States Code, shall be filed until such return has been filed as required.

SEC. 717. STANDARDS FOR TAX DISCLOSURE.

Section 1122(a)(1) of title 11, United States Code, is amended—

(1) by inserting "including a full discussion of the potential material, Federal, State, and local tax consequences to the debtor, any successor to the debtor, and a hypothetical investor domiciled in the State in which the debtor resides or has its principal place of business typical of the holders of claims or interests in the case," after "records"; and

(2) by striking "a hypothetical reasonable investor typical of holders of claims or interests" and inserting "such a hypothetical investor".

SEC. 718. SETOFF OF TAX REFUNDS.

Section 362(b) of title 11, United States Code, as amended by section 402 of this Act, is amended—

(1) in paragraph (25), by striking "or" at the end;

(2) in paragraph (26), by striking the period at the end and inserting "; or"; and

(3) by inserting after paragraph (26) the following:

"(27) under subsection (a), of the setoff of an income tax refund, by a governmental unit, with respect to a taxable period that ended before the order for relief against an income tax liability for a taxable period that also ended before the order for relief, unless

(A) before that setoff, an action to determine the amount or legality of that tax liability under section 505(a) was commenced; or

(B) in any case in which the setoff of an income tax refund is not permitted because of a pending action to determine the amount or legality of a tax liability, in which case the governmental unit may hold the refund pending the resolution of the action.".

TITLE VIII—ANCILLARY AND OTHER CROSS-BORDER CASES

SEC. 803. AMENDMENT OF CHAPTER 15 TO TITLE 11, UNITED STATES CODE.

(a) IN GENERAL.—Title 11, United States Code, is amended by inserting after chapter 13 the following:

"CHAPTER 15—ANCILLARY AND OTHER CROSS-BORDER CASES"

"Sec. 1501. Purpose and scope of application.

"SUBCHAPTER I—GENERAL PROVISIONS

1502. Definitions.


1504. Commencement of ancillary case.

1505. Authorization to act in a foreign country.

1506. Public policy exception.

1507. Additional assistance.

1508. Interpretation."
Convertible business that is a foreign proceeding under this title. A foreign representative is not entitled to act as a court in the United States and may be authorized by the court to act in a foreign country on behalf of an estate created under section 541. An entity authorized to act under this section may act in any way permitted by the applicable foreign law.

§ 1506. Public policy exception

“Nothing in this chapter prevents the court from refusing to take an action governed by this chapter if it appears to the court that the action would be manifestly contrary to the public policy of the United States.

§ 1507. Additional assistance

(a) Subject to the specific limitations under other provisions of this chapter, the court, upon recognition of a foreign proceeding, may provide additional assistance to a foreign representative under this title or under other laws of the United States.

(b) In determining whether to provide additional assistance under this title or under other laws of the United States, the court shall consider whether such additional assistance, consistent with the principles of comity, will reasonably assure—

(1) just treatment of all holders of claims against or interests in the debtor’s property;

(2) protection of claim holders in the United States against prejudice and inconvenience in the processing of claims in such foreign proceeding;

(3) preservation of preferential or fraudulent dispositions of property of the debtor;

(4) distribution of proceeds of the debtor’s property substantially in accordance with the order prescribed by this title;

(5) if appropriate, the provision of an opportunity for a fresh start for the individual that such foreign proceeding concerns.

§ 1508. Interpretation

In interpreting this chapter, the court shall consider its international origin, and the need to promote an application of this chapter that is consistent with the application of similar statutes adopted by foreign jurisdictions.

§ 1509. Right of direct access

(a) A foreign representative is entitled to commence a case under section 1501 by filing a petition for recognition under section 1515, and upon recognition, to apply directly to other Federal and State courts for appropriate relief in those courts.

(b) Upon recognition of a foreign proceeding under section 1510, a foreign representative shall have the capacity to sue and be sued, and shall be subject to the laws of the United States of general applicability.

(c) Subject to section 1510, a foreign representative is subject to laws of general application.

(d) Recognition under this chapter is prerequisite to the granting of comity or cooperation to a foreign representative in any Federal or State court in the United States. Any request for comity or cooperation by a foreign representative in any court shall be accompanied by a sworn statement setting forth whether recognition under section 1515 has been sought and the status of any such petition.

(e) Upon denial of recognition under this chapter, the court may issue appropriate orders or take any other necessary action to prevent an attempt to obtain comity or cooperation from courts in the United States without such recognition.

§ 1510. Limited jurisdiction

The sole fact that a foreign representative files a petition under section 1515 does not subject the foreign representative to the jurisdiction of any court in the United States for any other purpose.

§ 1511. Commencement of case under section 301 or 303

(a) Upon recognition, a foreign representative may commence—
§ 1512. Participation of a foreign representative in a case under this title

Upon recognition of a foreign proceeding, the foreign representative in that proceeding is entitled to participate as a party in interest in a case regarding the debtor under this title.

§ 1513. Access of foreign creditors to a case under this title

(a) Foreign creditors have the same rights regarding the commencement of, and participation in, a case under this title as domestic creditors. Section 505(a) does not change or codify law in effect on the date of enactment of this chapter as to the allowance and priority of claims, and does not prevent modification or termination of a stay and restraints referred to in subsection (b) of section 105.

(b) (1) Subsection (a) does not change or codify law in effect on the date of enactment of this chapter as to the priority of claims under section 507 or 726, except that the claim of a foreign creditor under sections 507 or 726 shall not be given a lower priority than that of general unsecured claims without priority solely because of the claim's foreign status.

(2) (A) Subsection (a) and paragraph (1) do not change or codify law in effect on the date of enactment of this chapter as to the allowance or priority of claims against a foreign debtor or foreign representative generally. The court may order the notification referred to in paragraphs (1) and (2) of subsection (a), and any other evidence of claims against the foreign representative, to be translated into English. The court may require a translation into English of additional documents.

(3) In the absence of evidence referred to in paragraphs (1) and (2), any other evidence acceptable to the court of the existence of the foreign proceeding and of the appointment of the foreign representative.

(c) A petition for recognition shall also be accompanied by a statement identifying all foreign proceedings with respect to the debtor or that are known to the foreign representative.

(d) The documents referred to in paragraphs (1) and (2) of subsection (b) must be translated into English. The court may require a translation into English of additional documents.

§ 1514. Notification to foreign creditors concerning a case under this title

(a) Whenever in a case under this title notice to creditors generally or to any class or category of creditors, such notice shall also be given to the known creditors generally, or to creditors in the notification, that do not have addresses in the United States. The court may order that appropriate steps be taken with a view to notifying any creditor whose address is not yet known.

(b) Such notification to creditors with foreign addresses described in subsection (a) shall be given individually, unless the court considers that, under the circumstances, some other form of notification would be more appropriate. No letters rogatory or other similar formalism is required.

(c) When a notification of commencement of a case is to be given to foreign creditors, the notification shall—

(1) indicate the time period for filing proofs of claim and specify the place for their filing;

(2) indicate whether secured creditors need to file their proofs of claim; and

(3) contain any other information required in such a notification to creditors pursuant to this title and the orders of the court.

(d) Any rule of procedure or order of the court as to notice or the filing of a claim shall not apply to additional time to creditors with foreign addresses as is reasonable under the circumstances.

“§ 1515. Application for recognition of a foreign proceeding

(a) A foreign representative applies to the court for recognition of the foreign proceeding in which the foreign representative has been appointed by filing a petition for recognition.

(b) A petition for recognition shall be accompanied by—

(1) a certified copy of the decision commencing the foreign proceeding and appointing the foreign representative;

(2) a certificate from the foreign court affirming the existence of the foreign proceeding and of the appointment of the foreign representative;

(3) in the absence of evidence referred to in paragraphs (1) and (2), any other evidence acceptable to the court of the existence of the foreign proceeding and of the appointment of the foreign representative.

(c) A petition for recognition shall also be accompanied by a statement identifying all foreign proceedings with respect to the debtor or that are known to the foreign representative.

(d) The documents referred to in paragraphs (1) and (2) of subsection (b) must be translated into English. The court may require a translation into English of additional documents.

§ 1515. Presumptions concerning recognition

(a) If the decision or certificate referred to in section 1515(b) indicates that the foreign proceeding is a foreign main proceeding as defined in section 101 and that the person or body to whom the certificate or decision referred to in section 101 is entitled to so presume.

(b) The court is entitled to presume that documents referred to in section 1515(b) are authentic, whether or not they have been legalized.

(c) In the absence of evidence concerning the foreign representative to whom the decision or certificate referred to in section 1515(b) is a foreign representative as defined in section 101, the court is entitled to so presume.

(d) The court is entitled to presume that documents referred to in section 1515(b) are authentic, whether or not they have been legalized.

(e) The standards, procedures, and limitations applicable to an injunction shall apply to relief under this section.

§ 1520. Effects of recognition of a foreign main proceeding

(a) Upon recognition of a foreign proceeding that is a foreign main proceeding—

(1) section 362 applies with respect to the debtor and that property of the debtor that is within the territorial jurisdiction of the United States;

(2) a transfer, an encumbrance, or any other disposition of an interest of the debtor or the interests of the creditors, grant relief of a provisional nature, including—

(i) staying execution against the debtor's assets;

(ii) entrusting the administration or realization of all or part of the debtor’s assets located in the United States to the foreign representative or another person authorized by the court, including an order to protect and preserve the value of assets that, by their nature or because of other circumstances, are perishable, susceptible to destruction, or otherwise jeopardized; and

(ii) any other foreign proceeding regarding the debtor or the interests of the creditors, grant relief of a provisional nature, including—

(3) any relief referred to in paragraph (3), (4), or (7) of section 1521(a).

(b) Unless extended under section 1521(b)(1), the relief granted under this section terminates when the petition for recognition is decided upon.

(c) It is a ground for denial of relief under this section that such relief would interfere with the administration of a foreign main proceeding.

(d) The court may not enjoin a police or regulatory act of a governmental unit, including a criminal action or proceeding, under this section.

(e) The standards, procedures, and limitations applicable to an injunction shall apply to relief under this section.

§ 1518. Subsequent information

After the petition for recognition of the foreign proceeding is filed, the foreign representative shall file with the court promptly a notice of change of status concerning—

(a) any substantial change in the status of the foreign proceeding; and

(b) any other foreign proceeding involving the debtor that becomes known to the foreign representative.

§ 1519. Relief that may be granted upon petition for recognition of a foreign proceeding

(a) Beginning on the date on which a petition for recognition is filed and ending on the date on which the petition is decided upon, the court may, at the request of the foreign representative, where relief is urgently needed to protect the assets of the debtor or the interests of the creditors, grant relief of a provisional nature, including—

(ii) any other foreign proceeding regarding the debtor or the interests of the creditors, grant relief of a provisional nature, including—

(i) staying execution against the debtor’s assets;

(ii) entrusting the administration or realization of all or part of the debtor’s assets located in the United States to the foreign representative or another person authorized by the court, including an order to protect and preserve the value of assets that, by their nature or because of other circumstances, are perishable, susceptible to destruction, or otherwise jeopardized; and

(iii) any other foreign proceeding regarding the debtor or the interests of the creditors, grant relief of a provisional nature, including—

(3) any relief referred to in paragraph (3), (4), or (7) of section 1521(a).

(b) Unless extended under section 1521(b)(1), the relief granted under this section terminates when the petition for recognition is decided upon.

(c) It is a ground for denial of relief under this section that such relief would interfere with the administration of a foreign main proceeding.

(d) The court may not enjoin a police or regulatory act of a governmental unit, including a criminal action or proceeding, under this section.

(e) The standards, procedures, and limitations applicable to an injunction shall apply to relief under this section.
this title or the right of any party to file claims or take other proper actions in such a case.

§ 1521. Relief that may be granted upon recognition
(a) Upon recognition of a foreign proceeding, whether main or nonmain, where necessary to effectuate the purpose of this chapter, the court, in its discretion, may:
(1) order the debtor to make a direct or indirect deposit, in a court of the United States, or in a court of a foreign country, of any assets or property of the debtor that are within the territorial jurisdiction of the United States; and
(2) grant relief against the debtor or such other person as the court considers appropriate, including the giving of security or the filing of a bond.
(b) The court may, at the request of the foreign representative, authorize the court of the United States to the foreign representative or another person, including an examiner, appointed by the court, to act in the interests of creditors in the United States that are sufficiently protected.

(c) In granting relief under this section to a representative of a foreign nonmain proceeding, the court must be satisfied that the relief is necessary because the representative, under the law of the foreign country, should be administered in the foreign nonmain proceeding or concerns information or proceeds of the same debtor.
(d) The court may not enjoin a police officer or a government body, including a criminal action or proceeding, under this section.

(e) The standards, procedures, and limitations applicable to an injunction shall apply to relief under paragraphs (1), (2), (3), and (6) of subsection (b).

§ 1522. Protection of creditors and other interested persons
(a) The court may grant relief under section 1519 or 1521, or may modify or terminate relief under subsection (c), only if the interests of the creditors and other interested entities, including the debtor, are sufficiently protected.
(b) The court may subject relief granted under section 1519 or 1521, or the operation of the debtor’s business under section 1520(a)(2), or any other proceeding regarding the debtor, to the appropriate, including the giving of security or the filing of a bond.

(c) In granting relief at the request of the foreign representative or an entity affected by relief granted under section 1519 or 1521, or at its own motion, modify or terminate the relief under subsection (c), if only if the interests of the creditors and other interested entities, including the debtor, are sufficiently protected.

(d) Section 1104(d) shall apply to the appointment of an examiner under this chapter.

§ 1523. Actions to avoid acts detrimental to creditors
(a) An action for avoidance of a foreign proceeding, the foreign representative has standing in a case concerning the debtor pending under another chapter of this title to initiate actions under sections 522, 544, 545, 547, 548, 550, and 724(a).
(b) In any case in which the foreign proceeding is a foreign nonmain proceeding, the court may, at the request of the foreign representative, authorize the court of the United States law, as administered in the foreign nonmain proceeding.

§ 1524. Intervention by a foreign representative
(a) Upon recognition of a foreign proceeding, the foreign representative may intervene in any proceedings in a State or Federal court in the United States in which the debtor is a party.

§ 1525. Cooperation and direct communication between the trustee and foreign courts or foreign representatives
(a) Consistent with section 1501, the court shall cooperate to the maximum extent possible with foreign courts or foreign representatives, either directly or through the trustee.
(b) The court is entitled to communicate directly with, or to request information or assistance directly from, foreign courts or foreign representatives, subject to the rights of parties in interest to notice and participation.

§ 1526. Cooperation and direct communication between the trustee and foreign courts or foreign representatives
(a) Consistent with section 1501, the trustee or other person, including an examiner, authorized by the court, shall act in the interests of creditors in the United States that are sufficiently protected.
(b) The court may, at the request of the foreign representative, authorize the court of the United States to the foreign representative or another person, including an examiner, authorized by the court, to act in the interests of creditors in the United States that are sufficiently protected.

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§1532. Rule of payment in concurrent proceedings

"Without prejudice to secured claims or rights in rem, a creditor who has received payment of its claim, or of its claim in a foreign proceeding pursuant to a law relating to insolvency may not receive a payment for the same claim in a case under any other chapter of such title 11, of any other proceeding arising under any chapter of such title 11, or of a case under chapter 11, or of a case under chapter 9, until such claim is paid in full." (A) in subparagraph (N), by striking "and";

(b) The court may not grant relief under chapter 15 of this title with respect to any bond, escrow, trust fund, or other security or right set up or held under any applicable State insurance law or regulation for the benefit of claim holders in the United States.

"§ 304. Cases ancillary to foreign proceedings or to debtors under chapter 9 who are authorized by the court under chapter 7, 11, or 12, to debtors in possession under chapter 11, to debtors in possession under chapter 15, and to debtors under chapter 15 applies only in a case under chapter 15, United States Code, is amended—"

(A) in paragraph (25), by inserting "or option thereon;" and

(b) D EFINITIONS.ÐParagraphs (23) and (24) of section 1532 and 1514 apply in all cases under this title; and

(2) "section 1505 applies to trustees and to any other entity (including an examiner) authorized under a chapter or to a representative of the debtor's assets or affairs or to act as a representative of the foreign proceeding;".

(c) A MENDMENTS TO TITLE 28, UNITED STATES CODE.—

(1) PROCEDURES.—Section 157(b)(2) of title 28, United States Code, is amended—

(A) in subparagraph (N), by striking "and"; and

(B) in subparagraph (O), by striking the period at the end and inserting "; or an option thereon;"

(2) BANKRUPTCY CASES AND PROCEEDINGS.—Section 325(c)(1) of title 28, United States Code, is amended by striking "Except with respect to a case under chapter 15 of title 11, nothing in" and inserting "Except with respect to a case under chapter 15 of title 11, nothing in".

(3) DUTIES OF TRUSTEE.—Section 536(a)(3) of title 28, United States Code, is amended by inserting "15", after "chapter".

"§304. Cases ancillary to foreign proceedings

(a) In this section—

(1) "the term 'domestic insurance company' means a domestic insurance company, as such term is used in section 109(b)(2);"

(2) "private contract refers to a contract that is not a contract entered into in the swap market (including terms and conditions incorporated by reference therein); and

(b) A proceeding referred to in clause (i) that—

(1) is currently, or in the future becomes, regularly entered into in the swap market (including terms and conditions incorporated by reference therein); and

(2) is a forward, swap, future, or option on a rate, currency, commodity, equity security, or other equity instrument, on a debt security or other debt instrument, or on an economic index or measure of economic risk or economic value; and

(3) a combination of agreements or transactions referred to in clauses (i) and (ii);"
[(v) a master netting agreement that provides for an agreement or transaction referred to in clause (i), (ii), (iii), or (iv), together with all supplements to such master netting agreement, without regard to whether such master netting agreement contains an agreement or transaction described in any such clause, but only with respect to each agreement or transaction referred to in any such clause that is under such master netting agreement; except that

[(8) the definition under subparagraph (A) is applied without regard to this title only, and shall not be construed or applied so as to challenge or affect the characterization, definition, interpretation, or enforcement of any swap agreement or transactions entered into under any other statute, rule, or regulation, including the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Trust Indenture Act of 1939, the Investment Company Act of 1940, the Investment Advisers Act of 1940, the Securities Investor Protection Act, and the regulations prescribed by the Securities and Exchange Commission or the Commodity Futures Trading Commission;]

[(i) a contract for the purchase, sale, or loan of a security, a mortgage loan or an interest in a mortgage loan, a group or index of securities, mortgage loans or interests therein (including an interest therein or based on the value thereof), or option on any of the foregoing, including an option to purchase or sell any of the foregoing;

[(ii) an option entered into on a national securities exchange relating to foreign currencies;

[(iii) a guarantee by or to a securities clearing agency of a settlement of cash, securities, mortgage loans or interests therein, group or index of securities, or mortgage loans or interests therein (including any interest therein or based on the value thereof), or option on any of the foregoing, including an option to purchase or sell any of the foregoing, including an option to purchase or sell any of the foregoing;

[(iv) a margin loan;

[(v) any other agreement or transaction that is similar to an agreement or transaction referred to in this subparagraph;

[(vi) a combination of the agreements or transactions referred to in this subparagraph;

[(vii) an option to enter into an agreement or transaction referred to in this subparagraph;

[(viii) a master netting agreement that provides for an agreement or transaction referred to in clauses (i), (ii), (iii), (iv), (v), (vi), or (vii), together with all supplements to such master netting agreement, without regard to whether such master netting agreement provides for an agreement or transaction that is not a securities contract under this section, except that such master netting agreement shall be considered to be a securities contract under this subparagraph only with respect to each agreement or transaction under such master netting agreement that is referred to in clause (i), (ii), (iii), (iv), (v), (vi), or (vii); or

[(ix) a security agreement or arrangement, or other credit enhancement, directly pertaining to a contract referred to in this subparagraph, but not to exceed the actual value of such contract on the date of the filing of the petition.]]
secure, or settle such agreements or any contract or agreement subject to such agreements, to the extent such participant is eligible to exercise such offset rights under paragraph (17)(p) for each individual contract covered by the master netting agreement in issue.”.

(2) LIMITATION.—Section 362 of title 11, United States Code, as amended by section 432(2) of this Act, is amended by adding at the end the following:

"(l) LIMITATION OF AVOIDANCE POWERS UNDER MASTER NETTING AGREEMENT.—Section 362(b)(18) of title 11, United States Code, is amended—

(1) in subsection (g) (as added by section 103 of Public Law 101-311 (104 Stat. 267 et seq.))

(A) by striking "under a swap agreement"; and

(B) by striking "in connection with a swap agreement" and inserting "under or in connection with any swap agreement"; and

(2) by inserting before subsection (i) (as redesignated by section 407 of this Act) the following new subsection (h):

"(h) Notwithstanding sections 544, 545, 547, 548(a)(2)(B), and 548(b), the trustee may not avoid a transfer made by or to a master netting agreement participant under or in connection with any master netting agreement or any individual contract covered thereby that is made before the commencement of the case, and except to the extent that the trustee could otherwise avoid such a transfer made under an individual contract covered by such master netting agreement (except under subsection (a))."

(f) FRAUDULENT TRANSFERS OF MASTER NETTING AGREEMENTS.—Section 548(b)(2) of title 11, United States Code, is amended—

(1) in subparagraph (C), by striking "and"; and

(2) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(E) a master netting agreement participant that receives a transfer in connection with a swap agreement or an individual contract covered thereby takes value for the extent of such transfer, except, with respect to a transfer under any individual contract covered thereby, to the extent that such master netting agreement participant otherwise did not take (or is otherwise not deemed to have taken) such transfer for value.

(g) TERMINATION OR ACCELERATION OF SECURITIES CONTRACTS.—Section 555 of title 11, United States Code, is amended—

(1) by striking the section heading and inserting the following:

"§ 555. Contractual right to liquidate, terminate, or accelerate a securities contract; and

(2) in the first sentence, by striking "liquidation, or acceleration."

(h) TERMINATION OR ACCELERATION OF COMMODITY OR FORWARD CONTRACTS.—Section 556 of title 11, United States Code, is amended—

(1) by striking the section heading and inserting the following:

"§ 556. Contractual right to liquidate, terminate, or accelerate a commodities contract or forward contract; and

(2) in the first sentence, by striking "liquidation, or acceleration."

(i) TERMINATION OR ACCELERATION OF REPURCHASE AGREEMENTS.—Section 559 of title 11, United States Code, is amended—

(1) by striking the section heading and inserting the following:

"§ 559. Contractual right to liquidate, terminate, or accelerate a repurchase agreement; and

(2) in the first sentence, by striking "liquidation, or acceleration."

(j) LIQUIDATION, TERMINATION, OR ACCELERATION, OR OFFSET UNDER A MASTER NETTING AGREEMENT AND ACROSS CONTRACTS.—Section 560 of title 11, United States Code, as amended by section 432(2) of this Act, is amended—

(1) by striking the section heading and inserting the following:

"§ 560. Contractual right to liquidate, terminate, or accelerate under a master netting agreement and across contracts;

"(a) Subject to subsection (b), the exercise of any contractual right, because of a condition of the kind specified in section 365(e)(1), to cause the termination, liquidation, or acceleration of any swap agreement, netting obligations, or other transfer obligations arising under or in connection with 1 or more (or the termination, liquidation, or acceleration of 1 or more)—

(1) securities contracts, as defined in section 741(7);

(2) commodity contracts, as defined in section 763(4);

(3) forward contracts;

(4) repurchase agreements;

(5) swap agreements; or

(6) master netting agreements, shall not be stayed, avoided, or otherwise limited by operation of any provision of this title or by any order of a court or administrative agency in any proceeding under this title;

(b)(1) A party may exercise a contractual right described in subsection (a) to terminate, liquidate, or accelerate only to the extent that such party could exercise such a right under section 555, 556, 559, or 560 for each individual contract covered by the master netting agreement in issue."

(2) If a debtor is a commodity broker subject to subchapter IV of chapter 7 of this title—

"(A) a party may not net or offset an obligation to the debtor arising under, or in connection with, a commodity contract against any claim arising under, or in connection with, any other instruments, contracts, or agreements listed in subsection (a), except to the extent that the party has [no] positive net equity in the commodity accounts at the time of such netting."

(3) Any provisions of this title relating to securities contracts, commodity contracts, repurchase agreements, swap agreements, or master netting agreements shall apply in a case ancillary to a foreign proceeding under this section or any other provision of this title.

(j) LIMITATION.ÐThe exercise of rights not referred to in subsection (a).

(k) LIQUIDATION, TERMINATION, OR ACCELERATION, OR OFFSET UNDER A MASTER NETTING AGREEMENT AND ACROSS CONTRACTS.—Section 560 of title 11, United States Code, as amended by section 432(2) of this Act, is amended—

(1) by striking the section heading and inserting the following:

"§ 561. Contractual right to terminate, liquidate, accelerate, or offset under a master netting agreement and across contracts;

"(a) Subject to subsection (b), the exercise of any contractual right, because of a condition of the kind specified in section 365(e)(1), to cause the termination, liquidation, or acceleration of any swap agreement, netting obligations, or other transfer obligations arising under or in connection with 1 or more (or the termination, liquidation, or acceleration of 1 or more)—

(1) securities contracts, as defined in section 741(7);

(2) commodity contracts, as defined in section 763(4);

(3) forward contracts;

(4) repurchase agreements;

(5) swap agreements; or

(6) master netting agreements, shall not be stayed, avoided, or otherwise limited by operation of any provision of this title or by any order of a court or administrative agency in any proceeding under this title;

(b) A party may exercise a contractual right described in subsection (a) to terminate, liquidate, or accelerate only to the extent that such party could exercise such a right under section 555, 556, 559, or 560 for each individual contract covered by the master netting agreement in issue."

(2) If a debtor is a commodity broker subject to subchapter IV of chapter 7 of this title—

"(A) a party may not net or offset an obligation to the debtor arising under, or in connection with, a commodity contract against any claim arising under, or in connection with, any other instruments, contracts, or agreements listed in subsection (a), except to the extent that the party has [no] positive net equity in the commodity accounts at the time of such netting.

(3) Any provisions of this title relating to securities contracts, commodity contracts, repurchase agreements, swap agreements, or master netting agreements shall apply in a case ancillary to a foreign proceeding under this section or any other provision of this title.

(l) ANCILLARY PROCEEDINGS.—Section 304 of title 11, United States Code, as amended by adding at the end the following:

"(d) Any provisions of this title relating to securities contracts, commodity contracts, repurchase agreements, swap agreements, or master netting agreements shall apply in a case ancillary to a foreign proceeding under this section or any other provision of this title; and

(2) shall not be stayed or otherwise limited by—

"(A) operation of any provision of this title; or

(2) order of a court in any case under this title;

(3) shall not be stayed or otherwise limited by—

"(A) operation of any provision of this title; or

(2) order of a court in any case under this title;

(3) shall not be stayed or otherwise limited by—

"(A) operation of any provision of this title; or

(2) order of a court in any case under this title; or

(3) shall not be stayed or otherwise limited by—

"(A) operation of any provision of this title; or

(2) order of a court in any case under this title;

(3) shall not be stayed or otherwise limited by—

"(A) operation of any provision of this title; or

(2) order of a court in any case under this title;

(3) shall not be stayed or otherwise limited by—

"(A) operation of any provision of this title; or

(2) order of a court in any case under this title; and

(3) shall not be stayed or otherwise limited by—

"(A) operation of any provision of this title; or

(2) order of a court in any case under this title; and

(3) shall not be stayed or otherwise limited by—

"(A) operation of any provision of this title; or

(2) order of a court in any case under this title.

(m) COMMODITY BROKER LIQUIDATIONS.—Title 11, United States Code, is amended by inserting after section 766 the following:

"§ 767. Commodity broker liquidation and forward contract merchants, commodity broker, stockbroker, financial institution, securities clearing agency, swap participant, repo participant, and master netting agreement participant

"(n) Notwithstanding any other provision of this title, the exercise of rights by a forward contract merchant, commodity broker, stockbroker, financial institution, securities clearing agency, swap participant, repo participant, or master netting agreement participant under this title shall not affect the priority of any unsecured claim it may have after the exercise of such rights.

(o) STOCKBROKER LIQUIDATIONS.—Title 11, United States Code, is amended by inserting after section 752 the following:

"§ 753. Stockbroker liquidation and forward contract merchants, commodity broker, stockbrokers, financial institutions, securities clearing agencies, swap participants, repo participants, and master netting agreement participants.

"(n) Notwithstanding any other provision of this title, the exercise of rights by a forward contract merchant, commodity broker, stockbroker, financial institution, securities clearing agency, swap participant, financial participant, or master netting agreement participant under this title shall not affect the priority of any unsecured claim it may have after the exercise of such rights.

(3) Any provisions of this title relating to securities contracts, commodity contracts, repurchase agreements, swap agreements, or master netting agreements shall apply in a case ancillary to a foreign proceeding under this section or any other provision of this title.
§ 562. Damage measure in connection with swap agreements, securities contracts, forward contracts, commodity contracts, repurchase agreements, or master netting agreement. "

(a) By inserting after section 561 the following:

"(B) a trust, corporation, partnership, or other entity engaged exclusively in the business of acquiring and transferring eligible assets, servicing of all or any portion of such eligible assets, and receiving payments thereon, the proceeds of which are used to service such eligible assets;"

(b) By striking the items relating to sections 559 and 560 and inserting the following:

"(1) in subsection (b), by striking ‘‘or’’ at the end of paragraph (4);

(2) by redesignating paragraph (5) of subsection (b) as paragraph (6);

(3) by inserting after paragraph (4) of subsection (b) the following new paragraph:

‘‘(5) any eligible asset (or proceeds thereof), to the extent that such eligible asset was transferred by the debtor, before the date of commencement of the case, to an eligible entity in connection with an asset-backed securitization, except to the extent that such asset (or proceeds or value thereof) may be recovered by the trustee under section 550 by virtue of avoidance under section 548(a); or’’;

and

(c) By adding after the item relating to section 765 the following:

"(6) Community property by liquidation and forward contract merchants, commodity brokers, stockbrokers, financial institutions, securities clearing agencies, swap participants, repo participants, and master netting agreement participants;"

and

(d) By inserting after the item relating to section 752 the following:

"(7) Stockbroker liquidation and forward contract merchants, commodity brokers, stockbrokers, financial institutions, securities clearing agencies, swap participants, repo participants, and master netting agreement participants."
"(b) the holder of a particular claim agrees to a different treatment of that claim; and". 
(b) SPECIAL NOTICE PROVISIONS.—Section 1231(d) of title 11, United States Code, is amended by striking "a State or local governmental unit" and inserting "any governmental unit".

[TITLE XI—HEALTH CARE AND EMPLOYEE BENEFITS]

[SEC. 1101. DEFINITIONS.]

(a) HEALTH CARE BUSINESS DEFINED.—Section 101 of title 11, United States Code, as amended by section 100(a) of this Act, is amended—

(1) by redesignating paragraph (27A) as paragraph (27C); and

(2) inserting after paragraph (27) the following:

"(27A) 'health care business'."

"(A) means any public or private entity (without regard to whether that entity is organized for profit or not for profit) that is primarily engaged in offering to the general public facilities and services for—

"(I) the diagnosis or treatment of injury, deformity, or disease; and

"(II) surgical, drug treatment, psychiatric or obstetric care; and

"(B) includes—

"(i) any—

"(I) general or specialized hospital,

"(II) ancillary ambulatory, emergency, or surgical treatment facility;

"(III) hospice;

"(IV) health maintenance organization;

"(V) agency; and

"(VI) other health care institution that is similar to an entity referred to in subclause (I), (II), (III), (IV), or (V); and

"(ii) any long-term care facility, including any—

"(I) skilled nursing facility;

"(II) intermediate care facility;

"(III) assisted living facility;

"(IV) home for the aged;

"(V) domiciliary care facility; and

"(VI) health care institution that is related to a facility referred to in subclause (I), (II), (III), (IV), or (V), if that institution is primarily engaged in offering room, board, laundry, or personal assistance with activities of daily living and incidents to activities of daily living;".

(b) HEALTH MAINTENANCE ORGANIZATION DEFINED.—Section 101 of title 11, United States Code, as amended by subsection (a), is amended by inserting after paragraph (27A) the following:

"(27A) 'health maintenance organization' means any person that undertakes to provide or arrange for basic health care services through an organized system that—

"(A) combines the delivery and financing of health care to enrollees; and

"(aa) physician services directly through physicians or 1 or more groups of physicians; and

"(bb) basic health care services directly or under a contractual arrangement; and

"(B) are appropriate, provides physician services and basic health care services through arrangements other than the arrangements referred to in clause (i), and

"(B) includes any organization described in subparagraph (A) that provides, or arranges for, health care services on a prepayment or other financial basis.

(c) PATIENT.—Section 101 of title 11, United States Code, as amended by subsection (a), is amended by inserting after paragraph (40) the following:

"(40A) 'patient' means any person who obtains or receives services from a health care business.

(d) PATIENT RECORDS.—Section 101 of title 11, United States Code, as amended by subsection (a), is amended—

(1) by striking "professional person''; and

"(A), by inserting "an ombudsman appointed

"(B) if the records are magnetic, optical, or other electronic records, by otherwise destroying those records so that those records cannot be retrieved; and

"(B) from paragraph (6), by striking "and" at the end;

"(B) in paragraph (10), by striking the period at the end and inserting "; and"; and

"(B) by adding at the end the following:

"(11) use all reasonable and best efforts to transfer patients from a health care business that is in the process of being closed to an appropriate health care business; and

"(A) in the vicinity of the health care business that is closing; and

"(B) provides the patient with services that are substantially similar to those provided by the health care business that is in the process of being closed; and

"(C) maintains a reasonable quality of care;"

(b) CONFORMING AMENDMENT.—Section 1106(a)(1) of title 11, United States Code, is amended by striking "and 704(9)" and inserting "709(9)".

[SEC. 1102. DISPOSAL OF PATIENT RECORDS.]

(a) IN GENERAL.—Subchapter III of chapter 3 of title 11, United States Code, is amended by adding at the end the following:

"§ 351. Disposal of patient records

"(1) If a health care business commences a case under chapter 7, 9, or 11, and the trustee does not have an amount of funds recorded in a magistrate, court, or other form of electronic medium;"

(b) C LERICAL AMENDMENT.—The chapter analysis for chapter 3 of title 11, United States Code, is amended by inserting after the item relating to section 331 the following:

"(3) by adding the end the following:

"(11) use all reasonable and best efforts to transfer patients from a health care business that is in the process of being closed to an appropriate health care business; and

"(A) in the vicinity of the health care business that is closing; and

"(B) provides the patient with services that are substantially similar to those provided by the health care business that is in the process of being closed; and

"(C) maintains a reasonable quality of care;"

(b) CONFORMING AMENDMENT.—Section 1106(a)(1) of title 11, United States Code, is amended by striking "704(9)" and inserting "709(9)".
the debtor had not filed a case under this

(d) APPLICABILITY.—The amendments made by this section shall apply to a case pending under title 11, United States Code, on the date of enactment of this Act, except that the court shall not confirm a plan under chapter 11 of such title unless the judge or the United States Trustee, or the parties in interest, have filed an objection to the confirmation of the plan within 30 days after the date on which the plan is filed. A plan amended after such date shall not be confirmed unless the judge or the United States Trustee, or the parties in interest, has approved the amendment within 30 days after the date on which the amendment is filed. A plan confirmed after such date shall be void unless the judge or the United States Trustee, or the parties in interest, has approved the confirmation of the plan within 30 days after the date on which the plan is confirmed. A plan confirmed after such date shall be void unless the judge or the United States Trustee, or the parties in interest, has approved the confirmation of the plan within 30 days after the date on which the plan is confirmed.

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to apply to a case pending under chapter 11 of such title unless the judge or the United States Trustee, or the parties in interest, have filed an objection to the confirmation of the plan within 30 days after the date on which the plan is filed. A plan amended after such date shall not be confirmed unless the judge or the United States Trustee, or the parties in interest, has approved the amendment within 30 days after the date on which the amendment is filed. A plan confirmed after such date shall be void unless the judge or the United States Trustee, or the parties in interest, has approved the confirmation of the plan within 30 days after the date on which the plan is confirmed. A plan confirmed after such date shall be void unless the judge or the United States Trustee, or the parties in interest, has approved the confirmation of the plan within 30 days after the date on which the plan is confirmed.

SEC. 12.12. PROTECTION OF VANDALISM SECURITY INTERESTS.

Section 547(c)(3)(B) of title 11, United States Code, is amended by striking "20" and inserting "25".

SEC. 12.27.1 1225. EXTENSIONS.


(1) in subparagraph (A), in the matter following clause (i), by striking "or October 1, 2002, whichever occurs first"; and

(2) by inserting before "or October 1, 2002, whichever occurs first"; and

(3) by substituting "30" for "25" in clauses (F), (G), (H), and (I).

(a) SHORT TITLE.—This section may be cited as the “Bankruptcy Judgeship Act of 1999”.

(b) TEMPORARY JUDGESHIPS.—

(1) APPOINTMENTS.—The following judgeships shall be filled in the manner prescribed in section 152(a)(1) of title 28, United States Code, for the appointment of bankruptcy judges provided for in section 152(a)(2) of such title:

(A) One additional bankruptcy judgeship for the Southern District of California.

(B) Four additional bankruptcy judgeships for the central district of California.

(C) One additional bankruptcy judgeship for the eastern district of Florida.

(D) Two additional bankruptcy judgeships for the district of Maryland.

(E) One additional bankruptcy judgeship for the northern district of Michigan.

(F) One additional bankruptcy judgeship for the southern district of Mississippi.

(G) One additional bankruptcy judgeship for the Northern District of Texas.

(H) One additional bankruptcy judgeship for the eastern district of New York.

(I) One additional bankruptcy judgeship for the Central District of New York.

(J) One additional bankruptcy judgeship for the Southern District of New York.

(K) One additional bankruptcy judgeship for the District of Pennsylvania.

(L) One additional bankruptcy judgeship for the Middle District of Pennsylvania.

(M) One additional bankruptcy judgeship for the District of Delaware.

(N) One additional bankruptcy judgeship for the District of Maryland.

(2) VACANCIES.—The first vacancy occurring in the office of a bankruptcy judge in each of the judicial districts set forth in paragraph (1) that—

(A) results from the death, retirement, resignation, or removal of a bankruptcy judge; and

(B) occurs 8 years or more after the appointment date of the bankruptcy judge appointed under paragraph (1); shall not be filled.

(c) EXTENSIONS.—

(1) TEMPORARY JUDGESHIPS.—The temporary bankruptcy judgeship positions authorized for the northern district of Alabama, the district of Delaware, the district of Puerto Rico, and the district of South Carolina, and the eastern and western districts of Wisconsin under section 152(a)(1), (3), (7), (8), and (9) of the Bankruptcy Judgeship Act of 1992 (28 U.S.C. 581 note) are extended until the first vacancy occurring in the office of a bankruptcy judge in the applicable district resulting from the death, retirement, resignation, or removal of a bankruptcy judge and occurring—

(A) 8 years or more after November 8, 1993, with respect to the northern district of Alabama; and

(B) 10 years or more after October 28, 1993, with respect to the district of Delaware; and

(C) 8 years or more after August 29, 1994, with respect to the district of Puerto Rico; and

(D) 8 years or more after August 27, 1994, with respect to the district of South Carolina; and

(E) 8 years or more after November 23, 1993, with respect to the eastern district of Tennessee.

(2) APPLICABILITY OF OTHER PROVISIONS.—All other provisions of section 3 of the Bankruptcy Judgeship Act of 1992 remain applicable to such temporary bankruptcy judgeships.

(d) TECHNICAL AMENDMENT.—The first sentence of section 152(a)(1) of title 28, United States Code, as amended is read as follows:

“Each bankruptcy judge to be appointed for a judicial district as provided in paragraph (3) shall be appointed by the United States court of appeals for the circuit in which such district is located.”

(e) TRAVEL EXPENSES OF BANKRUPTCY JUDGES.—Section 356 of title 28, United States Code, is amended by adding at the end the following:

“(g)(1) In this subsection, the term ‘travel expenses’—

(A) means the expenses incurred by a bankruptcy judge with respect to the travel expenses of the judge to whom the travel applies; and

(B) shall not include the travel expenses of a bankruptcy judge.

“(ii) the payment for the travel expenses is paid by such bankruptcy judge from the personal funds of such bankruptcy judge; and

“(iii) the bankruptcy judge does not (ii) receive funds (including reimbursement) from the United States or any other person or entity for the payment of such travel expenses.

“(2) Each bankruptcy judge shall annually submit the information required under paragraph (3) to the chief bankruptcy judge for the district in which the bankruptcy judge is assigned.

“(3)(A) Each chief bankruptcy judge shall submit an annual report to the Director of the Administrative Office of the United States Courts, which shall include—

(i) a description of the subject matter and purpose of the travel relating to each travel expense identified under clause (i), with the name of the bankruptcy judge to whom the travel applies; and

(ii) for each case handled by the bankruptcy judge to whom the travel applies, the number of days of travel and the number of cases handled by such bankruptcy judge during the period covered by such travel expense identified under clause (i), with the name of the bankruptcy judge to whom the travel applies.

“(B) The Director of the Administrative Office of the United States Courts shall—

(i) consolidate the reports submitted under paragraph (3) into a single report; and

(ii) annually submit such consolidated report to Congress.

“(C) The consolidated report submitted under this paragraph shall include the specific information required under paragraph (3) including the name of the bankruptcy judge with respect to clauses (i), (ii), and (iii) of paragraph (3)(B).”.

TITLE XIII XI—GENERAL EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) EFFECTIVE DATE.—Except as provided otherwise in this Act, this Act and the amendments made by this Act shall take effect 180 days after the date of enactment of this Act.

(b) APPLICATION OF AMENDMENTS.—The amendments made by this Act shall not apply with respect to cases commenced under title 11, United States Code, before the effective date of this Act.

The committee amendments were agreed to.

Mr. GRASSLEY addressed the Chair. The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, before we start this very important bankruptcy reform legislation, first, thanks for working out the necessary parliamentary arrangements for bringing this bill up are owed to our majority leader, the Senator from Mississippi, and our minority leader, the Democratic leader, the Senator from South Dakota. So I thank them very much.

Then secondly, not only because this bill is up now on the floor of the Senate but also for the process of getting it through the Judiciary Committee, we, obviously, thank the Senator from Utah, the chairman of the Judiciary Committee, Mr. HATCH, for his leadership at the level of the committee and for a lot of things that had to be worked out to get us to the floor. And also thanks to the Senator from Vermont, the ranking Democratic member of the Judiciary Committee, for his cooperation.

Since the beginning of the year, I have had the opportunity to work with the ranking minority member of our subcommittee that I chair, the Subcommittee on Administrative Oversight and the Courts, the Senator from New Jersey, Mr. TORRICELLI. Working with him has been a real treat, always warming up to reach agreement. And for people throughout this country who have a tendency to be cynical about Washington, because of the lack of cooperation between the Democratic Party and the Republican Party, I wish they could feel the working relationship

Mr. TORRICELLI. The Senator from Iowa.

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introduced—he was a cosponsor—but with a spirit that throughout this process, which has gone on since January to this point of bringing the bill up on the floor of the Senate, that we would work cooperatively and in a spirit of cooperation, under the Senate's rules and compromises. I hope that brings us to a point where we do not have a lot of controversial amendments on the floor of the Senate, at least as they relate to the bankruptcy subject, the relevant amendment, the bankruptcy reform.

There will be a lot of amendments that have been in this bipartisan unanimous-consent agreement that are considered nongermane amendments, which will be brought up, that are controversial. We expected that to be part of the process. But for the amendments we have that relate to bankruptcy, I think there will be a lot fewer amendments because of the cooperation Senator Torricelli has shown in this compromise.

For the second time in 2 years, the Senate is considering fundamental bankruptcy reform. Last year, we passed a bankruptcy reform bill but the Senate was prevented from considering the final conference report at the very end of the 105th Congress. This year, we have the chance to finish this important work. We've been waiting for some time to get this bill up on the floor, and now that we're here, I'm anxious to be here.

Bankruptcy is one of the most complicated subjects we will consider this year. So, at the outset, Mr. President, I think it's important for me as the chairman of the subcommittee with jurisdiction over bankruptcy to take a moment or two to describe what bankruptcy reform is really all about in commonsense terms that we can all understand. Simply put, bankruptcy is a court proceeding where people get their debts wiped away. Every time a debt is wiped away through bankruptcy somebody loses money. That's plain and simple common sense. Of course, when somebody who extends credit has their obligation wiped away in bankruptcy, they are forced to make a decision. Should this loss simply be swallowed as a cost of business? Or do you raise prices for other customers to make up for your losses?

When bankruptcy losses are rare or infrequent, lenders can still swallow the losses. But when bankruptcies are frequent and common, lenders have to raise their prices to offset losses. For this reason, Treasury Secretary Larry Summers testified at his confirmation hearing before the Senate Finance Committee that bankruptcies tend to drive up interest rates. Mr. President, if you believe Secretary Summers, bankruptcies are everyone's problem. Regular hardworking Americans have to pay higher prices for goods and services as a result of bankruptcies. The bankruptcy bill we're considering will not only discourage bankruptcies, and therefore lessen upward pressure on interest rates and higher prices by making it harder for people who can repay their debts to wipe them away. It seems like common sense to require people who can repay their debts to pull their own weight. But under our current bankruptcy laws, someone can get full debt cancellation without answering questions asked. If we pass S. 625, bankruptcy judges and trustees will start asking questions about ability to repay. And, if someone seeking bankruptcy can repay, they will be challenged to do this. Bankruptcy reduces debt, which requires people to repay some portion of their debts as a pre-condition for limited debt cancellation. Of course, people who can't repay can still use the bankruptcy system as they would have before. But, for people with higher incomes who can repay their debts, the free ride will be over.

The basic bankruptcy policy question the Senate has to answer is this: Should people with means be required to pay at least some of their debts away just now, when the current bankruptcy system is obvious to the financial condition of someone asking to be excused from paying his debts. The richest captain of industry could walk into a Bankruptcy Court tomorrow and walk out with his debts erased. And, as I described earlier, the rest of America will pay higher prices for goods and services as a result.

I would ask my colleagues to think about that for a second. If we had no bankruptcy system at all, and we were starting from scratch, would we design a system that lets the rich walk away from their debts and shift the costs to society at large, including the poor and the middle class? I don't think that any of us here would design such a system. But somehow, that's exactly the system we have now. I could easily imagine the fiery rhetoric from our more liberal friends if we on the Republican side were to even suggest that the Senate create a bankruptcy system that lets the wealthy and the well-to-do walk away from their debts and stick working Americans with the tab. But we have just such a system in place today.

Mr. President, if Senators ask themselves the question “Who wins and who loses under current law, and who will win and who will lose if we pass S. 625,” then I think that the importance of the bankruptcy bill becomes pretty obvious. If you believe President Clinton's own Treasury Secretary, society at large loses under the current system when bankruptcies drive up interest rates. Of course, it's the deadbeats who walk away from their debts who win under the current system. If we pass this bill, then the American people will win as upward pressure on interest rates and prices is removed. And people who look at bankruptcy as a convenient financial planning tool will lose.

Mr. President, the bankruptcy system is spiraling out of control. These are good times in our Nation. Thanks to the fiscal discipline initiated by Congress, and the hard work of the American people, we have the first balanced budget in a generation. Unemployment is low, we have a burgeoning stock market and most Americans are optimistic. But the bankruptcy bill we're considering will be just a small part of the bankruptcy bill we're considering this year. To put this in some historical context, since 1990 the rate of personal bankruptcy filings has increased almost 100 percent. Now, I don't think that anyone knows all the reasons underlying the bankruptcy crisis. But I think I can talk about what's not at the root of the bankruptcy crisis. I have a chart here that shows the dramatic increase in bankruptcies since 1993. During the same timeframe, as the chart shows, unemployment has decreased as real wages have risen to an all-time high.

The economic numbers tell us that the bankruptcy crisis isn't the result of people who can't get jobs. And the jobs that people do have are paying more money than ever. So, the bankruptcy crisis isn't about desperate people confronting layoffs and unemployment. With the economy doing so well, and with so many Americans with high-quality, good-paying jobs, we have to look deeper into the eroding moral values of some to find what's driving the bankruptcy crisis. Some people flat out don't want to honor their obligations and are looking for an easy way out. In the opinion of this Senator, a significant part of the bankruptcy crisis is basically a moral crisis. Some people just don't have a sense of personal responsibility.

It seems clear to me that our lax bankruptcy system must bear some of the blame for the bankruptcy crisis. Just as the welfare system we used to have encouraged people not to get jobs and encouraged people not to even think about pulling their own weight, our lax bankruptcy system doesn't even ask people to consider paying what they owe. Such a system obviously contributes to the fraying of the moral fiber of our Nation. Why pay your bills when you can walk away with no questions asked? Why honor our obligations when you can take the easy way out through bankruptcy? If we don't tighten the bankruptcy system, this moral erosion will certainly continue.

Mr. President, the polls are very clear that the American people want the bankruptcy system tightened up. In my home State of Iowa, 78 percent of Iowans surveyed favor bankruptcy reform. And the picture is the same nationally. According to the PBS program, “Frontline,” over 60 percent of Americans support bankruptcy reform. The American people seem to sense that the bankruptcy crisis is fundamentally a moral crisis. According
to a poll conducted by the Democratic polling firm of Penn & Schoen on perceptions of bankruptcy, 84 percent of Americans think that bankruptcy is more socially acceptable today than a few years ago. Of course, Penn & Schoen's polling firm was used by President Clinton. So, I think that this number is very telling given that it was produced by a liberal polling firm.

In my State of Iowa, the editorial page of the Des Moines Register has summed up the problem we have with the bankruptcy system by stating that bankruptcy "was never intended as the one-stop, no-questions-asked solution to irresponsibility." I totally agree. So, let's look at the situation we face today. We have a bankruptcy system which fosters irresponsibility and which operates as a regressive system for redistributing economic resources from America's working families to the wealthy. In effect, blue collar workers and the tax payers are required to give back a portion of their income to compensate professionals to live high on the hog.

Mr. President, as we move forward to debate bankruptcy reform, I believe that we should keep in mind the fact that the bankruptcy crisis is both an economic problem and moral problem. If we pass meaningful bankruptcy reform this year, as I hope and expect that we will, the Senate can remove a drag on the economy and at the same time contribute to the building of our Nation's moral foundations.

Mr. President, over 30 years ago, Senator Albert Gore, Sr.—the father of the Vice-President—introduced a bill to amend the bankruptcy code. Bankruptcy trustees and creditors after bankruptcy. This is an important step in preserving the integrity of our farming economy and preserving the family farm. In conclusion, S. 625 is good for family farmers, good for small businesses, good for single parents who depend on child support and good for consumers.

If you care about making people in this country truly understand the weight, you should vote for this bill. If you care about the lax morality associated with letting people who have the clear ability to pay walk away from their debts with no question asked, you should vote for this bill. When the time comes, I'm sure that common sense will reign and the Senate will pass S. 625, with strong support.

The PRESIDING OFFICER. The Senator from Utah.

Mr. President, I am pleased we are finally considering the Bankruptcy Reform Act of 1999. I would like to express my personal appreciation to Senator Lott for his efforts, along with those of Senator Daschle, which resulted in this opportunity for floor consideration of the bill. Also, I am grateful for the hard work of Senator Grassley, the chairman of the Judiciary Committee's Subcommittee on Administrative Oversight and the Ranking Member of the subcommittee, for their tireless efforts in working out this bipartisan bill. I also thank Senators Sessions, Biden, and others for their dedication and hard work on this bankruptcy reform bill.

As I have said before, I remain confident that given the opportunity to consider the merits of this legislation, the Senate will pass this bill with overwhelming support. As we have said, S. 625, I am confident that we will keep in mind the broad support for the substance of this important legislation. I hope we will see quick passage.
of these much needed reforms to the bankruptcy system, because the reform proposals have been studied by Congress at length, they are bipartisan, and they are fair.

First, the reforms proposed in this bill have been debated at length. Indeed, Congress has been engaged in the consideration of this issue for several years, and the Subcommittee on Administrative Oversight and the Courts, which is chaired by Senator Grassley, has held numerous hearings on the issue of bankruptcy reform. The subcommittee heard extensive testimony from literally dozens of witnesses on this subject.

Second, this bill is truly bipartisan. During our consideration of this bill at both the subcommittee and full Judiciary Committee levels, numerous changes suggested by the minority were included in the bill. We have been able to reach a number of compromises on this legislation in order to respond to the concerns of both parties. I would like to take this opportunity to once again thank Senators Grassley and Torricelli for their bipartisan efforts to create this balanced bill.

Finally, this bill is fair. One of the principles that guided the authors of our country’s original bankruptcy laws, and which is guiding us as we overhaul these laws today, is the concept of a fresh start. The bankruptcy system was designed to provide a fresh start to people in serious financial difficulty, who have no other way out of their predicament. Mr. President, S. 625 does just that. It ensures that people in the most serious financial difficulty will continue to have access to the debt relief they need. At the same time, this legislation ensures that more of the people who have the capacity to repay their debts are required to do so.

Depending on what study you believe, anywhere from 6 to 15 percent of bankruptcy filers are using bankruptcy as a financial planning tool, running up debts and erasing them under laws that consider income irrelevant—all without any noticeable impact on their lifestyle. I would doubt that any of my colleagues feel that these are the sort of filers who need a fresh start. What they need is a lesson in personal responsibility. I believe that S. 625 accomplishes both goals. The bill continues to make bankruptcy an accessible option for those who truly need it. But, it makes it more difficult for spendthrifts—those people who have no desire to change their excessive lifestyles and see bankruptcy as a convenient way to erase their liabilities.

It is not secret that the current bankruptcy system is broken and that Congress must fix it to preserve the opportunity for those individuals in financial difficulty to have a fresh start. Despite this country’s strong economy—unemployment is down and inflation is low—the rate of personal bankruptcy filings has increased dramatically. Instead of bankruptcy being a safety net, it has become for some a convenient financial management tool.

I find it unacceptable and inherently unfair that those who pay their bills have to foot the bill for those who are not able to. It has been conservatively estimated that personal bankruptcies cost every household $400 per year, and it takes fifteen responsible borrowers to cover the cost of one bankruptcy of convenience.

The goal of our bankruptcy system has always been to protect those who need protecting—to provide those who experience genuine and serious financial hardship the opportunity to wipe the slate clean. We must return our system back to its original mission.

Bankruptcy reform is not a Republican or a Democratic issue—it is a consumer issue. According to a recent poll, 76 percent of Americans believe that individuals should not be allowed to repay a portion of what they owe. This survey merely reflects the American public’s belief that individuals should be responsible for their own actions. S. 625 helps remedy the broken bankruptcy system by creating a needs-based system to determine the chapter under which a person should file for bankruptcy.

Mr. President, the House bankruptcy reform bill passed by an overwhelming margin of 313 to 106. Half of the House Democratic Caucus joined with every Republican in support of a bill with more stringent measures than those we are considering in the Senate. S. 625 contains new measures to protect against fraud in bankruptcy, such as a requirement that debtors supply income tax returns and pay stubs, audits of bankruptcy cases, and limits on repeat bankruptcy filings. It eliminates the one that allows debtors to transfer their interest in real property soothers who then file for bankruptcy relief and invoke the automatic stay. And, it puts some controls on the ability of debtors to get large case advances on their credit cards and to pay luxury goods on the eve of filing for bankruptcy.

At the same time, S. 625 provides many unprecedented new consumer protections. It imposes penalties upon creditors who refuse to negotiate in good faith with debtors prior to declaring bankruptcy. Also, it imposes penalties on debtors who willfully fail to properly credit payments made by the debtor in a chapter 13 plan, and for creditors who threaten to file motions in order to coerce a reaffirmation without justification. Moreover, the bill imposes new measures to discourage abusive reaffirmation practices.

It also addresses the growing problem of bankruptcy firms that aggressively promote bankruptcy as a financial planning tool, and often end up hurting unwitting debtors by putting them in bankruptcy when it may not be in their best interest. The legislation also imposes penalties on bankruptcy petition preparers who mislead debtors.

Importantly, S. 625 is the major stand we are trying to break the cycle of indebtedness. It educates debtors with regard to the alternatives available to them, sets up a financial management education pilot program for debtors, and requires credit counseling for debtors.

I am particularly proud that the bill makes extensive reform of the bankruptcy laws in order to protect our children. I have authored provisions to ensure that bankruptcy cannot be used by deadbeat dads to avoid paying child support and alimony. Under my provisions, the obligation to pay child support and alimony is moved to a first priority status, as opposed to its current place at seventh in line behind attorneys fees and other special interest payments.

Second, this bill is fair. One of the principles that guided the authors of our country’s original bankruptcy laws, and which is guiding us as we overhaul these laws today, is the concept of a fresh start. The bankruptcy system was designed to provide a fresh start to people in serious financial difficulty, who have no other way out of their predicament. Mr. President, S. 625 does just that. It ensures that people in the most serious financial difficulty will continue to have access to the debt relief they need. At the same time, this legislation ensures that more of the people who have the capacity to repay their debts are required to do so.

Importantly, S. 625 also includes a provision to create new legal protections for a large class of retirement funds in bankruptcy. This measure has widespread support from a long list of groups, ranging from the American Association of Retired Persons, to the Small Business Council of America and the National Council on Teacher Retirement. Let me take this opportunity also to point out that the assets of some pension plans already are protected from bankruptcy proceedings. The United States Supreme Court has ruled in Patterson v. Shumate, reported at 504 U.S. 753 (1992), that assets of pension plans which have, and are required by law to have, anti-alienation provisions, are excluded from bankruptcy estates. Let me be clear that my amendment is intended to expand the protection of retirement savings to protect assets that were not previously protected. My amendment is not intended in any way to diminish the protections offered under existing law and under the United States Supreme Court’s decision in Patterson v. Shumate, but rather, is intended to provide protection to other retirement plans and accounts not currently protected.

I am proud to propose several enhancements to the bill that primarily are designed to protect savers and further provide incentives for consumers to take personal responsibility in dealing with debt management.

In the area of domestic support, I inserted an amendment in the bill and I intend to build upon the new legal protections we have created, as part of the underlying bill, for ex-spouses and children who are owed
child support and alimony. The changes will further strengthen the ability of ex-spouses and children to collect the payments they are owed, and will make changes to a number of existing provisions in the bill to clarify that such payments do not directly undermine the collection of child support or alimony payments.

I must highlight just a few of these important enhancements: our amendment would remove bankruptcy from the list of offenses that allow for indigent defense and would require the Attorney General to establish procedures for referring suspects to the FBI and the U.S. Attorney’s Office for investigation and prosecution. It also would require that all bankruptcy courts develop special procedures for investigating and prosecuting fraud in bankruptcy.

In addition, I intend to offer an amendment that allows the victim of a crime of violence or drug trafficking offense to move the bankruptcy court to dismiss the bankruptcy petition. This would help protect women and children who may be owed payments by such a debtor, and it would continue to bear the financial burden of those who take advantage of the system. Last year alone, approximately $45 billion in consumer debts may cancel their debts and obtain a “fresh start.” Under this amendment, violent criminals and drug traffickers—individuals who have chosen to engage in serious, criminal conduct—would be precluded from availing themselves of the benefits of bankruptcy protection.

Mr. President, if we do not take the opportunity to reform our bankruptcy system, every family in my own State of Utah and throughout the country are calling on Congress to repair our current provision, which builds on the education savings accounts provisions currently in S. 625. It removes any disincentive for debtors to use dedicated funds to pay the educational costs of children who should not be jeopardized by the bankruptcy of their parents or grandparents.

I developed a debt counseling incentive provision, which builds on the credit counseling provisions currently in S. 625. It removes any disincentive for debtors to use credit counseling services by prohibiting credit counseling services from reporting to credit reporting agencies that an individual has received debt management or credit counseling, and establishes a penalty for credit counseling services that do.

Debt management education is vital to reducing the number of Americans who, because of poor financial planning skills, are forced to declare bankruptcy. Providing credit counseling—and instruction regarding personal financial management—to current and potential bankruptcy filers will help curb bankruptcy filings.

In addition, I intend to offer an amendment that is designed to curb fraud in bankruptcy filings. This amendment puts in place new procedures and provides new resources to enhance bankruptcy fraud laws. It will require (1) that bankruptcy courts develop special procedures for investigating and prosecuting suspected fraud to the FBI and the U.S. Attorney’s Office for investigation and prosecution and (2) that the Attorney General designate one Assistant U.S. Attorney and one FBI agent in each judicial district as having primary responsibility for investigating and prosecuting fraud in bankruptcy.

I also plan to offer an amendment that allows the victim of a crime of violence or drug trafficking offense to move the bankruptcy court to dismiss a voluntary petition filed by a debtor who was convicted of the crime of violence or drug trafficking offense. To protect women and children who may be owed payments by such a debtor, I think it is appropriate for us to remove them from the list of offenses that allow for indigent defense.
can do about it. Any Federal court system must be fair, it must be coherent and logical, it must be common-sensical, and it must help us further our economic growth and vitality as a nation.

At the same time, any legal system we establish as the Chair so eloquently has, a moral component. We need to make sure as a nation that our bankruptcy laws encourage the highest and best ideals of the American people. In fact, all laws should do that. Particularly, I suggest, bankruptcy laws. We believe, as Americans, that people who get hopelessly in debt ought to be able to start over and not have their lives forever burdened by debts they could never repay. That is the historic principle. We should not retreat from that, and certainly this bill reflects no retreat from that.

But it is never a good thing to go into bankruptcy. It is an unfortunate event, when people reach a point in their lives when they cannot manage a just debt they incurred because they got some benefit from that debt. They borrowed money to buy a TV set; they borrowed money to buy a car; they borrowed money to take a trip. Somebody loaned them money. They figure that all of that loan was to have it repaid, and most people believe they ought to repay that debt. If ever in this country we believe that we do not have to pay debts, because it is inconvenient or difficult, we have a problem. Because of the ability of honest and hard-working people to obtain loans is going to be much more difficult.

An individual citizen should pay his or her debt. It is possible—and we made great progress. Mr. President, under your leadership—to create a system that does allow people to start over. But at the same time, it does not reward those who lightly walk away from debts they have every ability to repay either through income or assets. Fundamentally, the way this system works is very unusual, in many respects. If a person makes a salary of $80,000, and if that person has a debt of $50,000 and that is the only debt they have, it may strike you they could easily pay it off in 2 or 3 years without a great deal of strain, perhaps. It may strike Americans as strange to realize, regardless of their ability to pay it off in relatively short order, they could walk into bankruptcy court, file under chapter 7, and wipe it out and not ever have to pay it. Some people do that and abuse the system.

I heard recently of an individual who made $35,000 a year, had a $1,500 debt, and filed for bankruptcy because he did not want to pay that debt. That kind of thing happens in our court. That is an extreme example, but there are less extreme examples of it on a routine basis. If a person is able to pay back a part of their debt, why should they not? If you say, well, it was for a hospital. Why should the hospital not get paid if he can pay some of his legitimate hospital bills? Why would we not want them to do that? Why should we say to an honest person who struggles to pay the hospital bill: You are just a chump; you are the clever guy, you went and got a lawyer, paid him $1,000, and he is going to wipe out your $3,000 debt to the hospital. If a person cannot pay their hospital bills, they may not pay their other bills, if their income will not support it, then bankruptcy is for them. But there are abuses, I assure you, and they are quite common—too common, I suggest.

There is a strange tendency in the filings, whether you file under chapter 13 or chapter 7—as you know, when you file in chapter 7, you simply offer up your assets, wipe out all your debts and walk away, never to have to pay any of those debts again. If you file under chapter 13, the court will work with you and your attorney and develop a repayment plan for all or a portion of that debt. They will stay the interest that is accruing on the debts. They will pay that money back to each creditor. They will keep those creditors from suing or filing any harassment action against the person paying them off until the debts are paid.

In my home State of Alabama, in Birmingham which is where chapter 13 payments began quite a number of years ago, over half, maybe more than 60 percent of the individual citizens, for some reason—for various reasons—have chosen to file under chapter 13 and pay the money back to each creditor. They will keep those creditors from suing or filing any harassment action against the person paying them off until the debts are paid.

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to do it in a way that will be OK in light of the creditors pressing on them. We believe that can be a significant step forward in helping people in debt. They can be counseled by experts in money management on how to handle their affairs as individuals, on their own, to maintain their self-respect and pride, and to actually pay off the debts.

If you get a loan from your brother-in-law or if you borrow money from the bank, you ought to pay it back if you can. This bill encourages that.

There are people with high incomes who are filing for bankruptcy today. We have heard the stories of young lawyers and young professionals who get a new car, have student loans and $5,000 or $6,000 in credit card bills, and the creditors are calling. They do not really want to slow down. They can just file for bankruptcy and wipe out these debts. That is not right. We will be focusing on that.

It will not burden poor people. Credit counselors will have to be approved by the bankruptcy court. They will be nonprofit individuals who will be audited on a regular basis. These are the steps I believe will encourage people to avoid filing bankruptcy.

This bill will be a major step forward for families who are entitled to child support and alimony. They will be moved to the top of the priority list. It will be a great step forward for them. Child support and alimony will be improved.

A bankruptcy system for farmers that is adjusted to their unique problems will be enhanced and made permanent by this legislation. Senator Grassley has been a champion of those issues for many years, and he has achieved that again in this bill. We will make it permanent with this bill.

I respect the work the Senator from Iowa is doing. This is a good piece of legislation that is based on individuals who pay what they can. It allows judges to consider the circumstances involved before an order is given. It will improve the respect businesses and Americans have for bankruptcy if they know it is not being abused as it is today. We can stop it, and we can do better. This bill will do that.

There are loopholes that good lawyers have learned to exploit. I do not blame the lawyers for it. If we have it in the law of Congress that says this is appropriate, they are going to use it to the benefit of their clients.

We had a circumstance in which a tenant's 1-year lease had expired. He had not paid his debts. The landlord wanted to evict him. He filed for bankruptcy. People are filing all over America and getting a stay of legal action, causing the landlord to hire a lawyer and wait several more months before he can get the person removed from the premises. Maybe he never intended to lease for more than 1 year and maybe he had another tenant to take the place after 12 months. That person, through abuse of the bankruptcy system, could do that. That is very common in America.

Many of these problems are being addressed. I know the chairman believes strongly that creditors ought not have lawyers go down to court all the time. The bill allows you to represent yourself, if you choose, in bankruptcy court under many circumstances.

This legislation will improve the system of law in Federal courts. It will have a more just result. It will stop individuals who are able to pay back all or a portion of the money owed from walking into court and wiping out their debts. This bill will stop that.

For people in serious debt who fall below the median income of America, they will be able to choose chapter 7 or 13. But for those with higher incomes, if they have the ability to pay the debts, we think this bill will make them do so, or at least a portion of what they owe, if the judge so orders. It is a step in the right direction.

I am pleased to serve on the subcommittee which Senator Grassley chairs. This bill is a step forward for our courts. I hope as we move forward we will have the support we had previously. It passed in this body last year with 94 or 100 votes. It is essentially the same bill. It passed in our committee by a vote of 14-4. It passed the House with 303 votes to 100. It is a popular bill. It has broad bipartisan support. It has dragged on for far too long. It is time for us to see it to conclusion.

I thank the chairman for his leadership, determination, and persistence in driving this bill to a successful conclusion.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum be suspended.

The PRESIDING OFFICER (Mr. Sessions). Without objection, it is so ordered.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum be suspended.

The PRESIDING OFFICER (Mr. Sessions). Without objection, it is so ordered.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, I now ask unanimous consent that there be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes.

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

MESSAGES FROM THE HOUSE

At 1:29 p.m., a message from the House of Representatives, delivered by Mr. Barry, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H. R. 2889. An act to restore stability and predictability to the annual payment made to States and counties containing National Forest System lands and public domain lands managed by the Bureau of Land Management for use by the counties for the benefit of public schools, roads, and other purposes.

At 2:59 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H. J. Res. 75. Joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H. R. 3194) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 2000, and for other purposes, and agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. YOUNG of Florida, Mr. LEWIS of California, and Mr. OBIEY as the managers of the conference on the part of the House.

ENROLLED J OINT RESOLUTION SIGNED

A message from the House of Representatives, received on today, announced that the Speaker has signed the following enrolled joint resolution: H. J. Res. 75 joint resolution making further continuing appropriations for the fiscal year 2000, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-6014. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed license for the export of defense articles or defense services sold commercially under a contract in the amount of $50,000,000 or more to Brazil; to the Committee on Foreign Relations.

EC-6015. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed license for the export of defense articles or defense services sold commercially under a contract in the amount of $50,000,000 or more to Israel; to the Committee on Foreign Relations.

EC-6016. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed license for the export of defense articles or defense services sold commercially under a contract in the amount of $50,000,000 or more to the United Arab Emirates; to the Committee on Foreign Relations.

EC-6017. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed license for the export of defense articles or defense services
EC-6018. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed license for the export of defense articles or defense services sold commercially under a contract in the amount of $50,000,000 or more to Japán; to the Committee on Foreign Relations.

EC-6019. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed license for the export of defense articles or defense services sold commercially under a contract in the amount of $50,000,000 or more to Thailand; to the Committee on Foreign Relations.

EC-6020. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed license for the export of defense articles or defense services sold commercially under a contract in the amount of $50,000,000 or more to NATO; to the Committee on Foreign Relations.

EC-6021. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed Manufactured License Agreement with the United Kingdom; to the Committee on Foreign Relations.

EC-6022. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to the Arms Export Control Act, a report relative to certification of a proposed Manufactured License Agreement with Turkey; to the Committee on Foreign Relations.

EC-6023. A communication from the Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, the report of the texts and background statements of international agreements, other than treaties; to the Committee on Foreign Relations.

EC-6024. A communication from the Assistant Secretary of Defense for Health Affairs, transmitting, pursuant to law, a report relative to the TRICARE Program for fiscal year 1999; to the Committee on Armed Services.

EC-6025. A communication from the Acting Executive Director, Commodity Futures Trading Commission, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6026. A communication from the Inspector General, Nuclear Regulatory Commission, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6027. A communication from the Executive Secretary, Harry Truman Scholarship Foundation, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6028. A communication from the Senior Liaison Officer, Office of Government Liaison, the John F. Kennedy Center for the Performing Arts, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6029. A communication from the Staff Director, Commission on Civil Rights, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6030. A communication from the Acting Director of Communications and Legislative Affairs, Equal Employment Op Opportunity Commission, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6031. A communication from the Chairman, Defense Nuclear Facilities Safety Board, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6032. A communication from the Chairman, National Labor Relations Board, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6033. A communication from the Director, Office of Personnel Management, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6034. A communication from the Director, Office of Management and Budget, Office of Management and Budget, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6035. An annual report from the Budget and Fiscal Officer, the Woodrow Wilson Center, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

EC-6036. A communication from the Executive Director, Advisory Council on Historic Preservation, transmitting, pursuant to law, a report relative to its commercial activities inventory; to the Committee on Governmental Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THOMPSON, from the Committee on Governmental Affairs, without amendment:
H.R. 197. A bill to designate the facility of the United States Postal Service at 400 North 6th Street in Garden City, Kansas, as the "Clifford R. Hope Post Office".
H.R. 915. A bill to authorize a cost of living adjustment in the pay of administrative law judges.
H.R. 1251. A bill to designate the United States Postal Service building located at 8850 South 200 East, Sandy, Utah, as the "Noel Cushing Bateman Post Office Building".
H.R. 1327. A bill to designate the United States Postal Service building located at 3480 Highway 101 South in Cloverdale, Oregon, as the "Maurine B. Neuberger United States Post Office".
H.R. 1372. A bill to designate the United States Postal Service building located at 31044 South Baltimore Avenue in Chicago, Illinois, as the "John J. Buchanan Post Office Building".
H.R. 1377. A bill to designate the facility of the United States Postal Service at 13234 South Baltimore Avenue in Chicago, Illinois, as the "John J. Buchanan Post Office Building".
H.R. 1384. A bill to designate the United States Postal Service building located at 2918 East 7th Street in Chicago, Illinois, as the "John J. Buchanan Post Office Building".

The following executive reports of committees were submitted on November 3, 1999:

By Mr. HELMS for the Committee on Foreign Relations:
S. 1295. A bill to designate the United States Post Office located at 3813 Main Street in East Chicago, Indiana, as the "Lance Corporal Harold Gomez Post Office".
By Mr. HATCH, from the Committee on the Judiciary, without amendment:
S. 1418. A bill to provide for the holding of certain sessions of the Natchez Chautauqua in the same manner as court is held at Vicksburg, Mississippi, and for other purposes.
By Mr. JEFFORDS, from the Committee on Education, Labor, and Pensions, with an amendment in the nature of a substitute:
S. 1549. A bill to improve service systems for individuals with developmental disabilities, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

S. Res. 118. A resolution designating December 12, 1999, as "National Children's Memorial Day".
By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute and an amendment to the title:
S. 276. A bill for the relief of Sergio Lozano, Fauroco Lozano and Ana Lozano.
By Mr. HATCH, from the Committee on the Judiciary, without amendment:
S. 302. A bill for the relief of Kerantha Poole-Christian.
By Mr. THOMPSON, from the Committee on Governmental Affairs, without amendment:
S. 1295. A bill to designate the United States Post Office located at 3813 Main Street in East Chicago, Indiana, as the "Lance Corporal Harold Gomez Post Office".
By Mr. HATCH, from the Committee on the Judiciary, without amendment:
S. 1418. A bill to provide for the holding of certain sessions of the Natchez Chautauqua in the same manner as court is held at Vicksburg, Mississippi, and for other purposes.

By Mr. JEFFORDS, from the Committee on Education, Labor, and Pensions, with an amendment in the nature of a substitute:
S. 1549. A bill to improve service systems for individuals with developmental disabilities, and for other purposes.
CONGRESSIONAL RECORD — SENATE
S13699

November 4, 1999

Nominee: J oh n E. Lange.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, amount, date, and donee:
2. Spouse: none.
5. Grandparents: none.
7. Sisters and Spouses: none.

J ohn L. Elam, of Massachusetts, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Senegal.
Nominee: Harriet L. Elam.
Post: U.S. Amb. to the Republic of Senegal:
Nominate: J uly 1, 1999.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, amount, date, and donee:
2. Spouse: none.
5. Grandparents: none.
7. Sisters and Spouses: none.

Gregory L ee Johnson, of Washington, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be an Assistant Secretary of State (Armed Control), (New Position)

Donald Stuart Hays, of Virginia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Representative of the United States of America to the United Nations for U.N. Management and Reform, with the rank of Ambassador.

Donald Stuart Hays, of Virginia, to be an Alternate Representative of the United States of America to the Sessions of the General Assembly of the United Nations during his tenure of service as Representative of the United States of America to the United Nations for U.N. Management and Reform, with the rank of Ambassador.

Mary Carlin Yates, of Washington, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Burundi.
Nominee: Mary Carlin Yates.
Post: Burundi:

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, amount, date, and donee:
2. Spouse: none.
5. Grandparents: none.
7. Sisters and Spouses: none.
November 4, 1999

CONGRESSIONAL RECORD — SENATE S13971

James B. Cunningham, of Pennsylvania, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Deputy Representative of the United States of America to the United Nations, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

Norman A. Wulf, of Virginia, a Career Member of the Senior Foreign Service and Assistant Executive Service, to be a Special Representative of the President, with the rank of Ambassador.

Willene A. Johnson, of New York, to be a Career Member of the Senior Foreign Service and Assistant Executive Service, to be an Assistant Secretary of State (Near Eastern Affairs).

J. D. Bennett, of California, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be an Assistant Secretary of State for Educational and Cultural Affairs, for the rank of Ambassador, for the rank and status of Ambassador Extraordinary and Plenipotentiary.

William B. Bader, of Virginia, to be an Assistant Secretary of State (Educational and Cultural Affairs), for the rank of Ambassador, for the rank and status of Ambassador Extraordinary and Plenipotentiary.

Peter T. King, of New York, to be a Representative of the United States of America to the United Nations, with the rank of Ambassador, for the rank and status of Ambassador Extraordinary and Plenipotentiary.

J. Stapleton Roy, of Pennsylvania, to be an Assistant Secretary of State (Intelligence and Research).

Joseph R. Crapa, of Virginia, to be an Assistant Administrator of the United States Agency for International Development.

The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Mr. HELMS. Mr. President, for the Committee on Foreign Relations, I report favorably nomination lists which were printed in the RECORDS on the dates indicated:

Foreign Service nominations beginning Samuel Anthony Rubino, and ending Christopher Lee Stillman, which nominations were received by Senate and appeared in the CONGRESSIONAL RECORD of February 23, 1999.

Foreign Service nominations beginning George Carner, and ending Steven G. Wisecarver, which nominations were received by Senate and appeared in the CONGRESSIONAL RECORD of February 23, 1999.

Foreign Service nominations beginning Johnnie Carson, and ending Susan H. Swart, which nominations were received by Senate and appeared in the CONGRESSIONAL RECORD of September 8, 1999.

Foreign Service nominations beginning Rueben Michael Rafferty, and ending Stephen R. Kelly, which nominations were received by Senate and appeared in the CONGRESSIONAL RECORD of September 8, 1999.

Foreign Service nominations beginning Miller Crouch, and ending Gary B. Pergl, which nominations were received by Senate and appeared in the CONGRESSIONAL RECORD of September 8, 1999.

EXCLUSIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted on November 4, 1999:

By Mr. HATCH for the Committee on the Judiciary:

The nominations of Ann W. Williams, of Illinois, to be United States Circuit Judge for the Seventh Circuit; Virginia A. Phillips, of California, to be United States District Judge for the Central District of California; Faith S. Hochberg, of New Jersey, to be United States District Judge for the District of New Jersey; Daniel J. French, of New York, to be United States Attorney for the Northern District of New York for the term of four years; and Donna A. Bucella, of Florida, to be United States Attorney for the Middle District of Florida for the term of four years.

(The above nominations were reported with the recommendation that they be confirmed.)

By Ms. SNOWE for Mr. WARNER, for the Committee on Armed Services:

John K. Veroneau, of Virginia, to be an Assistant Secretary of Defense.

By Mr. WARNER, for the Committee on Armed Services:

Cornelius P. O'Leary, of Connecticut, to be a Member of the National Security Education Board for a term of four years; and Alphonso Maldon, J. R., of Virginia, to be an Assistant Secretary of Defense.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 12203:

To be general

Gen. J. P. Jumper, 7457

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 624:

To be general

Lt. Gen. Gregory S. Martin, 6337

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Bruce A. Carlson, 4082

The following named officer for appointment in the United States Air Force to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be lieutenant general

Maj. Gen. Stephen B. Plummer, 9541

The following Army National Guard of the United States officer for appointment in the Reserve of the Army to the grade indicated under title 10, U.S.C., section 12203:

To be brigadier general

Col. William R. Williams, 9144

The following named officer for appointment in the United States Army to the grade indicated under title 10, U.S.C., section 624:

To be brigadier general, medical corps

Col. Lester Martinez-Lopez, 1323

The following named officers for appointment in the Reserve of the Army to the grades indicated under title 10, U.S.C., section 12203:

To be major general

Celia L. Adolph, 1255

James W. Comstock, 5456

Robert M. Kimmitt, 0719

Paul E. Lima, 5295

Thomas J. Matthews, 5463

J. R. Root, 3255

Joseph L. Thompson, III, 2211

John R. Tindall, J. R., 1967

Gary C. Wattum, 8593

To be brigadier general

Alan D. Bell, 4514

Kristine K. Campbell, 7499

Wayne M. Erck, 5508

Stephen T. Gonczy, 6564

Robert L. Heine, 0778

Paul H. Hill, 7335

Rodney M. Kobayashi, 6855

Thomas P. Maney, 4820

Ronald S. Mangum, 2280

Randall L. Mason, 7302

Paul E. Mock, 9132

Thomas N. Phillips, 1259

Michael W. Symanski, 1020

Theodore D. Szakmary, 7249

David A. VanKleeck, 9555

George H. Walker, J. R., 4142

William K. Wedge, 9145

(The above nominations were reported with the recommendation that they be confirmed)

Mr. WARNER. Mr. President, for the Committee on Armed Services, I report favorably nomination lists which were printed in the RECORDS on the dates indicated, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

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

Navy 15 nominations beginning George R. Arnold, and ending Todd S. Weeks, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 18, 1999.

Air Force 5 nominations beginning Joseph A. Abbott, and ending Thomas J. Zuckuck, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 27, 1999.

Army 1 nomination of Joel R. Rhodes, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of October 27, 1999.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. CAMPBELL:

S. 1851. A bill to amend the Elementary and Secondary Education Act of 1965 to ensure that seniors are given an opportunity to serve as mentors, tutors, and volunteers for certain programs to the Committee on Education, Health, Labor, and Pensions.

By Mr. BENNETT:

S. 1952. A bill to authorize the Secretary of the Interior to enter into contracts with the Weber Basin Water Conservancy District, Utah, to use Weber Basin Project facilities
for the impounding, storage, and carriage of nonproject water for domestic, municipal, industrial, and other beneficial purposes; to the Committee on Energy and Natural Resources.

By Ms. COLLINS (for herself and Ms. SNOWE):

S. 1855. A bill to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for the vessel FRATHA; to the Committee on Commerce, Science, and Transportation.

By Mr. HATCH (for himself, Mr. KOHL, and Mr. DEWINE):

S. 1857. A bill to reauthorize the Hart-Scott-Rodingo Antitrust Improvements Act of 1976; to the Committee on the Judiciary.

By Mr. MURkowski:

S. 1858. A bill to establish age limitations for airmen; to the Committee on Commerce, Science, and Transportation.

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

S. 1859. A bill to amend title 28 of the United States Code to authorize Federal district courts to hear civil actions to recover damages for injuries and losses of persons or property under or resulting from the Nazi government of Germany; to the Committee on the Judiciary.

By Mr. DOMENICI:

S. 1860. A bill to provide for conveyance of certain Navajo Nation lands located in northwestern New Mexico and to resolve conflicts among the members of such Nation who hold interests in allotments on such lands; to the Committee on Indian Affairs.

By Mr. B retz:

S. 1861. A bill to revitalize the international competitiveness of the United States-flag maritime industry through tax relief, to the Committee on Finance.

By Mr. GRAMS:

S. 1862. A bill to amend the Internal Revenue Code of 1986 to establish a tax credit to taxpayers investing in economically distressed rural communities, and for other purposes; to the Committee on Finance.

By Mr. DOMENICI:

S. 1863. A bill to amend the Internal Revenue Code of 1986 to expand income averaging to small agriculture-related businesses; to the Committee on Finance.

By Mr. RUNYON:

S. 1864. A bill to amend the Internal Revenue Code of 1986 to provide tax relief for small family farmers, and for other purposes; to the Committee on Finance.

By Mr. JEFFORDS:

S. 1865. A bill entitled "Vermont Infrastructure Bank Program"; to the Committee on Environment and Public Works.

By Mr. BAUCUS:

S. 1866. A bill to amend the Internal Revenue Code of 1986 to provide comprehensive tax relief for small family farmers, and for other purposes; to the Committee on Finance.

By Mr. SCHUMER (for himself, Mr. WARREN, Mr. ROBERTS, and Mr. LOTT):

S. Res. 221. A joint resolution expressing the sense of the Senate regarding the February 2000 deployment of the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit to an area of potential hostilities and the essential requirements that the battle group and expeditionary unit have received the essential training needed to certify the warfighting and the force of the force-waving of the force comprising the battle group and expeditionary unit; to the Committee on Armed Services.

STATEMENTS OF INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CAMPBELL:

S. 1867. A bill to amend the Elementary and Secondary Education Act of 1965 to ensure that seniors are given an opportunity to serve as mentors, tutors, and volunteers for certain programs; to the Committee on Health, Education, Labor, and Pensions.

The Seniors as Volunteers in Our Schools Act of 1999

Mr. CAMPBELL. Mr. President, today I introduce the "Seniors As Volunteers in Our Schools Act of 1999," a bill which will be an important step in ensuring that our schools provide a safe and caring place for our children to learn and grow. This bill will help build lasting partnerships between our local school systems, our children and our country's growing number of senior citizens.

Under the bill, school administrators and teachers are encouraged to use qualified seniors as volunteers in federally funded programs and activities authorized by the Elementary and Secondary Education Act (ESEA). It specifically encourages the use of seniors as volunteers in the safe and drug free schools programs, Indian education programs, the 21st Century Community before- and after-school programs and gifted and talented programs. I believe the best way to get older Americans to serve as volunteers is to ask them. My bill does just that.

The Seniors as Volunteers in Our Schools Act creates no new programs; rather it suggests another allowable use of funds already allocated. The discretion whether to take advantage of this new resource continues to remain solely with the school systems.

Studies show that consistent guidance by a mentor or caring adult can help reduce teenage pregnancy, substance abuse and youth violence. Evidence also shows that the presence of adults on playgrounds, and in hallways and study halls, stabilizes the learning environment. And recently, the Colorado School Safety Summit, convened by Governor Bill Owens, recommended connecting each child to a caring adult as a way to reduce youth violence.

This way, our country is in the midst of a national revolution. There are twice as many older adults today as there were 30 years ago. America now possesses not only the largest, but also the healthiest, best-educated, and most vigorous group of seniors in history. In the years ahead, an increasing number of us will be living decades longer than our own parents and grandparents. We need to think of these extra years of life as a resource. I believe seniors can be valuable partners and resources who can and should share the wisdom, experience, and skills they have acquired over a lifetime of learning.

I know firsthand of the importance of mentoring based on my own experiences as a teacher. A mentor can have a profound positive impact on a child's life.

What better way to expand the number of mentors than to invite our seniors to volunteer in schools? What better way to make our schools safer for our children than to have more adults visibly involved?

I do not expect this legislation to solve all the problems confronting our schools today. But, I see it as a practical and creative way to help make our schools safer, more caring places for our children. If our institutions create opportunities that allow them to make a genuine contribution, I believe America's growing senior population can play an important supporting role in our nations' schools. And, older adults have what the working-age population lacks: time.

I urge my colleagues to support passage of this legislation.

I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1861

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 "Seniors as Volunteers in Our Schools Act".

SEC. 2. REFERENCES. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment or a repeal of, a section or other provision, the reference shall be considered to be to the section or other provision of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.).
SEC. 3. GOVERNOR'S PROGRAMS.
Section 4114(c) (20 U.S.C. 7114(c)) is amended—
(1) in paragraph (11), by striking "and" after the semicolon; and
(2) by redesigning paragraph (12) as paragraphs (13) and (14), and inserting after paragraph (11) the following:

"(12) drug and violence prevention activities that use the services of appropriately qualified seniors for activities that include mentoring, tutoring, and volunteering and;"

SEC. 4. LOCAL DRUG AND VIOLENCE PREVENTION PROGRAMS.
Section 4116(b) (20 U.S.C. 7116(b)) is amended—
(1) in paragraph (2), by inserting "(including mentoring by appropriately qualified seniors)" after "mentoring"; and
(2) by redesigning paragraph (2)(C) as paragraphs (2)(D) through (G), respectively; and
(3) by inserting after paragraph (1) the following:

"(J) activities that recognize and support the unique cultural and educational needs of Native Hawaiian children and incorporate appropriately qualified Native Hawaiian elders and seniors; and"

SEC. 5. NATIONAL PROGRAMS.
Section 4122(a) (20 U.S.C. 7132(a)) is amended—
(1) in paragraph (10), by inserting "including projects and activities that promote the interaction of youth and appropriately qualified seniors and" after "responsibility"; and
(2) in paragraph (13), by inserting "activities that integrate appropriately qualified seniors in activities, such as mentoring, tutoring, and volunteering" after "title;"

SEC. 6. GIFTED AND TALENTED CHILDREN.
Section 1024(b)(3) (20 U.S.C. 8034(b)(3)) is amended by striking "and" after the semicolon; and
(2) by redesigning subparagraph (E) as subparagraph (F); and
(3) by inserting after subparagraph (D) the following:

"(E) a description of how the school or consortium will encourage and use appropriately qualified seniors as volunteers in activities identified under Section 1005(c);"

SEC. 7. 21ST CENTURY COMMUNITY LEARNING CENTERS.
Section 1003(a)(3) (20 U.S.C. 8244(a)(3)) is amended—
(1) in subparagraph (D), by striking "and" after the semicolon; and
(2) by redesigning subparagraph (E) as subparagraph (F); and
(3) by inserting after subparagraph (D) the following:

"(F) a description of how the school or consortium will encourage and use appropriately qualified seniors as volunteers;"

SEC. 8. AUTHORIZED SERVICES AND ACTIVITIES.
Section 9115(b) (20 U.S.C. 7815(b)) is amended—
(1) in paragraph (6), by striking "and" after the semicolon; and
(2) in paragraph (7), by striking the period and inserting "and; and"

In this case, the Smith Morehouse Dam and Reservoir was constructed by the Weber Basin Water Conservancy District in the early 1980's using local funding resources in order to create a supply of non-federal water intended for domestic, municipal, and other beneficial purposes for the area taxed by the Weber Basin District. The bill I am introducing today authorizes the Secretary of the Interior to enter into contracts with the Weber Basin Water Conservancy District, Utah, to use Weber Basin Project facilities for the impounding, storage, and carriage of nonproject water for domestic, municipal, industrial, and other beneficial purposes to the Committee on Energy and Natural Resources.

THE USE OF WEBER BASIN PROJECT FACILITIES FOR NONPROJECT WATER

- Mr. BENNETT. Mr. President, I am pleased to take a step in addressing the long-term water needs of Summit County, Utah. The bill I am introducing today authorizes the Secretary of the Interior to enter into contracts with the Weber Basin Water Conservancy District. This legislation would permit non-federal water intended for domestic, municipal, industrial, and other beneficial purposes.

Mr. HATCH. Mr. President, I am pleased to introduce today the Hart-Scott-Rodino Antitrust Improvements Act of 1999. I also am pleased to note that joining with me in sponsoring this important bipartisan legislation are Senators DeWine and Kohl, the chairman and ranking member of the Antitrust, Business Rights and Competition Subcommittee of the Committee on the Judiciary. I thank my colleagues on both sides of the aisle for their efforts and cooperation in working to craft this balanced and reform measure which is long overdue.

The Hart-Scott-Rodino Antitrust Improvements Act of 1976 requires companies and the size of the proposed transaction are greater than certain
Mr. President, the bill that I am introducing today sets forth reforms to the Hart-Scott-Rodino Act that are long overdue. It provides significant regulatory and financial relief for businesses, while ensuring that transactions that pose substantial anti-trust concerns continue to be reviewed.

As this bill moves through the legislative process, I remain willing to address any concerns any of my colleagues may have, and look forward to working with the Commerce Committee to ensure that this proposed legislation becomes law, thereby providing relief for small business that is long overdue. I urge my colleagues to support the Hart-Scott-Rodino Antitrust Improvements Act of 1999.

Mr. KOHL. Mr. President, I rise today to co-sponsor the Hart-Scott-Rodino Antitrust Improvements Act of 1999 and to commend Chairman HATCH for his efforts on this legislation. This measure would amend the Hart-Scott-Rodino Act and make several changes to enhance the merger review process undertaken by the Antitrust Division of the Department of Justice and the Federal Trade Commission. We believe that the reforms to the statute are long overdue—the threshold has not been changed since the statute’s enactment in 1976—but we also view the proposals in this legislation as a starting point, and not necessarily the last word on this subject.

The Hart-Scott-Rodino Act is crucial to the enforcement of competition policy in today’s economy—it ensure that the antitrust agencies have sufficient time to review mergers and acquisitions prior to their completion. The statute requires that, prior to consuming a merger or acquisition of a certain minimum size, the companies involved must formally notify the antitrust agencies and must provide certain information regarding the proposed transaction. Under this legislation, second requests are a common occurrence when a company fails to substantiate a claim that a proposed transaction meets the monetary thresholds.

Mr. President, legislation that I am introducing today will correct these problems with the Hart-Scott-Rodino Act. First, the legislation increases the size-of-transaction Act to old from $15 million to $35 million, effectively exempting from the Act's notification requirement mergers and acquisitions that, based on the FTC's data, do not pose any competitive concerns. Such mergers make up at least one-third of transactions reported in 1999. Therefore, this modest legislation provides significant regulatory and financial relief for small- and medium-sized companies. In addition, the legislation indexes the threshold for inflation, so that the problem of an expanding economy outgrowing the statute’s monetary threshold will not recur.

In addition to providing regulatory and financial relief, and the other purpose of this legislation is to ensure that the Antitrust Division and the FTC efficiently allocate their finite resources to those transactions that truly deserve antitrust scrutiny. To ensure budget neutrality, the legislation adjusts the amount of the filing fee that parties must submit with their notification. For transactions valued between $35 million and $100 million, the filing fee remains unchanged. If the value of the transaction is more than $100 million, the filing fee is increased to $100,000. I have worked with the business community to ensure that this filing fee adjustment is fair by imposing a higher fee on transactions that likely will require more of the agencies’ resources to review. Although I would prefer that the filing fees be eliminated completely, in the interest of seeing the reforms in this bill become law, this legislation does not include such a measure.

Second, this legislation reforms the second request process by limiting the scope of the information and documents that the agencies may require transacting companies to produce. Under this legislation, second requests must be limited to information that (1) is not unreasonably cumulative or duplicative and (2) does not impose a cost or burden on the transacting parties that substantially outweighs any benefit to the agencies in conducting their investigation of the transaction. If the agencies believe that the second request does not meet this standard, then that company may petition a United States magistrate judge for review of the second request.

Similarly, if the company produces information and documents pursuant to a second request, but the agency determines that the company has not “substantially complied” with the request, then the company may petition the magistrate judge for a determinative order to supply additional information. To ensure that proposed transactions are not unreasonably delayed, the bill provides deadlines by which the agency must notify a company of its failure to comply with a second request and also imposes certain controls, so that the 90-day process is not subject to litigation by either the transacting party or the government.

Finally, this legislation requires that the Antitrust Division and the FTC jointly publish guidelines on how companies can comply with second requests.

Mr. President, this legislation is a starting point, and we look forward to working with my colleagues to ensure that this legislation becomes law.
into the ambit of the Hart-Scott-Rodino review process. This legislation would raise the size of transaction covered by the Hart-Scott-Rodino Act from $15 million to $35 million. This will both lessen the agencies' burden of review transactions and reduce the need to seriously affect competition and enable the agencies to allocate their resources to properly focus on those transactions most worthy of scrutiny. Further, exempting smaller transactions from the Hart-Scott-Rodino process will significantly lessen regulatory burdens and expenses imposed on small businesses. The parties to these smaller transactions will no longer need to pay the $45,000 filing fee—or face the often even more onerous legal fees and other expenses typically incurred in preparing a Hart-Scott-Rodino filing—for mergers and acquisitions that usually don't pose any competitive concerns.

In exempting this class of transactions from Hart-Scott-Rodino review, however, it is important that we not cause the antitrust agencies to lose the funding they need to carry out their increasingly demanding mission of enforcing our nation's antitrust laws. Therefore, we have attempted to ensure that our measure is revenue-neutral—indeed, it would raise filing fees for transactions valued at over $100,000,000, which makes sense because these transactions require more scrutiny. In considering this legislation, of course, we will need to carefully study the budgetary implications of this reform to ensure that our goal of revenue-neutrality has been met. As this measure moves forward, however, we ought to consider whether bigger deals of, say, $1 billion or $10 billion and over should require higher fees.

This legislation makes other changes designed to enhance the efficiency of the pre-merger review process. The waiting period has been extended from twenty to thirty days after the parties' compliance with the government's request for additional information, a more realistic waiting period in this era of increasingly complex mergers generating enormous amounts of relevant information and documents. As in the Federal Rules of Civil Procedure, when a deadline for action occurs on a weekend or holiday, the deadline is extended to the next business day. This provision will eliminate gamesmanship by parties who currently may time their compliance so that the waiting period ends on a weekend or holiday, effectively shortening the waiting period to the previous business day.

Mr. President, some have expressed concerns regarding the difficulties and expense imposed on business in complying with allegedly overly burdensome or duplicative government requests for information. As in the Small Business Administration, we believe that it is reasonable to consider methods to prevent abuse of this process by overbroad or unreasonable requests. Therefore, this legislation includes provisions to amend the statute to add a right of appeal to a U.S. District Judge to adjudicate disputes regarding the propriety of government requests for additional information. We have not reached any final conclusions regarding the propriety of government requests; they are certainly worth "floating" as ideas, and the process will determine if they should be included as part of a final product. Further, we should keep in mind that if this right of appeal is enacted it will impose significant additional litigation burdens on the antitrust agencies which might require a corresponding increase in funding for these agencies. Our goal, again, is to improve the functioning of the pre-merger review system which is so vital to antitrust enforcement and, in that context, this provision deserves at least a supportive "look."

Mr. President, let me make one additional point. We recognize that all will not agree with the necessity or efficacy of all of these reform proposals. We are, of course, willing to consider any modification to this legislation that will advance our goals of a more efficient and effective pre-merger review process. But virtually everyone agrees that Hart-Scott-Rodino needs to be updated and we're pleased that this measure moves us forward.

By Mr. MURKOWSKI:
S. 1855. A bill to establish age limitations for airmen; to the Committee on Commerce, Science, and Transportation.

THE AIRLINE PILOT RETIREMENT AGE

Mr. MURKOWSKI. Mr. President, I rise to introduce legislation that attempts to diminish the scope of a problem that is facing our air transport industry, namely a critical shortage of pilots. The pilot shortage is starting to have effects in many rural states. In response to this problem, I am today introducing a bill that would repeal the Federal Aviation Administration (FAA) rule which now requires pilots who fly under Part 121 to retire at age 60. Under my legislation, pilots in excellent health would be allowed to continue to pilot commercial airlines until their 65th birthday.

The Age 60 rule was instituted 40 years ago when commercial jets were first entering service. The rule was established without the benefit of medical or scientific studies or public comment. The most recent study, the results of which were released in 1993, examined the correlation between age and accident rate as pilots approach 60. That study found no increase in accidents.

The FAA contends that although science does not dictate retirement at the age of 60, it is the age range when sharp increases in disease mortality and morbidity occur. In FAA's view it is too risky to allow older pilots to fly the largest aircraft, carrying the greatest number of passengers over the longest non-stop distances, in the highest density traffic.

However, 44 countries worldwide have relaxed then age 60 rule within the last ten years primarily because the pilot shortage is a worldwide phenomenon. Many of these air carriers currently fly into U.S. airspace. Most of these carriers are attempting to adapt to the shortage by lowering their flight time requirements. In my view, this is a risk factor the FAA should be concerned about. How did this shortage occur? The reason, is simple: There has been an explosive growth of the major airlines worldwide, and there's a shortage of military pilots who used to feed the system. In addition, there is an aging pilot pool that must retire at age 60.

Mr. President, I would note that what is happening across the country is that the major carriers are luring pilots from commuter airlines, who in turn recruit from the air charter and corporate industry, who in turn hire flight instructors, agriculture pilots, etc., which leaves rural carriers stranded. The big fish are feeding off the little ones.

Small carriers simply cannot compete with the salaries, benefits and job security of the major carriers. They simply do not have the financial resources.

According to figures provided by the Federal Aviation Administration, there were 694,000 pilots in 1988 and 616,342 in 1997. Within that number private pilot certificates fell from approximately 300,000 in 1988 to 247,604 in 1997. Commercial certificates, like air taxi and small commuter pilots, fell from 143,000 in 1988 to 125,300 in 1997. The number of total pilots in Alaska fell from more than 10,000 in 1988 to approximately 8,700 in 1997.

However, light is beginning to show at the end of the tunnel.
Organizations such as the Aircraft Owners and Pilots Association (AOPA) and the General Aviation Manufacturers Association (GAMA) have been monitoring this shortage for some time and have stepped up to the plate to get people into flight training. GAMA started a pilot mentoring program in 1994 and approximately 30,000 have entered the program. GAMA’s “Be a Pilot” program is starting to bring more potential pilots into flight training.

Even the Air Force is starting to institute new programs to keep pilots.

In Alaska, as a result of a precedent-setting program involving Yute Air, the Association of Village Council Presidents, the University of Alaska, Anchorage, Aero Tech Flight Service, Inc., and the FAA, a program was developed to train rural Alaska Natives to fly. Seven are on their way to pilot careers.

Also, the number of students working on pilot licenses at the University’s Flight Technology program has almost doubled in two years.

It is my hope that the shortage has hit rock bottom. But even so, it will take years before a cadre of qualified pilots is ready to take to the friendly skies.

Mr. President, the time has come for Congress to wrestle with this problem. As long as a pilot can pass the rigorous medical exam, he or she should be allowed to fly. Air service is critical to keep commerce alive, especially in rural states.

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. 1855

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

SECTION 1. BEIT ENACTED AND OTHER LIMITATIONS.

(a) General.—Notwithstanding any other provision of law, beginning on the date that is 30 days after the date of enactment of this Act—

(1) section 121.383(c) of title 14, Code of Federal Regulations, shall not apply; and

(2) no certificate holder may use the services of any person as a pilot on an airplane engaged in operations under part 121 of title 14, Code of Federal Regulations, if that person is 65 years of age or older; and

(3) no person may serve as a pilot on an airplane engaged in operations under part 121 of title 14, Code of Federal Regulations, if that person is 65 years of age or older.

(b) Certificate Holder.—For purposes of this section, the term “certificate holder” means a holder of a certificate to operate as an air carrier or commercial operator issued by the Federal Aviation Administration.

By Mr. DOMENICI:

S. 1857. A bill to provide for conveyance of certain Navajo Nation lands located in northwestern New Mexico, to the Navajo Nation, to resolve conflicts among the members of such Nation who hold interests in allotments on such lands; to the Committee on Indian Affairs.

By Mr. BREAUX:

S. 1858. A bill to facilitate the international competitiveness of the United States-flag maritime industry through tax relief; to the Committee on Finance.

Mr. DOMENICI. Mr. President, I am pleased today to introduce the Bisti PRLA Dispute Resolution Act, which will resolve a conflict regarding coal mining leases in New Mexico. A coal company and the Navajo Nation have been unable to resolve the dispute, so the Department of Interior appeals process regarding preference right lease applications (PRLAs) in the Bisti region of northwestern New Mexico. When enacted, this legislation will resolve a complex set of issues arising from legal rights the Arch Coal Company acquired in federal lands, which are now situated among lands which constitute tribal property and the allotments of members of the Navajo Nation. Both the company and the Nation support this legislation to resolve the situation.

There are many reasons the solution embodied in this bill achieves broad benefits to the interested parties and the public. It will allow the Navajo Nation to complete the land selections that were made in 1981 to promote tribal member resettlement following the partition of lands in Arizona. It also guarantees that Arch Coal, Inc. will be compensated for the economic value of its coal reserves. An independent panel will make recommendations to the Secretary of Interior regarding the fair market value of the coal reserves, gives the company bidding rights, protects a state’s financial interest in its share of the coal reserves, and allows the Navajo Nation full fee ownership in their lands.

The Secretary of Interior will issue a certificate of bidding rights to Arch Coal upon relinquishment of its interests in the PRLAs. The amount of that certificate will equal the fair market value of the coal reserves as defined by the Department of Interior’s regulations. A panel consisting of representatives of the Department of Interior, Arch Coal, and the Governors of Wyoming and New Mexico will help determine fair market value. While the Interior Department is authorized to exchange PRLAs, the Department has not done so, largely because of the difficulty it perceives in determining the fair market value of the coal reserves. The panel method in this legislation will promote the objectivity of that process.

Upon the relinquishment of the PRLAs and the issuance of a certificate of bidding rights, the Department of Interior will execute patents to the Navajo Nation for selected lands encompassed by the PRLAs. This is a win-win situation for all parties involved; is endorsed by the affected parties, and is a fair resolution to this ongoing problem. I hope for prompt action on this legislation early next year.

Mr. BREAUX. Mr. President, I am pleased today to introduce tax reform legislation that is long overdue in the effort to revitalization of the U.S. armed force, the United States flag merchant marine. My bill, the National Security Seafarers Act of 1999, will provide targeted tax relief to enable the United States-flag ocean-going commercial fleet and other fleets of the United States to compete with foreign-flag commercial vessels registered in nations that have exempted companies from taxes.

Currently, United States companies operating U.S.-flag vessels, as well as foreign-flag vessels operating under the application of national laws such as Japan or France, are forced to compete against companies that operate vessels under flag-of-convenience registries.

Flag-of-convenience shipping registries operate under the legal authority of nations such as Panama, Liberia, Vanuatu, or the Marshall Islands, and attract shipping companies because of the diminimus regulatory costs they impose on companies under their flag. All of these nations exempt companies from taxes on income, and employees operating on the vessels do not pay tax on income they earn working aboard. The owners can employ foreign laborers, usually from third world nations, for very little pay, often working in unacceptable conditions. Additionally, the vessel operations are not required to comply with rigorous United States Coast Guard safety and environmental standards, and these operators use private companies to inspect their vessels to ensure that they are in compliance with international safety laws.

Mr. President, we are all well aware of the critical role played by the American maritime industry in the economy of Louisiana and our nation. In my home state alone, the total economic impact of that industry was estimated at over $2 billion dollars, supporting approximately 230,000 jobs throughout Louisiana. That economic impact constitutes almost 30 percent of the total gross state product for Louisiana. Louisiana companies were among the first to respond to the nation’s call to provide for the rapid transport of critical equipment, munitions, and supplies to the Persian Gulf in those critical days following the 1990 Iraqi invasion of Kuwait. However, the very existence of the American flag fleet, against the related economic and national defense benefits that flow from that fleet, are severely threatened by U.S. tax rules that unfairly hamper and restrict American shipping.

I have worked from the first days of my arrival in the Congress to strengthen the U.S.-flag maritime industry and level the playing field in international shipping. Despite the well-intentioned efforts of the Congress on the Maritime Administration and other federal agencies to support the U.S.-flag commercial fleet, unfavorable and clearly non-competitive U.S. tax policies have led
to the continuing decline of that fleet. In fact, according to statistics maintained by the Maritime Administration, the commercial fleet of the United States has fallen into 11th place internationally, in total carrying capacity, and is totally out of favor with the owners of Panama, Liberia, Malta, the Bahamas, and other nations who offer significant economic and tax advantages to their commercial vessels and crews. These same issues have also plagued other industrialized nations that operate shipping under the application of national laws and policies. For instance, between the period of 1975 and 1992, the national flag fleet operations in terms of deadweight carrying capacity decreased by 96% in the United Kingdom, 96% in Norway, 73% in France, 53% in Germany, 73% in Sweden, 96% in Denmark, and 47% in Japan. In order to combat decreases in the operation of shipping under national registries, nations have taken steps to provide direct subsidies or indirect support schemes that help owners offset the higher costs of operating under national laws. Other nations, such as Denmark, have decreed what are called international registries, or open registries, and have reduced taxes and societal costs to help offset the costs as compared to flag-of-convenience vessels. Out of the eleven largest shipping registries, by far the most competitive are the flag-of-convenience registries or open registries. The other four nations are Greece, Japan, the People’s Republic of China (which operates it’s fleet as a governmentally controlled entity), and the United States.

Mr. President, what is even more astounding is that the percentage of cargoes carried by U.S.-flag vessels in the foreign trades has also declined precipitously. At the end of World War II, after the war’s reconstruction, the U.S. flag shipping fleet was able to supply the U.S. economy with the same support and servicing that European ships were able to provide. Today, that figure is a mere 3 percent. To state this another way, 97 out of every 100 tons of cargo imported into or exported from the United States is carried aboard foreign-flagged ships. Through a wide variety of favorable tax incentives, including a total exemption from taxation, many foreign maritime nations have succeeded in developing commercial maritime fleets that far exceed the capacity of that in the U.S. What truly concerns me is that the United States is rapidly undermining its very national security through its failure to enable the U.S.-flag commercial fleet to compete on an equal footing with foreign-flagged shipping. I recognize the strategic importance of the U.S. merchant marine and the development of our American merchant marine, and I share the views of other senior political and military leaders that the ability of the U.S. to move its military personnel and supplies overseas quickly and effectively is critical to its national security. The United States cannot rely on foreign allies to achieve our national security objectives. We must be able to act decisively, and to act unilaterally, when our national interests are threatened or when our national interests are threatened. To ensure the maritime industry’s ability to accomplish this crucial task, the military utilizes privately-owned U.S.-flagged commercial vessels to supplement the military’s own transport capability. It is critical to our military’s ability to project power quickly and effectively from the oceans to deal with the crisis we couldn’t avoid or predict. Sealift will be critical to fulfilling this requirement. (The military) also acknowledges that the merchant marine and our maritime industry will continue to be strategically important to our national security for many years to come.

We simply cannot stand idly by while this vital national security asset is undercut through counter productive tax policies that do not allow the U.S.-flag commercial fleet to operate competitively, in the most competitive of all markets—that of international shipping.

Mr. President, to preserve that vital national security asset it is essential to provide a tax environment for U.S.-flag carriers that more closely approaches the favorable tax treatment provided by other maritime nations to their own merchant fleets, while also encouraging the construction of new vessels in U.S. shipyards. Foreign tax incentives have significantly undermined the ability of the U.S. to retain a viable commercial fleet for the purpose of enhancing the balance of trade. By way of example, U.S.-flag commercial vessel operators must pay a 34 percent tax on corporate income and a 50 percent duty on vessel repairs made in foreign countries; they are subject to far more restrictive (and expensive) Coast Guard and other federal operational and safety requirements; and their crewmembers engaged in the foreign trade do not share in the tax relief otherwise available to U.S. citizens working aboard. On the other hand, owners of foreign-flagged vessels of the Bahamas, Liberia, Malta, Panama and many other countries are totally exempt from U.S. income taxes. Therefore, it is not surprising to see that the Bahamas, Liberia, Malta, and Panama have four of the top five commercial fleets in the world, and that vessel owners from around the world regularly register their ships with these countries to avoid taxation.

Mr. President, I am not proposing to exempt U.S.-flag vessel owners from U.S. income taxes. Rather, I have developed a comprehensive yet narrowly focused bill that provides the necessary relief to alleviate the tax burden on the U.S.-flag fleet. This legislation is designed to provide a tax environment for U.S.-flag carriers that more closely approaches the favorable tax treatment provided by other maritime nations to their own merchant fleets. The Act includes the following provisions:

Construction Fund (CCF) Reform. Title I of the Act would expand the CCF to allow deposits of earnings from U.S.-flag, foreign-built ships to be contributed to a CCF for the construction of vessels in the United States. The CCF was originally authorized to provide 10% of funds. The CCF would continue to apply only to U.S.-built vessels and would be expanded to include vessels that operate between coastwise points of the United States. Contributions to the CCF would not be deductible against foreign-built vessels anymore. Title II of the Act would provide nations, or owners of U.S.-flag ships would also be allowed to deposit into a CCF the tax revenue the foreign flag states impose on U.S.-flag vessels.

Election to Expense U.S. Flag Vessels. Significantly, for the majority of the foreign flag commercial fleet, there is no applicable depreciation schedule for commercial vessels because those vessels and their corporate owners and operators are totally exempt from income taxation. Other maritime nations that impose income taxes on commercial vessel operations still have depreciation schedules far more lenient than the anti-competitive incentives for vessels under the American flag. Title III of the Act would allow owners of any U.S. flag vessel engaged in the international trade of the U.S. to write off the cost of the vessel in the year in which the vessel is acquired and documented under the U.S. flag.

Seaman’s Wage Exclusion. Consistent with the current policies and objectives of Section 911 of the Internal Revenue Code, Title III of the Act would extend the foreign earned income exclusion to American merchant mariners by changing the definition of “foreign country” to include a principal place of employment aboard a commercial vessel operating outside the United States, and amending the foreign residence test to include work aboard a vessel.

Alternative Minimum Tax Relief. In order to be internationally competitive, Title IV of the Act repeals the Alternative Minimum Tax (AMT) with respect to shipping income. No such tax exists on commercial vessels of any other foreign country, and the changes proposed elsewhere in this Act will essentially be meaningless if the AMT continues to apply to shipping income.

Deduction of Expenses. The existing tax provision which permits the deduction of expenses with respect to conventions, seminars or other meetings on U.S.-flag cruise vessels traveling between U.S. ports would be expanded by...
Title V of the Act to include U.S.-flag cruises between the United States and foreign ports.

Mr. President, absent the tax reforms in the attached proposal, U.S.-flag carriers in Louisiana and elsewhere will continue to face a formidable tax cost disadvantage against foreign flag carriers, who pay little or no tax to their home countries. This cost differential impedes the ability of U.S.-flag carriers to compete in the global marketplace, as evidenced by the ever-growing share of non-U.S.-flag carriers currently carrying this nation's imports and exports. It is universally recognized that key components of a strong national economy are a strong national merchant marine and shipyard industrial base, and it is now appropriate to alleviate the tax burden on the U.S.-flag fleet and simultaneously promote construction in U.S. shipyards. I urge my colleagues to strongly support this legislation for the good of our American flag fleet and the security of our nation.

I ask unanimous consent that the text of this bill be printed in the Record.

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

S. 1858

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 "National Security Sealift Enhancement Act of 1999".

SECTION 2. TABLE OF CONTENTS. The table of contents for this Act is as follows:

1. Short title.
   2. Table of contents.

TITLE I—CAPITAL CONSTRUCTION FUND


Sec. 102. Amendment to the Tariff Act of 1930.

Sec. 103. Effective date.

TITLE II—ELIGIBILITY TO EXPENSE UNITED STATES FLAG VESSELS

Sec. 201. Election to expense certain United States flag vessels.

TITLE III—INCOME EXCLUSION FOR MERCHANT SEAMEN

Sec. 301. Income of merchant seaman excludable from gross income as foreign earned income.

TITLE IV—EXEMPTION FROM ALTERNATIVE MINIMUM TAX

Sec. 401. Exemption from alternative minimum tax for corporations that operate United States flag vessels.

TITLE V—CONVENTIONS OF UNITED STATES-FLAG CRUISE SHIPS

Sec. 501. Conventions on United States-flag cruises.

TITLE I—CAPITAL CONSTRUCTION FUND


(a) TREATMENT OF CERTAIN LEASE PAYMENTS.—

(1) Paragraph (1) of section 7518(e) of the Internal Revenue Code of 1986 is amended by striking "such Code is amended by striking "and" and inserting "or,"", and by inserting after subparagraph (C) the following new subparagraph:

"(D) the payments of amounts which reduce the principal amount (as determined under regulations prescribed for a qualified lease of a qualified vessel or container which is part of the complement of an eligible vessel".

(2) Paragraph (4) of section 7518(f) of such Code is amended by striking "or to reduce the principal amount of any qualified lease" after "indebtedness.".

(b) AUTHORITY TO MAKE DEPOSITS UNDER THE TARIFF ACT OF 1930.—

(1) Paragraph (1) of section 7518(a) of such Code is amended by striking "and" and at the end of subparagraph (D) inserting "then, and", and by adding at the end the following new subparagraph:

"(E) the amount elected for deposit under subsection (i) of section 466 of the Tariff Act of 1930 (19 U.S.C. 1466).

(2) Subparagraph (A) of subsection (d) of such Code is amended to read as follows:

"(A) amounts referred to in subsections (a)(1)(B) and (E).

(c) AUTHORITY TO MAKE DEPOSITS FOR PRIOR YEARS BASED ON AUDIT ADJUSTMENTS.—Subsection (a) of section 7518 of such Code is amended by adding at the end thereof the following new paragraph:

"(D) deposits may be made in excess of the limitation described in paragraph (1) (and any limitation therein specified) for the taxable year if, by reason of a change in taxable income for a period taxable year that has become final pursuant to a closing agreement or other similar agreement entered into during the taxable year, the amount of the deposit could have been made for such prior taxable year.

(d) TREATMENT OF CAPITAL GAINS AND LOSSES.—

(1) Paragraph (3) of section 7518(d) of such Code is amended to read as follows:

"(3) CAPITAL GAIN ACCOUNT.—The capital gain account shall consist of—

"(A) amounts representing long-term capital gains (as defined in section 1222) on assets held in the fund, reduced by

"(B) amounts representing long-term capital losses (as defined in such section) on assets held in the fund.

(2) Subparagraph (B) of subsection (d) of such Code is amended to read as follows:

"(B)(i) amounts representing short-term capital gains (as defined in section 1222) on assets held in the fund, reduced by

"(ii) amounts representing short-term capital losses (as defined in such section) on assets held in the fund.

(3) Subparagraph (B) of subsection (g)(3) of such Code is amended by striking "and all that follows and inserting "long-term capital gain (as defined in section 1222)," and

(4) The last sentence of subparagraph (A) of subsection (g)(6) of such Code is amended by striking "20 percent (30 percent in the case of a corporation)" and inserting "the rate applicable to net capital gain under such section (17(1)(C) or 1201(a), as the case may be),".

(e) COMPUTATION OF INTEREST WITH RESPECT TO NONQUALIFIED WITHDRAWALS.—

(1) Subparagraph (C) of section 7518(g)(3) of such Code is amended—

(A) by striking clause (i) and inserting the following new clause:

"(i) in addition to the tax shall be payable under section 61(b) on amounts received by persons who are not U.S. persons (as defined in section 7701(a)(30)) and are required to report the receipt of such amounts in accordance with regulations prescribed therefor,

(B) by striking "and at the end of subparagraph (D) and inserting "and", and by inserting after subparagraph (C) the following new subparagraph:

"(E) the amount elected for deposit under subsection (i) of section 466 of the Tariff Act of 1930 (19 U.S.C. 1466)."

(f) OTHER CHANGES.—

(1) Paragraph (2) of section 7518(b) of such Code is amended by striking "interest-bearing securities approved by the Secretary" and inserting "interest-bearing securities other than income-producing accounts receivable (including accounts receivable) approved by the Secretary.

(2) The last sentence of paragraph (1) of section 7518(e) of such Code is amended by striking "and containers" each place it appears.

(3) Subparagraph (B) of section 543a(1) of such Code is amended to read as follows:


(4) Subsection (c) of section 56 of such Code is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2). Section 7518 is amended by adding at the end the following new paragraph:

"(3) QUALIFIED WITHDRAWAL.—In the case of amounts in any fund on the date of the enactment of this paragraph, and any earnings thereon, for purposes of this subsection, the term 'qualified withdrawal' has the meaning given to such term by applying subsection (i)(2) as of such date.

(g) DEFINITIONS.—Subsection (i) of section 7518 of such Code is amended to read as follows:

"(i) Definitions.—

"(1) IN GENERAL.—Except as provided in paragraph (2), terms used in this section shall have the same meaning as in section 607(k) of the Merchant Marine Act, 1936.

"(2) OTHER DEFINITIONS.—For the purposes of this section—

"(A) The term 'eligible vessel' means any vessel—

"(i) documented under the laws of the United States, and

"(ii) operated in the foreign or domestic commerce of the United States or in the fisheries of the United States.

"(B) QUALIFIED VESSEL.—The term 'qualified vessel' means any vessel—

"(i) constructed in the United States and, if reconstructed, reconstructed in the United States, and

"(ii) owned or documented under the laws of the United States, and

"(iii) which the person maintaining the fund agrees with the Secretary will be operated in the fisheries of the United States, or in the United States foreign, Great Lakes, noncontiguous domestic trade, or other oceangoing domestic trade between two points on the Great Lakes, in the United States or in support of operations conducted on the Outer Continental Shelf.

"(C) VESSEL.—The term 'vessel' includes cargo ships and trailers intended for use as part of the complement of one or more eligible vessels and cargo handling equipment which the Secretary determines is intended for use primarily on the vessel. The term 'vessel' also includes an ocean-going towing vessel or an ocean-going barge or comparable towing vessel or barge operated on the Great Lakes.

"(D) FOREIGN COMMERCE.—The terms 'foreign commerce' and 'foreign trade' have the meanings given such terms in section 905 of the Merchant Marine Act, 1936, except that these terms should include commerce or trade between foreign ports.

"(E) QUALIFIED LEASE.—The term 'qualified lease' means any lease with a term of at least 5 years."
TITLE II—ELECTION TO EXPENSE OPERATING COSTS OF UNITED STATES FLAG VESSELS

SEC. 201. ELECTION TO EXPENSE CERTAIN UNITED STATES FLAG VESSELS.

(a) In General.—For purposes of this section, the amendments made by section 101(e) shall apply to withdrawals made after December 31, 1998, including for purposes of computing interest on such a withdrawal for periods on or before such date.

(b) In General.—The amendments made by section 101(a) shall apply to leases in effect on, or entered into after, December 31, 1998.

(d) Amendment to the Tariff Act of 1930.—Trade by section 197A shall apply with respect to entries not yet liquidated by December 31, 1998, and to entries made on or after such date.

TITLE III—INCOME EXCLUSION FOR MERCHANT SEAMEN

SEC. 301. INCOME OF MERCHANT SEAMAN EXCLUDED FROM TAXABLE INCOME AS FOREIGN EARNED INCOME.

(a) Section 911 Exclusion.—Section 911(d) of the Internal Revenue Code of 1986 (relating to earnings of qualified individuals without regard to the residence of the individual) is amended by inserting after such section the following:

"(A) the purchase price of the vessel, or "(B) any earned income attributable to services performed by that individual so employed on such vessel while it is engaged in transportation between the United States and a foreign country or possession of the United States shall be treated (except as provided by subsection (b)(1)(B)) as foreign earned income regardless of where payments of such income are made." (c) Effective Date.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 302. INCOME EXCLUSION FOR UNITED STATES FLAG VESSELS.

(a) In General.—For purposes of this section, the term ‘qualified United States flag vessel’ means a United States flag vessel that is engaged exclusively in the foreign trade of the United States.

(b) Basis for Determination.—The basis for property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

(c) Ordinarily Recapture.—For purposes of this section, the amount of depreciation allowable under section 167 with respect to any property which is of a character subject to the allowance for depreciation by reason of section 167 shall be treated as a deduction allowable for depreciation under section 167.

CONFORMING AMENDMENTS.—

SEC. 501. CONVENTIONS ON UNITED STATES-FLAG CRUISE SHIPS

(a) In General.—Section 274(h)(2) of the Internal Revenue Code of 1986 (relating to conventions on cruise ships) is amended by inserting after such section the following:

"(C) FOREIGN TRADE.—The term `foreign trade' has the meaning given to such term by subsection 7518(i)(2)."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

TITLE V—CONVENTIONS ON UNITED STATES-FLAG CRUISE SHIPS

SEC. 502. CONVENTIONS ON UNITED STATES-FLAG CRUISE SHIPS.

(a) In General.—Section 274(h)(2) of the Internal Revenue Code of 1986 (relating to conventions on cruise ships) is amended by inserting after such section the following:

"(C) FOREIGN TRADE.—The term `foreign trade' has the meaning given to such term by subsection 7518(i)(2)."

(b) Effective Date.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.
legislation. I hope to provide a vehicle to move comprehensive tax relief for an important sector in the American economy and culture that has not shared in the prosperity of recent years.

The first provision in this legislation is the Farm and Ranch Risk Management Accounts, which were also a part of the recent tax cut bill that the President vetoed. This provision would allow producers to put up to 20% of net farm income in a tax deferred account where the funds could be held in reserve for up to five years for financial emergencies. Farmers operate in a volatile market, and they need all the risk management tools we can provide. When farmers earn a profit they usually invest in additional farm assets, and this would give them a tax incentive and opportunity to instead save more income as a buffer during down cycles.

The second provision of my tax bill would accelerate the 100% deductibility of health insurance premiums for the self-employed to make them immediately effective, rather than the full phase-in by 2003. I will note again that this was one of the critical provisions in the tax cut bill that was vetoed by the President, and is also included in my health care legislation. Farmers should not receive the same tax considerations on health benefits as everyone else who obtains insurance through their employers, so that they do not have to choose between decent health care and other necessities of life. This provision equalizes the tax treatment for these farmers.

The third provision would raise the effective exemption from estate taxes to $5 million and raise the gift tax exemption to $25,000. According to USDA figures, farmers are six times more likely to face inheritance taxes than other Americans. Farmers must farm more and more acres now to just eke out a humble income. Thus, they accumulate large capital investments through the years that provide them a modest living, but when they die their estate is treated as if they were very rich, and many have never even had a new pickup. Many of these families want to leave their property to their children, so that they can continue the heritage of farming the land. However, the estate tax can reach such prohibitive levels that it requires farmers to sell their property without facing extraordinary capital gains taxes as a consequence.

The next two components of the bill restore a tax-exemption for value-added farmer-owned cooperatives that was taken away by a recent IRS ruling, and extends declaratory judgment relief for the cooperatives affected by this ruling. Finally, the bill also includes a provision that increases the threshold amount that triggers when a farmer and employed farm worker would have to pay payroll taxes. The current threshold is $150, and this bill would raise it to $3,000. Farmers need the flexibility to be able to hire part-time workers, such as other nearby farmers or teenagers during the summer. We should end the paperwork of having to pay payroll taxes on a minimal amount of expenditures on employees. This $150 figure in current law obviously does not reflect current realities on the farm, and Congress should make this much needed adjustment in the threshold figure.

Again, I believe that it is important to emphasize that major tax relief for farmers is a critical component of making Freedom to Farm work, and that’s why I’m introducing this bill. I hope that hearings will be held next year on Freedom to Farm, and some adjustments my need to be made to current law. In fact, I have my own bill pending that would extend the term for the current program from nine months up to thirty-six months, to give farmers more flexibility, and thus more market power, in determining when to put their grain on the market. Not only will this speed the pace of the freedom from taxes that was promised to farmers, but there are fundamental concepts in the bill that farmers requested and I believe still want, such as the freedom to
make their own decisions on what and how much to plant. I believe farmers want to plant for the market, not the government.

This bill reflects my commitment to try to deliver on the promises to farmers to whom Freedom to Farm was passed, such as trade expansion, fast track authority, regulatory reform, and crop insurance reform.

Of course, if the administration was truly attempting to be accommodating the needs of the farm community, there would be less need for the regulatory reform bills currently pending. I know American farmers can complete worldwide, but we cannot drag our feet on creating a climate in which they can succeed. I believe this farmer tax relief bill is a critical piece of the puzzle.

Mr. President, the second tax relief measure I am introducing today would expand income averaging to small agriculture-related businesses.

Before 1986, American farmers, agriculture-related businesses and others could apply income averaging for tax purposes. But the Tax Reform Act of 1986 entirely eliminated income averaging. Congress acted primarily on the assumption that rules to substantially reduce the number of taxpayers whose fluctuating incomes could subject them to higher progressive rates and there was no need for income average. While it was understandable that Congress took such action at that time, I believe it was clearly a mistake because Congress completely ignored the nature of agriculture and our rural communities.

Today, low commodity prices have made the income of American farmers and agriculture-related businesses fluctuate more wildly than that of any other group of taxpayers. In my own state of Minnesota, income in farm communities had decreased dramatically recently.

In response to this critical situation, Congress reinstated income averaging for individual farmers temporarily in the Taxpayer Relief Act of 1997, and last year Congress made it permanent for farmers. This was good change and I was pleased to join Senator Burns and others in passing this important legislation. In my package of tax relief for farmers just discussed, I have added new flexibility for farmers to use in coming to terms with their need.

Unfortunately, Congress unintentionally left one important group out of last year’s relief legislation. American small agriculture-related businesses, those who work hard to provide seeds, fertilizer, farming equipment and other farm products for farmers, whose income depends on farmers’ income, are not included in current law providing income averaging. As a result, these small businesses are facing hardship and need this relief as well.

Expanding income averaging to small agriculture-related businesses would provide modest, but much needed, assistance to these businesses and allow them to continue serving farmers and rural communities. It also is consistent with the approach Congress took in the past regarding income averaging. Unlike the permanent income averaging for farmers, my legislation would sunset income averaging for agriculture-related businesses in three years. In addition, it only covers small businesses, not big corporations.

Mr. President, the third tax bill I will introduce today is the Rural Revitalization Tax Credit (RRTC) Act. This bill fits into making rural America a better place to live.

The objective is to attract business investment to rural areas to provide jobs for those who value life in the small towns of rural America. These jobs can also be invaluable for farm families suffering hard times through low commodity prices, crop diseases or weather disasters. Full or part time jobs can often help farmers help their family farms in down cycles.

This legislation is designed to encourage business investment in high poverty rural communities. It would create rural revitalization tax credits which include a development credit that is provided to any company locating in high poverty rural communities. A company would receive a 6 percent tax credit annually of the amount of the investment, which amounts to about 25 percent of the value of the original investment over 7 years.

It also creates a wage tax credit which allows employers in high poverty rural communities to receive up to $3,000 per employee hired in that community. In addition, qualified businesses are allowed to write off up to 37,500 as an expense the cost of depreciable, tangible personal property. This proposal is similar to urban empowerment zone proposals introduced in the Congress. We want to apply it to rural America as well.

Mr. President, this measure will not solve all the problems that farmers and people in rural areas are facing, but I believe it is one way to create more economic opportunities in our rural communities to preserve and improve the excellent quality of life in these areas.

I send the three bills to the desk and ask that they be assigned to the appropriate committees.

The PRESIDING OFFICER. The bills will be received and appropriately referred.

Mr. GRAMS. I thank the President. I yield the floor.

By Mr. JEFF FORDS:

VERMONT INFRASTRUCTURE BANK PROGRAM

Mr. JEFF FORDS. Mr. President, I rise today to introduce legislation to permit my home state of Vermont to enter the State Infrastructure Bank (SIB) program. Before the enactment of the Transportation Equity Act for the 21st Century (TEA-21) all 50 states were qualified for SIB revolving funds. These funds are capitalized with federal and state contributions and used to provide loans and other sorts of non-grant aid to transportation projects. TEA-21 expanded the SIB program to California, Florida, Missouri, and Rhode Island. With this bill, I am proposing to add Vermont as a participant in the SIB program.

The SIB program functions to authorize loans to public or private organizations to cover all or partial costs of an approved project, and to make allowances for the planning and development of funding streams for repayment, which would not begin until five years after the completion of the project. Also, there is a provision in the TEA-21 for the creation of a multistate infrastructure bank system among the pilot states. In this system, states are encouraged to share both funds and ideas for curbing pollution and traffic problems and encouraging other forms of transportation.

It is my feeling that Vermont can be a national model on the efficiency of meeting clean air standards and managing sprawl while promoting economic growth. Under the SIB program, the Vermont Agency of Transportation (VAOT) will collaborate with other state agencies and local organizations such as the Chittenden County Metropolitan Planning Organization (CCMPO) in order to reduce traffic, pollution, and growth problems that arise.

In order to fulfill these goals through creative, cutting-edge projects, VAOT will require sufficient funds. To secure these funds, the legislation that I am introducing today would extend the SIB program to include Vermont. This program will be an invaluable resource in the funding of projects that will prevent our beautiful state from moving in the direction of gridlock and congestion.

Vermont can be a model for the nation—an example for other states facing similar issues of finding a balance between growth and livability. Vermont’s participation in the SIB program would provide more options to find the solutions that will permit this proper balance to be attained.

I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1862

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. STATE INFRASTRUCTURE BANK PILOT PROGRAM.

Section 1511(b)(1)(A) of the Transportation Equity Act for the 21st Century (23 U.S.C. 101 note; 112 Stat. 221) is amended by inserting “Vermont,” after “Florida”.

By Mr. BAUCUS:
S. 1863. A bill to amend the Internal Revenue Code of 1986 to provide an incentive to small businesses to establish and maintain qualified pension plans.
by allowing a credit against income taxes for contributions to, and start-up costs of, the plan; to the Committee on Finance.

**SMALL EMPLOYER PENSION START-UP INCENTIVE ACT**

Mr. BAUCUS. Mr. President, I rise to introduce a bill I believe will provide important benefits for our country's small businesses and the millions of people who work for them. The Small Employer Pension Start-up Incentive Act (SEPSI) will provide help to small businesses to help their employees save for their retirement.

Congress has spent a great deal of time recently exploring the impact on our country of the impending wave of baby boomer retirements. Much of this debate has centered around strengthening the Social Security Trust Fund, so we can keep the promise we made to all working Americans that Social Security will be there for them when they retire. During this debate, however, we have neglected the important role the private pension system plays in America's retirement security.

Social Security was never intended to provide the sole source of income for our retirees. Despite that, however, it is the retirement income for 16% of elderly Americans. And it is the primary source of income for two-thirds of all retirees. Unless we can change this disturbing trend, preserving Social Security for the 21st Century will not be enough—there will still be far too many Americans who will spend their retirement years one step away from poverty.

In addition to preserving Social Security, we must help Americans better prepare for their retirement years. When the President submitted this budget this year, he proposed dedicating most of our projected surpluses to create Universal Savings Accounts for all Americans. I strongly believe the proposal the USA proposal was a good one. If our projected surpluses actually materialize, we have an unprecedented opportunity to plan for our nation's future, to make the kinds of investments that will pay off for ourselves and for our children. Helping strengthen our private pension system is one of those key investments we should be making now, before the wave of retirements begins.

An important place to start is with our small businesses and their employees. Over 36 million workers in this country work for small businesses, that is, companies with less than 100 employees each. And even though almost everyone employed by a large company has access to a pension plan through their employer, only 20% of small business employees have pension plans available where they work. This means 31 million working Americans have no opportunity to save for their retirement through their employers.

Small business owners often do not offer plans, not because they don't want to, but because they simply can't afford to. Administrative costs are dispropor- tionately high for businesses with few employees, as are the costs associated with meeting all of the regulatory requirements that can apply to pension plans. And their employees, who frequently earn minimum wage and don't have access to health insurance either, couldn't afford to set money aside for their retirement even if their employers offered pension plans.

The bill I am introducing today will help reverse this trend. The Small Employer Pension Start-up Incentive Act will help provide two new tax credits to small businesses that are providing pension plans to their employees for the first time. The first credit will help defray the administrative costs that accompany starting a new pension plan. It will provide up to $500 per year in tax relief for small businesses to compensate for the administrative costs they incur in providing a new plan. The credit would be available for three years, for employers with up to 100 workers.

The second credit goes right to the heart of the pension problem—it helps subsidize the contributions employers make into a new plan on behalf of their employees. Studies have shown that participation in pension plans increases dramatically when employers offer to match employee savings. But in far too many small businesses, neither the employer nor the employee can afford to set aside the money. My bill will provide a 50% tax credit for any employer who establishes and maintains a new qualified pension plan offered by a small business, thereby helping up to 50 workers.

I believe that enactment of the Small Employer Pension Start-up Incentive Act will help dramatically increase the number of Americans working for small businesses that can begin saving for their retirement. Providing these tax credits to small businesses, along with the other pension reform proposals that are included in S. 741, the Pension Coverage and Portability Act I introduced with Senators GRAHAM and GRASSLEY, will go a long way toward helping Americans plan for a secure retirement in the 21st century.

Mr. President, I ask unanimous consent that 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 'Small Employer Pension Start-up Incentive Act'.

_Sec. 2._ Credit for Small Employer Pension Plan Contributions and Start-up Costs.

(a) In General—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business-related credits) is amended by adding at the end the following new section:

"Sec. 45D. Small Employer Pension Plan Credit.

"(a) General Rule.—For purposes of section 38, in the case of an eligible employer, the employer pension plan credit determined under this section for any taxable year is an amount equal to the sum of—

"(1) 50 percent of the qualified employer contributions of the taxpayer for the taxable year, and

"(2) the qualified start-up costs paid or incurred by the taxpayer during the taxable year;

"(b) Limitations.—

"(1) Limits on Contributions.—For purposes of subsection (a)(1)—

"(A) qualified employer contributions may only be taken into account for each of the first 5 taxable years ending after the date the employer establishes the qualified employer plan to which the contribution is made, and

"(B) the amount of the qualified employer contributions taken into account with respect to any qualified employer for any such taxable year shall not exceed 3 percent of the compensation (as defined in section 414(s)) of the qualified employer for such taxable year.

"(2) Limits on Start-up Costs.—The amount of the credit determined under subsection (a)(2) for any taxable year shall not exceed—

"(A) $500 for each of the first, second, and third taxable years ending after the date the employer established the qualified employer plan to which such costs relate, and

"(B) zero for each taxable year thereafter.

"(c) Definitions.—For purposes of this section—

"(1) Eligible Employer.—

"(A) in General.—The term 'eligible employer' means, with respect to any year, an employer which has no more than—

"(i) for purposes of subsection (a)(1), 50 employees, and

"(ii) for purposes of subsection (a)(2), 100 employees, and

"(B) the amount of the qualified employer contributions taken into account with respect to any qualified employer for any such taxable year shall not exceed—

"(1) 50 percent of the qualified employer contributions taken into account with respect to any qualified employer for any such taxable year shall not exceed 3 percent of the compensation (as defined in section 414(s)) of the qualified employer for such taxable year.

"(2) Limits on Start-up Costs.—The amount of the credit determined under subsection (a)(2) for any taxable year shall not exceed—

"(A) $500 for each of the first, second, and third taxable years ending after the date the employer established the qualified employer plan to which such costs relate, and

"(B) zero for each taxable year thereafter.

"(c) Definitions.—For purposes of this section—

"(1) Eligible Employer.—

"(A) in General.—The term 'eligible employer' means, with respect to any year, an employer which has no more than—

"(i) for purposes of subsection (a)(1), 50 employees, and

"(ii) for purposes of subsection (a)(2), 100 employees, and

"(3) Qualified Employee.—The term 'qualified employee' means an individual who—

"(A) is eligible to participate in the qualified employer plan to which the employer contributions are made, and

"(B) employs the qualified employer contributions taken into account under subsection (a)(1) in a taxable year.
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"(B) is not a highly compensated employee (within the meaning of section 414(q)) for the year for which the contribution is made.

4 QUALIFIED START-UP COSTS.—The term ‘qualified start-up costs’ means any ordinary and necessary expenses of an eligible employer which are paid or incurred in connection with—

(A) the establishment or maintenance of a qualified employer plan in which qualified employees are eligible to participate, and

(B) providing educational information to employees regarding participation in such plan and the benefits of establishing an investment plan.

5 QUALIFIED EMPLOYER PLAN.—The term ‘qualified employer plan’ has the meaning given such term in section 4972(d).

6 SPECIAL RULES.—

1. AGGREGATION RULES.—All qualified employer plans of an employer shall be treated as a single employer plan.

2. DISALLOWANCE OF DEDUCTION.—No deduction shall be allowable under this chapter for any qualified start-up costs or ordinary employer contributions for which a credit is determined under subsection (a).

3. CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.

6 CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (defining current year business credit) is amended by striking ‘plus’ at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting ‘plus’, and by adding at the end the following new paragraph:

‘(13) in the case of an eligible employer (as defined in section 45D(c)), the small employer pension plan credit determined under section 4972(a).’

7 CONFORMING AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

‘Sec. 45D. Small employer pension plan credit.’

8 EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred in connection with qualified employer plans established after December 31, 1999.

By Mr. BURNS:

S. 1964. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit to primary health providers who establish practices in health professional shortage areas; to the Committee on the Judiciary.

THE HEALTH CARE ACCESS IMPROVEMENT ACT

Mr. BURNS. Mr. President, I rise today to introduce a bill which will dramatically expand rural America’s access to modern health care.

The Health Care Access Improvement Act creates a significant tax incentive, which encourages doctors, dentists, physician assistants, medical clinics, and nurse practitioners to establish practices in underserved areas. Until now, rural patients have not been able to compete with the financial draw of urban settings and therefore have had trouble attracting medical professionals to their communities. The $1,000 per month tax credit will allow health care workers to enjoy the advantages of rural life without drastic financial sacrifices. But the real winners in this bill are the thousands of Americans whose access to health care is almost impossible due to the lack of doctors and dentists in small town America.

There are nine counties in the great state of Montana which do not have even one doctor. In these rural settings, agriculture is often the only employer. Farming is hard, dangerous work. Serious injuries can happen in an instant. And while Montanans have always been known as a hearty breed of people, we get sick too. It is unreasonable to expect the farmer who has had a run-in with an auger or the elderly rancher’s widow to drive two hours or more to get stitched up or to have a crown on a tooth replaced. As doctors, dentists, physician assistants, mental health providers, farmers and ranchers are not traveling outside the state to under-served areas. Montanans and others in isolated communities will finally enjoy the medical treatment they deserve.

Mr. President, everyone wins with this legislation. Rural Montana, rural America, and America’s health and safety will benefit from this commonsense, commonwealth investment in our future.

By Mr. DeWINE (for himself and Mr. DOMENICI):

S. 1865. A bill to provide grants to establish demonstration mental health courts; to the Committee on the Judiciary.

AMERICA’S LAW ENFORCEMENT AND MENTAL HEALTH PROJECT ACT OF 1999

Mr. DeWINE. Mr. President, I rise today to introduce America’s Law Enforcement and Mental Health Project. This bill is designed to address the immense problems caused by the institutionalization of America’s mentally ill patients who have made our criminal justice system unsafe for society and for themselves.

This is a serious problem affecting both the health and safety of our Nation. Essentially, the situation we have today in our prisons and jails is the result of over thirty years of cuts in the budgets of mental health institutions, as well as the outlawing of involuntary commitments. Faced with fewer dollars and greater legal requirements, mental health care facilities began de-institutionalizing America’s mentally ill in record numbers. According to one estimate, the number of mental health facilities plummeted from 500,000 in 1965 to just 100,000 in 1989.

A recent Justice Department study revealed that 16 percent of all inmates in America’s State prisons and local jails today are mentally ill. The American jails Association estimates that 500,000 to 700,000 seriously mentally ill persons each year are being booked into local jails alone. In my own home State of Ohio, 18 percent of all prison inmates were in mental health programs last year. That’s the highest percentage in the country.

Far too many of our nation’s mentally ill persons have ended up in our prisons and jails. In fact, today, the Los Angeles County jail is the largest mental health center in the entire country. It treats 3,200 seriously mentally ill people every day. The impact of a law enforcement has been significant. Institutions and agencies designed to fight crime have had to spend time and resources providing mental health services to prisoners in states, and in Ohio, nearly 1 in 5 prisoners need special psychiatric services or accommodations.

The most mentally ill individuals could have received proper treatment from a variety of private and public sources before they ended up in the prison system. Part of the problem is a serious lack of coordination between our local law enforcement and social service systems. The interaction between law enforcement and our courts and prisons—is even worse. All too often, the mentally ill act out their symptoms on the streets. They are arrested for minor offenses and wind up in jail, where appropriate treatment simply does not exist. They are not only not treated but not processed. They do not see their sentences or are paroled, but find themselves right back in the system after committing further crimes—of course. This is often more serious—only about one-third later.

The Justice Department has found that over 75 percent of all inmates are repeat offenders. In some States, the problem is even worse. California’s Department of Corrections, for example, recently reported that 94 percent of mentally ill parolees returned to prison within two years, versus 57 percent of the parolee population at large.

Throughout this destructive cycle, law enforcement and corrections spend time and money trying to cope with the offenders’ problems and not helping the individuals. Certainly, some mentally ill offenders must be incarcerated because of the severity of their crimes. Many others who commit very minor offenses could receive appropriate care early on, reducing recidivism and unnecessary burdens on our police and corrections officials, as well as many mentally ill offenders, themselves.

That’s why, Mr. President, I am introducing America’s Law Enforcement and Mental Health Project (LAMP), to begin to identify—early—those who are mentally ill within our justice system and to use the power of the court to assist them in obtaining the treatment they need. This will be a step toward making some of the changes necessary to effectively address the issues surrounding the mentally ill in our justice system.

This bill would establish a federal grant program to help states and localities develop “Mental Health Courts” in their jurisdictions. These courts would be specialized courts with separate dockets. They would hear cases exclusively involving nonviolent-of
fenses committed by mentally ill or retarded individuals. Fundamentally, Mental Health Courts would enable state and local courts to offer alternative sentences or alternatives to prosecution for those offenders who could be served best by mental health services.

To deal with the separate needs of mentally ill offenders, these Mental Health Courts would be staffed by a core group of specialized professionals, including a dedicated judge, prosecutor, public defender and court liaison to the mental health service community. The courts would promote efficiency and consistency by centrally managing all outstanding cases involving a mentally ill defendant admitted to the Mental Health Court.

The Mental Health Court judge ultimately would decide whether or not to hear each case referred to the court. The Mental Health Court would not deal with defendants unless they are determined to be mentally ill by a qualified mental health professional or the mental health court judge. Similarly, participation in the court by the mentally ill would be completely voluntary. Once the defendant volunteers for the Mental Health Court, however, he or she would be expected to follow the decision of the court. For instance, in any given case, the Mental Health Court judge, attorneys, and health services liaison may all agree on a plan of treatment and alternative sentences or in lieu of prosecution. The defendant must adhere strictly to this court-imposed treatment plan. The court must then provide supervision with periodic review. This way, the court could quickly deal with any failure of the defendant to fulfill the treatment plan obligations. In this sense, the Mental Health Court would function similar to drug courts.

Mr. President, the idea of Mental Health Courts is innovative, but not untested. Broward County, Florida, established the nation’s first Mental Health Court almost two years ago. This court hears an average of 69 cases per month. Remarkably, Broward’s Mental Health Court has been able to link over one-third of all its defendants with community health care providers or private psychiatric help. Notably, less than ten percent of all defendants were deemed inappropriate for mental health court and only eight percent refused community health services. Although a voluntary system, Broward has found that many mentally ill persons do choose to have their cases heard in the Mental Health Court. These defendants don’t always know what treatment options are available to them before they fall into the hands of the criminal justice system. A judicial program offering the possibility of effective treatment—rather than jail time—gives a measure of hope and a chance for rehabilitation to defendants.

Other jurisdictions across America have studied the Broward County model and have established their own Mental Health Courts or seek to do so, such as Butler County in my state of Ohio. King County, Washington, also has developed a more expansive Mental Health Court this past year. Our nation’s communities are trying desperately to find the best way to cope with the problems associated with mental illness. Law enforcement agencies and correctional facilities simply do not have the means, nor the expertise, to properly treat mentally ill inmates in general. Mental Health Courts offer an alternative.

Mr. President, I urge my colleagues to join in support of this legislation.

ADDITIONAL COSPONSORS

S. 115
At the request of Ms. Snowe, the name of the Senator from South Dakota (Mr. Johnson) was added as a cosponsor of S. 115, a bill to require that health plans provide coverage for a minimum 30-day hospital stay for mastectomies and lymph node dissection for the treatment of breast cancer and coverage for secondary consultations.

S. 345
At the request of Mr. Allard, the name of the Senator from Maine (Ms. Snowe) was added as a cosponsor of S. 345, a bill to amend the Animal Welfare Act to remove the limitation that permits interstate movement of live birds, for the purpose of fighting, to States in which animal fighting is lawful.

S. 405
At the request of Mr. Hollings, the name of the Senator from Oklahoma (Mr. Inhofe) was added as a cosponsor of S. 405, a bill to prohibit the operation of civil supersonic transport aircraft to or from airports in the United States under certain circumstances.

S. 496
At the request of Mr. Grams, his name was added as a cosponsor of S. 496, a bill to provide for the punishment of methamphetamine laboratory operators, provide additional resources to combat methamphetamine production, trafficking, and abuse in the United States, and for other purposes.

S. 514
At the request of Mr. Cochran, the name of the Senator from North Carolina (Mr. Edwards) was added as a cosponsor of S. 514, a bill to improve the National Writing Project.

S. 791
At the request of Mr. Robb, his name was added as a cosponsor of S. 791, a bill to amend the Small Business Act with respect to the women’s business center program.

S. 1075
At the request of Mr. Boxer, the name of the Senator from Utah (Mr. Bennett) was added as a cosponsor of S. 1075, a bill to promote research to identify and evaluate the health effects of silicone breast implants, and to ensure that women and their doctors receive accurate information about such implants.

S. 1187
At the request of Mr. Dorgan, the names of the Senator from Texas (Mr. Gramm) and the Senator from Illinois (Mr. Durbin) were added as cosponsors of S. 1187, a bill to require the Secretary of the Treasury to mint coins in commemoration of the bicentennial of the Lewis and Clark Expedition, and for other purposes.

S. 1384
At the request of Mr. Abraham, the names of the Senator from Virginia (Mr. Warner), the Senator from Pennsylvania (Mr. Santorum), and the Senator from South Dakota (Mr. Daschle) were added as cosponsors of S. 1384, a bill to amend the Public Health Service Act to provide for a national folic acid education program to prevent birth defects, and for other purposes.

S. 1394
At the request of Mr. Torricelli, the name of the Senator from Iowa (Mr. Harkin) was added as a cosponsor of S. 1394, a bill to require the Secretary of the Treasury to mint coins in commemoration of the U.S.S. New Jersey, and for other purposes.

S. 1436
At the request of Mr. Conrad, the name of the Senator from North Dakota (Mr. Dorgan) was added as a cosponsor of S. 1436, a bill to amend the Agricultural Marketing Transition Act to provide support for United States agricultural producers that is equal to the support provided agricultural producers by the European Union, and for other purposes.

S. 1556
At the request of Mr. Thompson, the names of the Senator from Hawaii (Mr. Akaka), the Senator from Maine (Ms. Collins), the Senator from Georgia (Mr. Cleland), the Senator from Illinois (Mr. Durbin), the Senator from New Jersey (Mr. Torricelli), the Senator from Ohio (Mr. Voinovich), and the Senator from North Carolina (Mr. Edwards) were added as cosponsors of S. 1556, a bill to add “Mary” to title III of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11331 et seq.) to reauthorize the Federal Emergency Management Food and Shelter Program, and for other purposes.

S. 1593
At the request of Mr. Dodd, the names of the Senator from Maine (Ms. Snowe) and the Senator from Massachusetts (Mr. Kerry) were added as cosponsors of S. 1593, a bill to provide for...
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the acquisition, construction, and improvement of child care facilities or equipment, and for other purposes.

S. 1608

At the request of Mr. Craig, the name of the Senator from Texas (Mrs. Hutchison) was added as a cosponsor of S. 1608, a bill to appropriate funds to the State of Texas for the provision of facilities at the coastal highway improvement projects in Texas.

S. 1616

The bill was referred to the Committee on Agriculture, Nutrition, and Forestry.

S. 1625

The bill was referred to the Committee on Agriculture, Nutrition, and Forestry.

S. 1700

At the request of Mr. Craig, the name of the Senator from Idaho (Mr. Crapo) was added as a cosponsor of S. 1700, a bill to amend the Internal Revenue Code of 1986 to provide incentives for the voluntary reduction of greenhouse gas emissions and to advance global climate science and technology development.

S. 1776

At the request of Mr. Craig, the name of the Senator from Idaho (Mr. Crapo) was added as a cosponsor of S. 1776, a bill to amend the Internal Revenue Code of 1986 to provide incentives for the voluntary reduction of greenhouse gas emissions and to advance global climate science and technology development.

S. 1777

At the request of Mr. Craig, the name of the Senator from Idaho (Mr. Crapo) was added as a cosponsor of S. 1777, a bill to amend the Internal Revenue Code of 1986 to provide incentives for the voluntary reduction of greenhouse gas emissions and to advance global climate science and technology development.

S. 1795

At the request of Mr. Craig, the name of the Senator from Arkansas (Mr. Hutchinson) was added as a cosponsor of S. 1795, a bill to provide annual pay for federal employees, conduct a cost benefit analysis, provide for public comment, and for other purposes.

S. 1796

At the request of Mr. Crapo, the name of the Senator from Arizona (Mr. Sessions) was added as a cosponsor of S. 1796, a bill to modify the enforcement of certain anti-terrorism judgments, and for other purposes.

S. 1825

At the request of Mr. Rockefeller, the name of the Senator from South Carolina (Mr. Hollings) was added as a cosponsor of S. 1825, a bill to empower telephone consumers, and for other purposes.

SENATE CONCURRENT RESOLUTION 60

At the request of Mr. Feingold, the name of the Senator from Iowa (Mr. Harkin) was added as a cosponsor of Senate Concurrent Resolution 60, a concurrent resolution expressing the sense of the Senate that the post office should be able to provide integrated live-fire training facilities for military forces, and for other purposes.

SENATE RESOLUTION 118

At the request of Mr. Reid, the name of the Senator from Maryland (Mr. Sarbanes) was added as a cosponsor of Senate Resolution 118, a resolution designating December 12, 1999, as "National Children's Memorial Day."

SENATE RESOLUTION 129

At the request of Mr. Cochran, the names of the Senator from Delaware (Mr. Biden) and the Senator from Illinois (Mr. Durbin) were added as cosponsors of Senate Resolution 129, a resolution designating March 2000, as "Arts Education Month."

SENATE RESOLUTION 204

At the request of Mr. Hatch, the name of the Senator from Iowa (Mr. Grassley) was added as a cosponsor of Senate Resolution 204, a resolution designating the week beginning November 21, 1999, and the week beginning on November 19, 2000, as "National Family Week."

SENATE RESOLUTION 217

At the request of Mr. Hutchison, the name of the Senator from Maine (Ms. Collins) was added as a cosponsor of Senate Resolution 217, a resolution relating to the freedom of belief, expression, and association in the People's Republic of China.

SENATE RESOLUTION 220

Expressing the sense of the Senate regarding the February 2000 deployment of the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit to an area of potential hostilities and the essential requirements that the battle group and expeditionary unit have received the essential training needed to certify the warfighting proficiency of the forces comprising the battle group and expeditionary unit.

Mr. Inhofe (for himself, Mr. Warner, Mr. Roberts, and Mr. Lott) submitted the following resolution; which was referred to the Committee on Armed Services:

S. Res. 220

Whereas the President, as Commander-in-Chief of all of the Armed Forces of the United States, makes the final decision to order a deployment of those forces into harm's way;

Whereas the President, in making that decision, relies upon the recommendations of the civilian and military leaders tasked by law with the responsibility of training those forces, including the Commander of the Secretary of the Navy and the Commander of the Marine Forces in the Atlantic;

Whereas the Atlantic Fleet Weapons Training Facility has been since World War II, and continues to be, an essential part of the training infrastructure that is necessary to ensure that maritime forces deploying from the east coast of the United States;

Whereas, according to testimony before the Committee on Armed Services of the Senate and the report of the Special Panel on Military Operations on Vieques, a suitable alternative to Vieques cannot now be identified;

Whereas, during the course of its hearings on September 22 and October 19, 1999, the Committee on Armed Services of the Senate acknowledged and expressed its sympathy for the tragic death and injuries that resulted from the training accident that occurred at Vieques in April 1999;

Whereas the Navy has failed to take those actions necessary to develop sound relations with the people of Puerto Rico;

Whereas the Navy should implement fully the terms of the 1983 Memorandum of Understanding between the Navy and the Commonwealth of Puerto Rico regarding Vieques and work to increase its efforts to improve the economic conditions for and the safety of the people on Vieques;

Whereas in February 2000, the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit are scheduled to deploy to the Mediterranean Sea and the Persian Gulf where the battle group and expeditionary unit will face two opposing combat, as experienced by predecessor deploying units, during operations over Iraq and other unexpected contingencies;

Whereas in a letter dated January 19, 1999, letter to the Committee on Armed Services of the Senate, the President stated that the rigorous, realistic training undergone by military forces "is essential for success in combat and for protecting our national security"; whereas in that letter the President also stated that he would not permit Navy or Marine Corps forces to deploy "unless they are at a satisfactory level of combat readiness";

Whereas Richard Danzig, the Secretary of the Navy, recently testified before the Committee on Armed Services of the Senate, acknowledged and expressed its sympathy for the tragic death and injuries that resulted from the training accident that occurred at Vieques in April 1999;

Whereas the Senate, in its concurrent resolution adopted on November 4, 1999, and the week beginning on November 1, 1999, and the week beginning on November 19, 2000, as "National Family Week.", and for other purposes.

SENATE RESOLUTION 217

Expressing the sense of the Senate regarding the February 2000 deployment of the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit to an area of potential hostilities and the essential requirements that the battle group and expeditionary unit have received the essential training needed to certify the warfighting proficiency of the forces comprising the battle group and expeditionary unit.

Sen. Craig (for himself, Mr. Warner, Mr. Roberts, and Mr. Lott) submitted the following resolution; which was referred to the Committee on Armed Services:

S. Res. 220

Whereas the President, as Commander-in-Chief of all of the Armed Forces of the United States, makes the final decision to order a deployment of those forces into harm's way;

Whereas, during the course of its hearings on September 22 and October 19, 1999, the Committee on Armed Services of the Senate acknowledged and expressed its sympathy for the tragic death and injuries that resulted from the training accident that occurred at Vieques in April 1999;

Whereas the Navy has failed to take those actions necessary to develop sound relations with the people of Puerto Rico;

Whereas the Navy should implement fully the terms of the 1983 Memorandum of Understanding between the Navy and the Commonwealth of Puerto Rico regarding Vieques and work to increase its efforts to improve the economic conditions for and the safety of the people on Vieques;

Whereas in February 2000, the U.S.S. Eisen- hower Battle Group and the 24th Marine Expeditionary Unit are scheduled to deploy to the Mediterranean Sea and the Persian Gulf where the battle group and expeditionary unit will face two opposing combat, as experienced by predecessor deploying units, during operations over Iraq and other unexpected contingencies;

Whereas in a letter dated January 19, 1999, letter to the Committee on Armed Services of the Senate, the President stated that the rigorous, realistic training undergone by military forces "is essential for success in combat and for protecting our national security"; whereas in that letter the President also stated that he would not permit Navy or Marine Corps forces to deploy "unless they are at a satisfactory level of combat readiness";

Whereas Richard Danzig, the Secretary of the Navy, recently testified before the Committee on Armed Services of the Senate, acknowledged and expressed its sympathy for the tragic death and injuries that resulted from the training accident that occurred at Vieques in April 1999;

Whereas the Senate, in its concurrent resolution adopted on November 4, 1999, and the week beginning on November 1, 1999, and the week beginning on November 19, 2000, as "National Family Week.", and for other purposes.
Mr. GRASSLEY (for Mr. INOUYE) proposed an amendment to the bill (S. 225) to provide housing assistance to Native Hawaiians, as follows:

On page 38, line 23 and all that follows through page 39, line 8.

On page 118, line 20, strike "1999" and insert "2000".

On line 23, strike "October 1, 1999" and insert "the date of enactment of the Native American Housing Assistance and Self-Determination Amendments of 1999".

Mr. GRASSLEY (for Mr. BURNS and INOUYE) proposed an amendment to the bill (S. 438) to provide for the settlement of the water rights claims of the Chippewa Cree Tribe of the Rocky Boy's Reservation, and for other purposes; as follows:

On page 30, strike lines 1 through 8.

On page 33, line 13, insert "and" after the semicolon.

On page 33, line 15, strike ";" and insert a period, quotation marks, and a second period.

On page 33, strike lines 16 through 20.

Beginning on page 38, line 22, strike "or require" and all that follows through "transferred" on line 2 of page 39.

On page 39, line 13, after the period, insert ending quotation marks and a final period.

On page 42, line 5, after "denaturalize", insert "(as otherwise authorized by law)".

Mr. GRASSLEY (for Mr. INOUYE) proposed an amendment to the bill (S. 1754) entitled the Indian Reserved Water Rights Settlement Act of 1999:

On page 30, lines 24 and 25, strike "or proceedings under the immigration laws."

insert a period, quotation marks, and a second period.

On page 31, strike lines 1 through 8.

On page 33, line 13, insert "and" after the semicolon.

Mr. GRASSLEY (for Mr. INOUYE) proposed an amendment to the bill (S. 1754) entitled the "Denying Safe Havens to International and War Criminals Act of 1999" as follows:

On page 30, lines 20 and 21, strike "WITH RESPECT TO IMMIGRATION LAWS".

On page 30, lines 24 and 25, strike "or proceedings under the immigration laws."

Whereas Admiral Johnson, the Chief of Naval Operations, and General Jones, the Commandant of the Marine Corps, recently testified before the Committee on Armed Services of the Senate that without the ability to train on Vieques, the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit are free of serious deficiencies in major war areas, thereby reducing the risk to those men and women who ask to go in harm's way.

Whereas while the Department of Defense is trying to work with the Government of Puerto Rico on a permanent solution to resolve the current training crisis, the Department has not made the immediate requirement to gain access to these facilities for 13 days in December to accomplish the critical integrated training necessary to achieve a satisfactory combat readiness for the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the Secretary of the Navy should conduct the 13 days of pre-deployment training which is required to be performed on the island of Vieques to ensure the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit are free of serious deficiencies in major war areas, thereby reducing the risk to those men and women who ask to go in harm's way; and

(2) the President should not deploy the U.S.S. Eisenhower Battle Group or the 24th Marine Expeditionary Unit until—

(A) the President, in consultation with the Secretary of Defense, the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps, reviews the certifications regarding the readiness of the battle group and the expeditionary unit made by the Commander of the Second Fleet of the Navy and the Commander of the Marine Forces in the Atlantic, as the case may be; and

(B) the President determines and so notifies Congress that the battle group and the expeditionary unit are free of serious deficiencies in major war areas.

AMENDMENTS SUBMITTED

DENYING SAFE HAVENS TO INTERNATIONAL AND WAR CRIMINALS ACT OF 1999

LEAHY (AND HATCH) AMENDMENT NO. 2510

Mr. GRASSLEY (for Mr. LEAHY for himself and Mr. HATCH) proposed an amendment to the bill (S. 1754) entitled the "Denying Safe Havens to International and War Criminals Act of 1999" as follows:

On page 30, lines 20 and 21, strike "WITH RESPECT TO IMMIGRATION LAWS."

On page 30, lines 24 and 25, strike "or proceedings under the immigration laws."

(1) the Secretary of the Navy should conduct the 13 days of pre-deployment training which is required to be performed on the island of Vieques to ensure the U.S.S. Eisenhower Battle Group and the 24th Marine Expeditionary Unit are free of serious deficiencies in major war areas, thereby reducing the risk to those men and women who ask to go in harm's way; and

(2) the President should not deploy the U.S.S. Eisenhower Battle Group or the 24th Marine Expeditionary Unit until—

(A) the President, in consultation with the Secretary of Defense, the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps, reviews the certifications regarding the readiness of the battle group and the expeditionary unit made by the Commander of the Second Fleet of the Navy and the Commander of the Marine Forces in the Atlantic, as the case may be; and

(B) the President determines and so notifies Congress that the battle group and the expeditionary unit are free of serious deficiencies in major war areas.

SEC. 1. SHORT TITLE. This Act may be cited as the "Chippewa Cree Tribe of the Rocky Boy's Reservation Indian Reserved Water Rights Settlement Act of 1999.

SEC. 2. FINDINGS. Congress finds that—

(1) in fulfillment of its trust responsibility to Indian tribes and to promote tribal sovereignty and economic self-sufficiency, it is the policy of the United States to settle the water rights claims of the tribes without lengthy and costly litigation;

(2) the Rocky Boy's Reservation was established as a homeland for the Chippewa Cree Tribe;

(3) adequate water for the Chippewa Cree Tribe of the Rocky Boy's Reservation is important to a permanent, sustainable, and sovereign homeland for the Tribe and its members;

(4) the sovereignty of the Chippewa Cree Tribe and the economy of the Reservation depend on the development of the water resources of the Reservation;

(5) the planning, design, and construction of the facilities needed to utilize water supplies effectively are necessary to the development of a viable Reservation economy and to implementation of the Chippewa Cree-Montana Water Rights Compact;

(6) the Rocky Boy's Reservation is located in a water-short area of Montana and it is appropriate that the Act provide funding for the development of additional water supplies, including, if necessary, for the development of water supplies for the Tribe, to meet the needs of the Chippewa Cree Tribe;

(7) proceedings to determine the full extent of the water rights of the Chippewa Cree Tribe are currently pending before the Montana Water Court as a part of In the Matter of the Adjudication of All Rights to the Use by the Chippewa Cree Tribe of the Surface and Underground, within the State of Montana;

(8) recognizing that final resolution of the general stream adjudication will take many years and entail great expense to all parties, prolong uncertainty as to the availability of water supplies, and seriously impair the long-term economic planning and development of all parties, the Chippewa Cree Tribe and the State of Montana entered into the Compact on April 14, 1997; and

(9) the allocation of water resources from the Tiber Reservoir to the Chippewa Cree Tribe under this Act is uniquely suited to the geographic, social, and economic characteristics of the area and situation involved.

SEC. 3. PURPOSES. The purposes of this Act are as follows:

(1) To achieve a fair, equitable, and final settlement of all claims to water rights in the State of Montana;

(A) the Chippewa Cree Tribe; and

(B) the United States for the benefit of the Chippewa Cree Tribe.

(2) To approve, ratify, and confirm, as modified in this Act, the Chippewa Cree-Montana Water Rights Compact entered into by the Chippewa Cree Tribe and the State of Montana on April 14, 1997, and to provide funding and other authorization necessary for the implementation of the Compact.

(3) To authorize the Secretary of the Interior to execute and implement the Compact referred to in paragraph (2) and to take such other actions as are necessary to implement the Compact in a manner consistent with this Act.

(4) To authorize Federal feasibility studies designed to identify and analyze potential mechanisms to enhance, through conservation or otherwise, water supplies in North Central Montana, including mechanisms to import domestic water supplies for the future growth of the Rocky Boy's Indian Reservation.

(5) To authorize certain projects on the Rocky Boy's Indian Reservation, Montana, in order to implement the Compact.

(6) To authorize certain modifications to the purposes and operation of the Bureau of Reclamation's Tiber Dam and Lake Elwell on the Marias River in Montana in order to provide the Tribe with an allocation of water from the Tiber Reservoir.

(7) To authorize the appropriation of funds necessary for the implementation of the Compact.

SEC. 4. DEFINITIONS. In this Act:


(3) FINAL.—The term "final" with reference to approval of the decree in section
101(b) means completion of any direct appeal to the Montana Supreme Court of a final decree by the Water Court pursuant to section 85-2-235 of the Montana Code Annotated (1997) and all Court of Appeals, including the expiration of the time in which a petition for certiorari may be filed in the United States Supreme Court, denying such a petition, or acceptance of the Supreme Court’s mandate, whichever occurs last.

(4) FUND.—The term “Fund” means the Chippewa Cree Indian Reserved Water Rights Settlement Fund established under section 104.

(5) INDIAN TRIBE.—The term “Indian tribe” has the meaning given to that term in section 101(2) of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a(2).

(6) MR&I FEASIBILITY STUDY.—The term “MR&I feasibility study” means a municipal, rural, and industrial, domestic, and incidental drought relief feasibility study described in section 202.

(7) MISSOURI RIVER SYSTEM.—The term “Missouri River System” means the mainstream of the Missouri River and its tributaries, including the Marias River.

(8) RECLAMATION LAW.—The term “Reclamation Law” has the meaning given the term “reclamation law” in section 4 of the Act of December 5, 1924 (43 Stat. 701, chapter 43).

(9) ROYAL BOY’S RESERVATION; RESERVATION.—The term “Royal Boy’s Reservation” or “Reservation” means the Royal Boy’s Reservation of the Chippewa Cree Tribe in Montana.

(10) SECRETARY.—The term “Secretary” means the Secretary of the Interior, or his or her duly authorized representative.

(11) TOWE PONDS.—The term “Towe Ponds” means the reservoir or reservoirs referred to as “Streett Lake” in the Inlier.

(12) TRIBAL COMPACT ADMINISTRATION.—The term “Tribal Compact Administration” means the activities assumed by the Tribe for implementation of the Compact as set forth in Article IV of the Compact.

(13) TRIBAL WATER CODE.—The term “tribal water code” means a water code adopted by the Tribe, as provided in the Compact.

(14) TRIBAL WATER RIGHT.—

(A) IN GENERAL.—The term “Tribal Water Right” means the water right set forth in sections 101 through 104 of the Montana Code Annotated (1997) and includes the water allocation set forth in Title II of this Act.

(B) RULE OF CONSTRUCTION.—The definition of the term “water right” in paragraph (a) of this subparagraph and the treatment of that right under this Act shall not be construed or interpreted as precedent for the litigation of reserved water rights or the interpretation or administration of future compacts between the United States and the State of Montana or any other State.

(15) TRIBAL WATER RIGHTS.—The term “tribal water rights” means the Chippewa Cree Tribe of the Rocky Boy’s Reservation and all officers, agents, and departments thereof.

(16) WATER DEVELOPMENT.—The term “water development” includes all activities that involve the use of water or modification of water courses or water bodies in any way.
forth in Article I, section 8(3) of the United States Constitution and is statutory law of the United States within the meaning of Article IV. A.b.(3) of the Compact.

SEC. 103. ON RESERVATION WATER RESOURCES DEVELOPMENT.

(a) Water Development Projects.—The Secretary, acting through the Bureau of Reclamation, is authorized and directed to plan, design, and construct, or to provide, pursuant to subsection (b), for the planning, design, and construction of the following water development projects on the Rocky Boy's Reservation:

1. Bonneau Dam and Reservoir Enlargement.
2. East Fork of Beaver Creek Dam Repair and Enlargement.
4. Cow Creek Dam Repair and Enlargement.
5. Such other water development projects as the Tribe shall from time to time consider appropriate.

(b) Implementation Agreement.—The Secretary, at the request of the Tribe, shall enter into an agreement, or, if appropriate, renegotiate an existing agreement, with the Tribe for the provision of funds for the planning, design, and construction of the projects authorized in this section.

(c) Bureau of Reclamation Project Administration.—

(1) In General.—Congress finds that the Secretary, through the Bureau of Reclamation, has entered into an agreement with the Tribe pursuant to title IV of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 458aa et seq.) by which the Tribe shall, plan, design, and construct any or all of the projects authorized by this section.

(2) Agreement.—The agreement referred to in paragraph (1) shall become effective when the Secretary cooperates in the purchase of additional capacity in Bonneau Reservoir for storage of water secured to the Tribe under the Compact; approved by the Secretary under the American Indian Trust Fund Management Reform Act of 1994 (25 U.S.C. 4001 et seq.) shall be invested in that fund a proportionate amount of that interest and proceeds.

(e) Agreement Regarding Fund Expenditures.—If the Tribe does not exercise its right under subsection (a)(4) to withdraw the Fund and invest it in a private financial institution, except as provided in the withdrawal plan referred to in that subparagraph, the appropriate official shall credit to each of the accounts contained in that fund a proportionate amount of that interest and proceeds.

(f) Per Capita Distributions Prohibited.—No part of the Fund shall be distributed on a per capita basis to members of the Tribe.

SEC. 104. CHippewa CREE INDIAN RESERVED WATER RIGHTS SETTLEMENT TRUST FUND.

(a) Establishment of Trust Fund.—

(1) In General.—There is established in trust by the United States a trust fund for the Chippewa Cree Tribe of the Rocky Boy's Reservation to be known as the "Chippewa Cree Indian Reservation Water Rights Settlement Trust Fund".

(B) Availability of Amounts in Fund.—

(i) In General.—Amounts in the Fund shall be available to the Secretary for management and investment on behalf of the Tribe and distribution to the Tribe in accordance with this Act.

(ii) Availability.—Funds made available from the Fund under this section shall be available without fiscal year limitation.

(2) Management of Fund.—The Secretary shall deposit and manage the principal and interest in the Fund in a manner consistent with subsection (b) and other applicable provisions of this Act.

(c) Contingent Fund.—The Fund shall consist of the amounts authorized to be appropriated to the Fund under section 102(a) and such other amounts as may be transferred to the Fund.

(d) Withdrawal.—The Tribe, with the approval of the Secretary, may withdraw the Fund and deposit it in a mutually agreed upon private financial institution. That withdrawal shall be made pursuant to the American Indian Trust Fund Management Reform Act of 1994 (25 U.S.C. 4001 et seq).

(5) Accounts.—The Secretary of the Interior shall establish the following accounts in the Fund and shall allocate appropriations to the accounts as required in this Act:

(A) The Tribal Compact Management Account.

(B) The Economic Development Account.

(C) The Future Water Supply Facilities Account.

(d) Investment of Fund.—

(1) In General.—

(A) Applicable Laws.—The Secretary shall invest amounts in the Fund in accordance with—

(i) the Act of April 1, 1880 (21 Stat. 70, chapter 41, 25 U.S.C. 161 et seq.);

(ii) the second section of the Act entitled "An Act to authorize the payment of interest of certain funds held in trust by the United States for Indian tribes"., approved February 12, 1920 (25 U.S.C. 163a); and

(iii) the first section of the Act entitled "An Act to authorize the deposit and investment of funds", approved June 24, 1938 (25 U.S.C. 162a).

(B) Crediting of Amounts to the Fund.—The interest on, and the proceeds from the sale or redemption of any obligations held under this paragraph shall be deposited in the fund in accordance with the provisions of paragraphs (1), (2), and (3) of section 105(a), together with any other amount that accrues in the Fund.

(C) The Future Water Supply Facilities Account.

(D) The Tribal Compact Management Account.

(E) The Economic Development Account.

(F) Dividends.—If the Tribe does not exercise its right under subsection (a)(4) to withdraw the Fund to invest it in a private financial institution, the Secretary shall enter into an agreement with the Tribe for the provision of funds for the planning, design, and construction of the projects referred to in paragraph (a) in a manner consistent with subsection (c).
(B) $8,000,000 for fiscal year 2001, for the planning, design, and construction of the East Fork Dam and Reservoir enlargement, of the Brown’s Dam and Reservoir enlargement, and of the Towe Ponds enlargement of which—

(i) $4,000,000 shall be used for the East Fork Dam and Reservoir enlargement;

(ii) $2,000,000 shall be used for the Brown’s Dam and Reservoir enlargement; and

(iii) $2,000,000 shall be used for the Towe Ponds enlargement.

(C) $3,000,000 for fiscal year 2002, for the planning, design, and construction of such other water resource developments as the Tribe, with the approval of the Secretary, may authorize, eliminate, and substitute for the projects enumerated in subparagraphs (A) and (B) of paragraph (1).

(2) UNEXPENDED BALANCES.—Any unexpended balance in the funds authorized to be appropriated under subparagraph (A) or (B) of paragraph (1), after substantial completion of all of the projects enumerated in paragraphs (1) through (4) of section 103(a)—

(A) shall be available to the Tribe first for completion of the existing projects, and

(B) then for other water resource development projects on the Reservation.

(c) Costs.—There is authorized to be appropriated to the Department of the Interior, for the Bureau of Reclamation, $1,000,000 for fiscal year 2000, for the completion of the Bureau of Reclamation memorandum of agreement under this Act, except that—

(1) if those costs exceed $1,000,000, the Bureau of Reclamation may use funds authorized for appropriation under subsection (b) for costs; and

(2) the Bureau of Reclamation shall exercise its best efforts to minimize those costs to avoid any reduction of the cost savings under the memorandum of agreement under this Act that exceed a total of $1,000,000.

(d) AVAILABILITY OF FUNDS.—(1) IN GENERAL.—The amounts authorized to be appropriated to the Fund and allocated to its accounts pursuant to subsection (a) shall be deposited into the Fund and allocated immediately on appropriation.

(2) INVESTMENTS.—Investments may be made from the Fund pursuant to section 104(d).

(3) AVAILABLE OF CERTAIN MONEYS.—The amounts authorized to be appropriated in subsection (a)(1) shall be available for use immediately upon appropriation in accordance with section 503(m)(1).

(4) LIMITATION.—Those moneys allocated by the Secretary to accounts in the Fund or in a fund established under section 104(a)(4) shall be used only for the purpose of the costs associated with administering under this Act that exceed a total of $1,000,000.

(e) AVAILABILITY OF FUNDS.—(1) IN GENERAL.—The amounts authorized to be appropriated in subsection (a)(1) shall be available for use immediately upon appropriation in accordance with section 503(m)(1).

(2) INVESTMENTS.—Investments may be made from the Fund pursuant to section 104(d).

(3) AVAILABLE OF CERTAIN MONEYS.—The amounts authorized to be appropriated in subsection (a)(1) shall be available for use immediately upon appropriation in accordance with section 503(m)(1).

(f) USE AND TEMPORARY TRANSFER OF ALLOCATION.—(1) IN GENERAL.—Subject to the limitations and conditions set forth in the Compact and this Act, the Secretary shall allocate to the Tribe, without cost to the Tribe, 10,000 acre-feet per year of stored water from the water right of the Bureau of Reclamation at Elwell, Lower Marías Unit, Upper Missouri Division, Pick-Sloan Missouri Basin Program, Montana, measured at the outlet works of the dam or at the diversion point from the reservoir. The allocation shall become effective when the decree referred to in section 102(b) has become final in accordance with that section.

(2) CONSENT TO ALLOCATIONS.—The Secretary shall enter into an agreement with the Tribe, setting forth the terms of the allocation and providing for the Tribe’s right of use for temporary transfer of water stored in Lake Elwell, subject to the terms and conditions of the Compact and this Act.

(3) PRIOR RESERVED WATER RIGHTS.—The allocation provided in this section shall be subject to the prior reserved water rights, if any, of any Indian tribe, or person claiming water rights through any Indian tribe.

(g) USE AND TEMPORARY TRANSFER OF ALLOCATION.—(1) IN GENERAL.—Subject to the limitations and conditions set forth in this section and any other agreement, the Secretary may transfer water by waiver and release required under section 5(c).

(2) RETURN OF FUNDS TO THE TRIBURY.—(1) IN GENERAL.—In the event that the approved, ratified, and confirmed, and the Compact by the United States becomes null and void under section 102(b), all unexpended funds appropriated under the authority of this Act together with all interest earned on such funds, notwithstanding whether the funds are held by the Tribe, a private institution, or the Secretary, shall revert to the general fund of the Treasury 12 months after the expiration of the deadline established in section 102(b).

(2) INCLUSION IN AGREEMENTS AND PLAN.—The requirement in paragraph (1) shall be included in all annual funding agreements entered into under the self-governance program under title IV of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 458aa et seq.), withdrawal plans, withdrawal agreements, or any other agreements or contracts with the Tribe or a private financial institution under this Act.

(f) WITHOUT FISCAL YEAR LIMITATION.—All money appropriated pursuant to authorizations under this title shall be available without fiscal year limitation.

SEC. 106. SUBMISSION OF CONTRIBUTIONS TO SETTLEMENT.

Consistent with Articles VI.C.2 and C.3 of the Compact, the State contribution to settlement shall be deposited into the settlement fund and shall be available for expenditure until the resolution of all of the projects enumerated in subparagraphs (A) and (B) of paragraph (1).

(A) Water quality discharge monitoring wells and monitoring program.

(B) A diversion structure on Big Sandy Creek.

(C) A conveyance structure on Box Elder Creek.

(D) The purchase of contract water from Lower Beaver Creek Reservoir.

(2) Subject to the availability of funds, the State shall provide services valued at $400,000 for a limited time, as determined by the Compact, and for water quality sampling required by the Compact.

TITLE II—TIBER RESERVOIR ALLOCATION AND FEASIBILITY STUDIES AUTHORIZATION.

SEC. 201. TIBER RESERVOIR.

(a) ALLOCATION OF WATER TO THE TRIBE.—(1) IN GENERAL.—The Secretary shall permanently allocate 10,000 acre-feet per year of stored water from the water right of the Bureau of Reclamation at Elwell, Lower Marías Unit, Upper Missouri Division, Pick-Sloan Missouri Basin Program, Montana, measured at the outlet works of the dam or at the diversion point from the reservoir.

(2) USE OF FUNDS MADE AVAILABLE FOR FISCAL YEAR 1999.—The authority under subparagraph (A) shall be deemed to apply to MR&I feasibility study activities for which funds were made available by appropriations for fiscal year 1999.

(b) CONTENTS OF STUDY.—The MR&I feasibility study shall include the feasibility of releasing the Tribe’s Tiber allocation as provided for in section 201 into the Missouri River System for later diversion to a treatment and delivery system for the Rocky Boy’s Reservation.

(c) UTILIZATION OF EXISTING STUDIES.—The MR&I feasibility study shall include utilization of existing Federal and non-Federal studies and shall be planned and conducted in consultation with other Federal agencies, the State of Montana, and the Chipewa Cree Tribe.

(d) ACCEPTANCE OR PARTICIPATION IN IDENTIFICATION OF RESOURCES.—The United States, the Chipewa Cree Tribe of the Rocky Boy’s Reservation, and the State of Montana shall not be obligated to accept or participate in any potential off-Reservation or other water resource developments as the needs of the citizen made available for fiscal year 1999.

(e) USE OF FUNDS MADE AVAILABLE FOR FISCAL YEAR 1999.—The authority under paragraph (a) shall be deemed to apply to regional feasibility study activities for which funds were made available by appropriations for fiscal year 1999.

(f) SECTION NOT PRECEDENTIAL.—The provisions of this section are not intended to be a precedent for the allocation of water resources from the Tiber Reservoir to the Tribe, which shall not be construed as precedent in the litigation or settlement of any other water rights claims.
(3) evaluate opportunities to resolve the issues referred to in paragraph (2); and
(4) evaluate options for implementation of resolutions to the issues.

(c) In carrying out this Act, because of the regional and international impact of the regional feasibility study, the study may not be segmented. The regional study shall—
(1) utilize, to the maximum extent possible, existing information; and
(2) be planned and conducted in consultation with all affected interests, including interests in Canada.

SEC. 204. AUTHORIZATION OF APPROPRIATIONS FOR FEASIBILITY STUDIES.

(a) FISCAL YEAR 1999 APPROPRIATIONS.—Of the amounts available by appropriation for fiscal year 1999 for the Bureau of Reclamation, $1,000,000 shall be used for the purpose of commencing the MR&I feasibility study under section 202 and the regional study under section 203, of which—
(1) $500,000 shall be used for the MR&I study under section 202; and
(2) $500,000 shall be used for the regional study under section 203.

(b) FEASIBILITY STUDIES.—There is authorized to be appropriated to the Department of the Interior—
(1) the Farm Service Agency; (2) the Rural Utilities Service; (3) the Rural Housing Service; (4) the Rural Business-Cooperative Service; and (5) the Natural Resources Conservation Service.

(c) IMPLEMENTATION.—In carrying out subsection (a), the Secretary shall—
(1) provide a method by which agricultural producers may—
(A) download forms from the Internet; and
(B) submit completed forms via electronic facsimile, mail, or similar means;
(2) design and use forms that agencies in the Department of Agriculture by incorporating into the forms user-friendly formats and self-help guidance materials.

SEC. 205. AUTHORIZATION OF APPROPRIATIONS FOR FEASIBILITY STUDIES FOR FEASIBILITY STUDIES.

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, in accordance with subsection (b), the Secretary shall expand implementation of the Internet-based system established under section 2(b) by enabling agricultural producers to access and file all forms for, and at the option of the Secretary, selected records and information of the agencies of the Department specified in section 2(b).

(b) IMPLEMENTATION.—In carrying out subsection (a), the Secretary shall ensure that an agricultural producer is able—
(1) to file electronically or in paper form, at the option of the agricultural producer, all forms required by agencies of the Department specified in section 2(b); and
(2) to access information concerning farm programs, quarterly trade, economic, and production reports, and other similar production agriculture information that is readily available within the Department.

SEC. 206. AUTHORIZATION OF APPROPRIATIONS FOR FEASIBILITY STUDIES FOR AUTHORITY FOR COMMITTEES TO MEET.

Mr. GRAMM. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet at 9:30 a.m. on Thursday, November 4, 1999, in open session, to consider the nominations of Mr. Alphonso Maldon, J. f. to be assistant Secretary of Defense, Force Management Policy, and Mr. John Veroneau to be Assistant Secretary of Defense, Legislative Affairs.

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

COMMITTEE ON INDIAN AFFAIRS

Mr. GRAMM. Mr. President, I ask unanimous consent that the Senate Committee on Indian Affairs be authorized to meet during the session of the Senate on Tuesday, November 4, 1999, at 10 a.m. and 2:30 p.m. to hold two hearings.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. GRAMM. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, November 4, 1999, at 10 a.m. and 2:30 p.m. to hold two hearings.

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

COMMITTEE ON JUDICIARY

Mr. GRAMM. Mr. President, I ask unanimous consent that the Senate Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, November 4, 1999, at 10 a.m., in Dirksen Room 226, to conduct a markup.

The PRESIDING OFFICER. Without objection, it is so ordered.
Mr. GRAMM. Mr. President, I ask unanimous consent that the Senate Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, November 4, 1999, at 11 a.m., in Dirksen Room 226, to conduct a hearing.

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

SPECIAL COMMITTEE ON AGING

Mr. GRAMM. Mr. President, I ask unanimous consent that the Special Committee on Aging be authorized to meet on November 4, 1999, from 10 a.m. to 12 p.m., in Dirksen 562 for the purpose of conducting a hearing.

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

ADDITIONAL STATEMENTS

CONFERENCE REPORT FOR INTERIOR APPROPRIATIONS FOR FY 2000

Mr. McCAIN. Mr. President, the Senate passed the conference agreement for the Interior appropriations bill on October 21, 1999. Although this conference report was approved by unanimous consent, I wanted to express my objection to the amount of excessive pork-barrel spending and extraneous legislative riders included in this final agreement.

In late September, the Senate passed an Interior bill that included $217 million in wasteful and unnecessary spending. This new conference agreement has taken pork-barrel spending to higher proportions by adding an additional $140 million in earmarks that either were not included in the Senate or House bill, or increased funding levels for certain projects at levels far above the requested amounts.

I am constantly amazed by tactics used by my colleagues to attach earmarks for special projects that have not been authorized or that circumvent a fair and merit-review process. The conferees have even included report language that directs federal agencies to fund targeted earmarks included in the conference report prior to distributing general allocated funds to the rest of the country.

In my review of the final conference report, I have identified numerous earmarks and riders that are included in a list of unapplicable provisions that is available on my Senate webpage. I remind my colleagues that I do not object to these projects based on their merit nor do I intend to belittle the importance of specific projects to local communities. My objections are based on issues of fairness and following established procedures to consider budgetary items as well as undergoing a separate legislative process for policy and statutory changes to our federal laws. Unfortunately, the conferees have been able to sidestep our established budget and legislative rules by utilizing deceptive wording and budget gimmickry.

For example, this conference report includes an extra $22 million in designated "emergency" funding for certain areas in the State of Alaska. This funding was not considered in either the Senate or House bills, but added through the conference process. Again, I certainly understand economic hardships facing rural Alaskans, but why is funding economic projects such as these beyond my control? I must note that this infusion of higher priority than addressing important land and resources management issues that are intended to be paid for through the Interior appropriations bill? This added "emergency" spending, despite that fact that it will purportedly not count against budget cap restrictions, will still be paid for by the taxpayers.

Also included in this conference report is an entirely new title that includes the "Mississippi National Forest Improvement Act of 1999," which had not previously considered in the previous Senate or House bills. Furthermore, emergency funding of $68 million is provided for the "Mine Workers' Benefit Fund," also not previously included in either the Senate or House versions of the Interior appropriations bills.

The conferees have targeted funding for projects that provide little detail as to their overall priority or merit. For example, $300,000 that was originally dedicated for a Forest Service regional office is instead directed to be earmarked for heating, ventilation, and air conditioning systems at the Forest Products Labs in Wisconsin. Language is included to provide for specific acquisition of a high band radio system for the Monongahela National Forest in West Virginia. While these maintenance improvements may very well be necessary, is this the type of projects that deserve funding above all other important land, forest and wildlife priorities?

Much of this wasteful spending could be directed toward other priorities and programs that allow states and local communities to prioritize their own needs at the local level, such as the State-side program of the Land and Water Conservation Fund. I, along with several of my colleagues, have supported prioritizing the State-side program and the Water Conservation Fund as a program that provides federal resources for projects that are considered fairly and competitively. The conferees agreed to provide $20 million to the State-side program for the first time in many years, but this level is less than the $30 million approved by the Senate and far below what is necessary to address locally identified needs. Unfortunately, the State-side program, and many other programs that fund projects based on merit and national priority, are penalized due to other low-priority and special interest spending as part of this conference report.

Mr. President, each year the conferees utilize the appropriations process to tack on legislative riders that either were not considered through a legislative process or added with the intention to delay important policy and regulatory changes. Many environmentally important land and water protections cannot be updated or reviewed when legislative riders are included that prohibit any action by federal agencies to proceed with a fair and comprehensive review of impacts on our natural resources. A few of the these riders include:

A delay in promulgating rules to update oil valuation royalty assessments for oil drilled on federal lands;

A two-year exemption for some mining companies that utilize public lands for purposes of storing mine waste;

A year-long delay for surface management regulations governing hardrock mining; and

A continuing moratorium on Indian Tribal P.L. 93-638 Indian Self-Determination Contracts that allow direct management and funding for tribally operated programs.

I support an open and fair review of our laws that govern public lands and resources, but we cannot fully evaluate the fairness and appropriateness of proposed changes when legislative riders such as these put a halt to our congressional review. Mr. President, there is no doubt that important land, forest and Native American programs will continue to be supported through this annual funding bill. Unfortunately, many communities across the country will not receive the critical resources they need because of the continuing and unfair practice of pork-barrel spending. This year, our American taxpayers will pay the tab for $357 million in parochial and low-priority spending.

RESPECT MONTH

Mr. LEVIN. Mr. President, both the State of Michigan and the City of Detroit have proclaimed the month of October "Respect Month" for the past decade and October 30th "Respect Your Neighborhood Day". These designations give us the opportunity to recognize and celebrate the many daily acts of service, that sometimes go unnoticed, that are so vital to binding our communities and nation together with harmony and unity. Over the last month, organizations and schools in Michigan took the opportunity to give young people a greater acceptance of the similarities and differences of others.

The principle of respect is especially important in the aftermath of last school year's shootings. While our nation is focused on creating an atmosphere of respect from the classroom on up, it is important to pause and reflect on our respect for one another. Respect is a valuable lesson for the schools who are struggling to repair the damage these
horrific acts of violence have caused. In fact, in the last few weeks I have reported several incidences of gun violence which have devastated families and school communities, leaving many people wondering what we, as a nation, can do to prevent these tragedies, and how we can reinforce the rule of respect.

I believe there are many things that we can do to make a difference. I have stated many times that one of the first things Congress can do is limit the easy access to firearms by our young people. I will continue to speak out about the need for strengthening our gun laws, but I also believe that there are other critical components of the complex puzzle of youth violence and one of them is respect. Devoting a month to respect provides an excellent avenue by which our young people can focus on the importance of honor, acceptance, and values.

While this is not expected to end all violence, it is my hope that by continuing to implement the lessons of respect in our daily lives, we can, in fact, make a positive impact in neighborhoods, not only across Michigan, but across the country as well.


Mr. THOMPSON. Mr. President, today the American Society for Public Administration (ASPA) will be celebrating its 60th Anniversary by honoring Elmer B. Staats, who served as Comptroller General of the United States from 1966-1981. The Comptroller General of the United States has enormous responsibility as head of the U.S. General Accounting Office (GAO). Much of what we take for granted about GAO's successes in the area of government accountability is due to the leadership of each Comptroller General. The commitment required to fulfill the responsibilities of this important position are equally balanced by the excellence we have seen in the occupants of the job.

That said, Elmer Staats occupies a special place not only in GAO's history, but for establishing the foundation of improved government accountability and fiscal responsibility so important to the sound functioning of our government. As Chairman of the Senate Committee on Governmental Affairs I can attest to the importance of Mr. Staats' contributions, because they have crucially shaped the effectiveness of GAO over the years and have been of enormous assistance to the Committee and to the Congress as a whole.

Elmer Staats increased GAO's visibility and services to the Congress dramatically. Elmer Staats expanded GAO's work beyond the mere presentation of the legality of expenditures and agency administrative activities, and began examining the effectiveness of government programs. What is important is that he did so by adapting rigorous accounting or "Yellow Book" Government Auditing Standards. In fact, when it comes to the Yellow Book, Elmer Staats literally wrote the book. Finally, Elmer Staats set the pace for GAO in the fight against waste, fraud, and abuse. As Stephen Barr reported in The Washington Post on Thursday, October 28, 1999, "For fiscal 1999, the GAO expects its recommendations to produce budget savings and financial benefits worth more than $20 billion. That follows several years in which the GAO's auditing and investigative work has led to annual savings of between $16 billion and $21 billion."

I applaud ASPA's decision to honor Elmer Staats to highlight its own 60 years of service to our nation, and I extend my personal congratulations to Elmer Staats for receiving such a high honor. I ask unanimous consent that a letter from the current Comptroller General, David M. Walker, be entered into the Record at this point.

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


The Honorable Elmer B. Staats, 5011 Overlook Drive, N.W., Washington, DC 20016.

Dear Elmer: It is with enormous pride and privilege that I write this letter of congratulations and friends in honoring you on this 60th Anniversary of the American Society of Public Administration. I regret that I cannot be there to share in the celebration due to a previous family commitment.

In the worlds of public accounting and public administration, we are the beneficiaries of your good name and myriad good works. It is both an honor and a responsibility to follow in your footsteps as Comptroller General of the United States. I would not begin by attempting to do what is more often the path of the current Comptroller General, David M. Walker, but to enter into the Record at this point.

In the words of Public Accounting and Public Administration, we are the beneficiaries of your good name and myriad good works. It is both an honor and a responsibility to follow in your footsteps as Comptroller General of the United States. I would not begin by attempting to do what is more often the path of the current Comptroller General, David M. Walker, but to enter into the Record at this point.

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resulted in hundreds of jobs for minorities and females as well as producing approximately $3 billion in contracts for minority and female entrepreneurs since the beginning of the system.

During the early 1970’s, the Atlanta Urban League, under Mr. Wade’s leadership, paved the way for minorities and women to gain admission to the building trades elite crafts. Working with Arthur Fletcher and the U.S. Department of Labor a federal employment plan was developed for the construction industry in metropolitan Atlanta. This plan served as a monitoring guide for hiring and utilization of minority and female workers.

Over his long and distinguished career, Mr. Wade has received numerous citations and honors including: Fulton County Medical Society’s Distinguished Service Award; Social Worker of the Year 1971 by the North Georgia Chapter of the National Association of Social Workers; and the Distinguished Service Award by the Atlanta Morehouse Alumni Club.

He is a member of the Academy of Social Workers, the Atlanta Action Forum, the Atlanta Committee for Public Education, Organizing Committee for Gilda’s Club; Channel 35’s “Quest” Advisory Board, the Association of United Way executive committee, the Urban Insurance Task Force, and District Attorney Paul Howard’s Transition Team as well as a 1970 Atlanta Hope Atlanta Committee.

From September 1958 to July 1962, Mr. Wade served in the United States Military and received an honorable discharge with the rank of First Lieutenant. He is married and the father of four children. He is also a lifelong member of the Central Methodist Church in Atlanta.

I thank Mr. Wade for the wonderful work he has done on behalf of Atlanta and its residents and I wish the very best for him and his family in his much deserved retirement.

CONGRATULATING TWO OUTSTANDING ARKANSAS EMPLOYERS

• Mrs. LINCOLN. Mr. President, I rise today to recognize two outstanding companies in Arkansas that were named last month as two of America’s 10 best manufacturing plants in North America by Industry Week magazine. This dual achievement is impressive and stands as a testament to the strong work ethic and pride in workmanship that exists among Arkansas workers.

• Scroll Technologies of Arkadelphia and Eaton Corporation’s Aeroquip Global Hose Division in Mountain Home were selected from over 400 plants that were considered for this award. Applicants were judged on productivity, workplace safety, community involvement, customer and supplier relations, product quality and innovation in technology.

Scroll Technologies, which manufactures air conditioning and refrigeration equipment, employs 575 workers and is one of the most advanced production plants of its kind. This company’s success is founded upon management-employee partnerships, its highly skilled workforce and a strong commitment to workplace safety. Scroll Technologies can also be proud of its sound environmental record.

Eaton Corporation’s Aeroquip Global Hose Division opened for business in 1975 and now employs 285 workers in Northwest Arkansas. Eaton-Aeroquip manufactures hydraulic hoses used in large trucks and tractors. This company has succeeded by abandoning the traditional, hierarchical manufacturing process and adopting an organizational structure based on 50 employee teams. Team members are encouraged to give candid feedback about all aspects of the plant’s operations and are rewarded with performance based bonuses.

I have always said that Arkansas’ greatest asset is its people. I am glad that Scroll Technologies and Eaton-Aeroquip have taken advantage of this resource and become valuable corporate citizens in my state. I am proud to honor their achievements in the U.S. Senate. Their well earned success sends a signal to other companies in Arkansas and the nation that Arkansas is a good place for industry to do business.

ST. JOSEPH’S MERCY OF MACOMB 100TH ANNIVERSARY

• Mr. ABRAHAM. Mr. President I rise today to honor and congratulate St. Joseph’s Mercy of Macomb Hospital as they gather in celebration of their 100th Anniversary.

St. Joseph’s Mercy of Macomb has set a pioneering tradition in health care since it was founded in 1899. One year after its beginning, the hospital opened its 50 bed facility for treatment of the acutely ill. With its healing waters and mineral baths it attracted patients worldwide. St. Joseph’s Mercy continued to take great strides in healthcare by establishing a disabled children’s clinic, physical therapy department and the area’s first alcoholism treatment center which was one of the first to recognize mental illness as a disease. Continuing to provide the best quality of healthcare for the people of Macomb County, in 1990 St. Joseph’s became partners with Mercy Health systems and Henry Ford Health System.

What is truly remarkable about the people involved in St. Joseph’s Mercy is the commitment they have to removing barriers to better health and making services available close to home for people of all ages. St. Joseph’s Mercy has become a strong force in the community—working with parishes and churches to create healthcare teams and reaching out with HomeCare and neighborhood based healthcare centers. St. Joseph’s Mercy is working hard to plan for the future of healthcare needs with critical, life saving initiatives and community outreach activities all designed to create a healthier Macomb County.

The accomplishments this group has made in the past 100 years are to be commended. St. Joseph’s Mercy has made a hospital much more than four walls filled with medical equipment. They have taken their guiding spirit and reached out to the community delivering a century of caring and charitable work.

It is my hope that the St. Joseph’s Mercy of Macomb will continue to provide excellent healthcare that knows no bounds.

GEORGETOWN-RIDGE FARM HIGH SCHOOL WINS ODYSSEY WORLD TITLE

• Mr. DURBIN. Mr. President, I rise today to recognize six students at Georgetown-Ridge Farm High School who captured the Environmental Challenge division title at the Odyssey of the Mind’s world competition in Knoxville, Tennessee. These Georgetown-Ridge Farm High School students, under the tutelage of their coach, Jim Patterson, have advanced to win first place.

While this is the third consecutive year in which a Georgetown-Ridge Farm High School team has advanced a team to the world competition, students Ryan Frohock, Lynsey Hart, Manda Paige, Derek Galyen, Chelsea Spurlock, and James Chandler are the first to win the world competition, which consists of a long-term problem and a spontaneous problem.

Mr. President, we often heap praise upon athletes who demonstrate a special ability to throw a ball, catch a pass, or run extremely fast. Intellectual accomplishments, such as the one achieved by these six Georgetown-Ridge Farm students, however, are rarely acknowledged. But capturing a world title in a competition that involves both creativity and intellect clearly merits the highest commendation we can bestow upon these students. It is important that this achievement receive its due recognition, and I congratulate the six students at Georgetown-Ridge High School who won the Environmental Challenge title at the Odyssey of the Mind’s world competition, as well as their teachers, parents, and friends, all of whom played a role in their victory in Knoxville, Tennessee.

TRIBUTE TO SERGEANT STEVE REEVES AND OFFICER STEPHEN GILNER

• Mr. CLELAND. Mr. President, it has been said that “Poor is a nation which has heroes, and rich is the nation which has them, but forgets them.” I rise today before my colleagues to pay tribute to two fallen heroes, Sergeant Steve Reeves and Officer Stephen
Gilner. These policemen were two of Cobb County’s, and indeed America’s, finest. Unfortunately, in a tragic incident earlier this year, they were killed in the line of duty.

These men dutifully served and protected the great citizens of Georgia up until the last moments of their lives, when on July 23, 1999, these heroes were struck down by gunfire.

Colleagues described Stephen Gilner as a wonderful human being who had never been happier than when, after seven years in the Marine Corps, he was handed his police uniform and could make a career out of helping people. In 1999, Officer Gilner was nominated for the Officer of the Year award after saving a man from a burning van. He died last summer trying to save the life of a fellow officer. Officer Gilner leaves behind his wife Elisa and their daughter Nicole.

Sergeant Reeves had been with the Cobb County Police Department for fourteen years. Five fellow officers remembered Reeves for his sense of humor and his ability to remain calm under pressure. Just two months before the tragic shooting claimed his life, Steve Reeves had been promoted to Sergeant. The beloved hero twice decorated—once for saving the life of a fellow officer during a struggle with an armed suspect and again for rescuing a family from their burning house while he was off-duty. Sergeant Reeves is survived by his wife, Beth, and two sons, Clint and Chris.

The selfless bravery and public service displayed by these heroes are in the finest tradition of the United States. I am sure my colleagues in the Senate will join me as I extend my thoughts and prayers to Elisa, Nicole, Beth, Clint and Chris. This tragic incident is the first of its kind in more than thirty-five years where two police officers were killed in the same incident in the Atlanta Metro area. Our prayers are sent up to these men in heaven who made the ultimate sacrifice for their fellow citizens.

Tribute to Daniel J. Jacob Miller

Mr. ABRAHAM. Mr. President, I rise today to show appreciation and honor to Daniel Jacob Miller as he receives the Heroism Award presented by the Boy Scouts of America. Daniel is a true hero, good Samaritan and model citizen. On December 31, 1998, there was a tragic and massive automobile pile-up in Northern Michigan. The lone police officer on the scene needed help and that is when Dan stepped up. The officer asked if anyone had medical training and Dan, who had learned first aid training through the Boy Scouts, immediately offered his assistance. Dan’s unselfish acts fulfilling his own values and risk helped save the lives of a mother and her children and enabled the police officer to tend to the many other seriously injured motorists.

What is most exceptional about Dan is that he genuinely cares about all people and their well being. After the devastating tornadoes which struck Oklahoma last May, Dan instigated and helped organize a trip to aid in the disaster clean-up. Dan’s leadership was also apparent when he taught fellow Boy Scouts to operate a Ham Radio and assisted them in getting certified in Ham Radio operations in case of a disaster.

Dan is described as a quiet and reserved person who enjoys doing his good deeds in secret. He has throughout his life he has continually put others’ needs before his own. Daniel Miller is an exemplary person, Boy Scout and citizen. Time and time again his devotion and good will have blessed the lives of numerous people. It is my hope that many more people follow the path that Dan has set himself on and continue to make the state of Michigan and our nation a better place.

I would also like to take this opportunity to commend the Boy Scouts of America for their dedication to teaching young people the skills they need to assist in life-saving situations. The Boy Scout leaders who so unselfishly give of their time to help young men could never understand the far reaches of their work. Daniel Miller gives us one incredible example of the importance of the training young men get through the Boy Scouts of America.

YOUTH DRUG AND MENTAL HEALTH SERVICES ACT

On November 3, 1999, the Senate passed S. 976, as follows:

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Sec. 5. Metropolitan Volunteer Act.

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under subsection (a) shall demonstrate that—

"(1) the applicant will use amounts received to carry out a program or project that—

(A) addresses the needs of children and adolescents who are at risk for substance abuse; and

(B) is designed to meet the developmental needs of children and adolescents who are in need of treatment, for children and adolescents with substance abuse or mental health needs in local communities.

"(2) the activities carried out by the applicant will provide a comprehensive method for addressing such needs, that will include—

(A) security;

(B) educational reform;

(C) the review and updating of school policies;

(D) alcohol and drug abuse prevention and early intervention services;

(E) mental health prevention and treatment services;

(F) early childhood development and psychosocial services; and

(G) the applicant will use amounts received to carry out the services described in subparagraphs (D), (E), and (F) of paragraph (2).

"(3) the applicant will use amounts received to carry out the services described in subsection (a) will be distributed equitably among the regions of the country and among urban and rural areas.

"(4) the applicant will use amounts received under subsection (a) will not exceed 5 fiscal years.

"(5) the applicant will use amounts received under subsection (a) shall be used for the purposes of providing substance abuse and violence prevention and treatment services, including case management, for children and adolescents with substance abuse disorders and their families; and

"(6) the applicant will use amounts received under subsection (a) shall be used for the purpose of providing substance abuse treatment services for children and adolescents and their families after completion of substance abuse treatment; and

"(7) address the relationship between substance abuse, mental illness, and domestic violence among children and adolescents;

"(8) involve and work with families of children and adolescents receiving treatment; and

"(9) provide treatment services that are gender-specific and culturally appropriate.

"(10) provide a continuum of integrated treatment services, including case management, for children and adolescents with substance abuse disorders and their families; and

"(11) coordinate the provision of treatment services with other services in the community, including educational, juvenile justice, child welfare, and mental health agencies.

"(g) INFORMATION AND EDUCATION.—The Secretary shall establish criteria for determining that a substance abuse or mental health emergency exists and publish such criteria in the Federal Register prior to providing funds under this subsection.

"(h) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated under this title for each of fiscal years 2001 and 2002.

"(i) EMERGENCY RESPONSE.—The Secretary shall establish criteria for determining that a substance abuse or mental health emergency exists and publish such criteria in the Federal Register prior to providing funds under this subsection.

"(j) EVALUATION.—An entity that receives a grant, contract, or cooperative agreement under subsection (a) shall submit to the Secretary with periodic evaluations of the progress of such project and such evaluation at the completion of such project as the Secretary determines to be appropriate.

"(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $40,000,000 for fiscal years 2001 and 2002.

"(l) EMERGENCY RESPONSE.—In awarding grants, contracts, or cooperative agreements under subsection (a), the Secretary shall give priority to applicants who propose to—

"(1) screen for and assess substance abuse and abuse by children and adolescents who are in need of treatment for substance abuse;

"(2) make appropriate referrals for children and adolescents who are in need of treatment for substance abuse;

"(3) provide early intervention services, including counseling and ancillary services, that are designed to meet the developmental needs of children and adolescents who are at risk for substance abuse and;

"(4) develop networks with the educational, juvenile justice, social services, and other agencies and organizations in the local communities involved that work to identify children and adolescents who are in need of substance abuse treatment services;

"(5) involve and work with families of children and adolescents receiving treatment; and

"(6) provide treatment services that are gender-specific and culturally appropriate.

"(m) EMERGENCY RESPONSE.—In awarding grants, contracts, or cooperative agreements under subsection (a), the Secretary shall give priority to applicants who propose to—

"(1) provide a continuum of integrated treatment services, including case management, for children and adolescents with substance abuse disorders and their families; and

"(2) coordinate the provision of treatment services with other services in the community, including educational, juvenile justice, child welfare, and mental health agencies.

"(n) EMERGENCY RESPONSE.—In awarding grants, contracts, or cooperative agreements under subsection (a), the Secretary shall give priority to applicants who propose to—

"(1) provide treatment services that are gender-specific and culturally appropriate.

"(o) EMERGENCY RESPONSE.—In awarding grants, contracts, or cooperative agreements under subsection (a), the Secretary shall give priority to applicants who propose to—

"(1) provide treatment services that are gender-specific and culturally appropriate.
such grants, contracts, or cooperative agreements are allocated, subject to the availability of qualified applicants, among the principal geographic regions of the United States, urban and rural areas.

(d) DURATION OF GRANTS.—The Secretary shall award grants, contracts, or cooperative agreements (a) for periods not to exceed 5 fiscal years.

(e) APPLICATION.—An entity desiring a grant, contract, or cooperative agreement under subsection (a) shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(f) EVALUATION.—An entity that receives a grant, contract, or cooperative agreement under the applicable procedures for such grant, contract, or cooperative agreement, a plan for the evaluation of any project undertaken with funds provided under this section, such entity shall provide to the Secretary with periodic evaluations of the progress of such project and such evaluation at the completion of such project as the Secretary determines to be appropriate.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $20,000,000 for fiscal year 2001 and such sums as may be necessary for fiscal years 2002 and 2003.

SEC. 514B. YOUTH INTERAGENCY RESEARCH, TRANSMISSION, AND TECHNICAL ASSISTANCE CENTERS.

(a) PROGRAM AUTHORIZED.—The Secretary, acting through the Administrator of the Substance Abuse and Mental Health Services Administration, and in consultation with the Administrator of the Office of Juvenile Justice and Delinquency Prevention, the Director of J ustice Assistance and the Director of the National Institutes of Health, shall award grants or contracts to public or nonprofit private entities to establish not more than 4 research, training, and technical assistance centers to carry out the activities described in subsection (c).

(b) PURPOSE.—A public or private nonprofit entity desiring a grant or contract under subsection (a) shall prepare and submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary determines to be appropriate.

(c) AUTHORIZED ACTIVITIES.—A center established under a grant or contract under subsection (a) shall carry out the activities described in subsection (c).

(1) To conduct research and the development of appropriate strategies for disseminating information about and implementing these programs.

(2) To carry out community-based methamphetamine or inhalant abuse and addiction prevention programs that are effective and evidence-based, including programs that are most at risk for methamphetamine or inhalant abuse and addiction.

(3) To assist local government entities to conduct appropriate methamphetamine or inhalant abuse and addiction prevention programs.

(d) AUTHORIZATION OF APPROPRIATIONS.—(1) To carry out school-based programs that are focused on areas with high or increasing rates of methamphetamine or inhalant abuse and addiction and targeted at populations which are most at risk to start methamphetamine or inhalant abuse.

(2) To carry out community-based prevention programs that are focused on those populations and communities that are most at risk for methamphetamine or inhalant abuse and addiction.

(e) CURRENT GRANTEES.—(1) IN GENERAL.—Entities with active grants under section 561 of the Public Health Service Act (42 U.S.C. 290ff±4) on the date of enactment of this Act shall be eligible to receive a 6th year of funding under the grant that such grantee received in the 5th year of funding under such grant. Such 6th year may be funded without requiring peer and Advisory Committee review as required under section 504 of such Act (42 U.S.C. 290aa±3).

(2) LIMITATION.—Paragraph (1) shall apply with respect to a grantee only if the grantee agrees to comply with the provisions of section 561 as amended by subsection (a).

SEC. 105. COMPREHENSIVE COMMUNITY SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCE.

(a) MATCHING FUNDS.—Section 396(c)(3)(D) of the Public Health Service Act (42 U.S.C. 290ff(c)(3)(D)) is amended by striking "fifth" and inserting "sixth and".

(b) FLEXIBILITY FOR INDIAN TRIBES AND TERRITORIES.—Section 562 of the Public Health Service Act (42 U.S.C. 290ff±1) is amended by adding at the end the following:

"There is authorized to be appropriated to carry out subsection (a) for fiscal year 2000, and such sums as may be necessary for each of fiscal years 2001 and 2002."

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out subsection (a) for fiscal year 2000, and such sums as may be necessary for each of fiscal years 2001 and 2002.

(d) AUTHORIZATION OF APPROPRIATIONS.—Section 565(f)(1) of the Public Health Service Act (42 U.S.C. 290ff±4) is amended by striking "five fiscal" and inserting "six fiscal".

SEC. 106. SERVICES FOR CHILDREN OF SUBSTANCE ABUSERS.

(a) ADMINISTRATION AND ACTIVITIES.—(1) ADMINISTRATION.—Section 399(d)(a) of the Public Health Service Act (42 U.S.C. 290d±10) is amended—

(A) in paragraph (1), by striking "Administrator" and all that follows through "Administration" and inserting "Secretary of the Department of Health and Human Services"; and

(B) in paragraph (2), by striking "Administrator of the Substance Abuse and Mental Health Services Administration" and inserting "Secretary of the Department of Health and Human Services Administration".

(2) ACTIVITIES.—Section 399(d)(1) of the Public Health Service Act (42 U.S.C. 290d±10) is amended—

(A) in subparagraph (B), by striking "and" at the end;
(B) in subparagraph (C), by striking the period and inserting the following: “through youth service agencies, family social services, child care, Head Start, schools and after-school programs, early childhood development programs, community-based family resource and support centers, the criminal justice system, health, substance abuse and mental health providers through screenings conducted during regular childhood examinations and other examinations, self and family member referrals, substance abuse and mental health providers, and other providers of services to children and families; and”;

(3) by adding at the end of the following:

“(D) to provide education and training to health, substance abuse and mental health professionals, and other providers of services to children through youth service agencies, family social services, child care, Head Start, schools and after-school programs, early childhood development programs, community-based family resource and support centers, the criminal justice system, and other providers of services to children and families.”;

(4) by striking “the Secretary shall distribute the grants through the following types of entities;”;

(5) by adding “and the following:

“(2) Developmentally and age-appropriate drug and alcohol early intervention, treatment and prevention services.”; and

(6) by adding the following after the period:

“Services shall be provided under paragraphs (2) through (8) by a public health nurse, social worker, or similar professional, or by a training program for community worker who is supervised by a professional, or by an entity, where the professional or entity provides assurances that the professional or entity is licensed or certified by the State if required and is complying with applicable licensure or certification requirements.”;

(c) SERVICES FOR AFFECTED FAMILIES.—Section 399(c) of the Public Health Service Act (42 U.S.C. 280(c)) is amended—

(1) in paragraph (3), by deleting “and” at the end of the following:

“(A) Alcohol and drug treatment services, including screening and assessment, diagnosis, detoxification, individual, group and family counseling, relapse prevention, pharmacotherapy treatment, after-care services, and case management;”;

(2) by striking “including educational and career planning” and inserting “and counseling on the human immunodeficiency virus and acquired immune deficiency syndrome.”;

(3) by striking “and”;

(4) by adding the following after the period:

“(D) Aggressive outreach to family members with substance abuse problems.”;

(E) Inclusion of consumer in the development, implementation, and monitoring of family services plan;”;

(F) In paragraph 2—

(A) by striking paragraph (A) and inserting the following:

“(A) Alcohol and drug treatment services, including screening and assessment, diagnosis, detoxification, individual, group and family counseling, relapse prevention, pharmacotherapy treatment, after-care services, and case management;”;

(B) by striking “in substance abuse and mental health programs for children and families, self and family member referrals, substance abuse and mental health providers, and other providers of services to children and families; and”;

(C) by striking “the Secretary shall distribute the grants through the following types of entities:”;

(D) by striking the period and inserting the following: “through youth service agencies, family social services, child care, Head Start, schools and after-school programs, early childhood development programs, community-based family resource and support centers, the criminal justice system, and other providers of services to children and families.”;

(E) by adding “and the following:

“(2) Developmentally and age-appropriate drug and alcohol early intervention, treatment and prevention services.”; and

(F) by adding the following after the period:

“Services shall be provided under paragraphs (2) through (8) by a public health nurse, social worker, or similar professional, or by a training program for community worker who is supervised by a professional, or by an entity, where the professional or entity provides assurances that the professional or entity is licensed or certified by the State if required and is complying with applicable licensure or certification requirements.”;

(c) SERVICES FOR AFFECTED FAMILIES.—Section 399(c) of the Public Health Service Act (42 U.S.C. 280(c)) is amended—

(1) in paragraph (3), by adding “and” at the end of the following:

“(A) Alcohol and drug treatment services, including screening and assessment, diagnosis, detoxification, individual, group and family counseling, relapse prevention, pharmacotherapy treatment, after-care services, and case management;”;

(2) by striking “including educational and career planning” and inserting “and counseling on the human immunodeficiency virus and acquired immune deficiency syndrome.”;

(3) by striking “and”;

(4) by adding the following after the period:

“(D) Aggressive outreach to family members with substance abuse problems.”;

(E) Inclusion of consumer in the development, implementation, and monitoring of family services plan;”;

(F) In paragraph 2—

(A) by striking paragraph (A) and inserting the following:

“(A) Alcohol and drug treatment services, including screening and assessment, diagnosis, detoxification, individual, group and family counseling, relapse prevention, pharmacotherapy treatment, after-care services, and case management;”;

(B) by striking “in substance abuse and mental health programs for children and families, self and family member referrals, substance abuse and mental health providers, and other providers of services to children and families; and”;

(C) by striking “the Secretary shall distribute the grants through the following types of entities:”;

(D) by striking the period and inserting the following: “through youth service agencies, family social services, child care, Head Start, schools and after-school programs, early childhood development programs, community-based family resource and support centers, the criminal justice system, and other providers of services to children and families.”;

(E) by adding “and the following:

“(2) Developmentally and age-appropriate drug and alcohol early intervention, treatment and prevention services.”; and

(F) by adding the following after the period:

“Services shall be provided under paragraphs (2) through (8) by a public health nurse, social worker, or similar professional, or by a training program for community worker who is supervised by a professional, or by an entity, where the professional or entity provides assurances that the professional or entity is licensed or certified by the State if required and is complying with applicable licensure or certification requirements.”;
in the juvenile or criminal justice system and have serious emotional disturbances or are at risk of developing such disturbances.

(2) USE OF FUNDS.—A State or local juvenile justice agency that awards grants under subsection (a) shall use the amounts provided under the grant—

(1) to develop a plan describing the manner in which the agency will provide services for each youth offender who has a serious emotional disturbance and has been detained or incarcerated in facilities within the juvenile or criminal justice system;

(2) to provide a network of core or aftercare services or access to such services for each youth offender, including diagnostic and evaluation services, treatment services, outpatient mental health care services, medication management services, intensive home-based therapy, intensive day treatment services, respite care, and therapeutic foster care;

(3) to establish a program that coordinates with other State and local agencies providing recreational, social, educational, vocational, or operational services for youth, to enable the agency receiving a grant under this section to provide community-based system of care services for each youth offender;

(4) to provide technical assistance to support substance abuse prevention programs that are community-based; and

(5) have implemented programs that involve families, residents, community agencies, and institutions in the implementation and design of such programs.

(c) DURATION OF GRANTS.—The Secretary shall award grants under subsection (a) for a period not to exceed 3 years.

(d) USE OF FUNDS.—An applicant that is awarded a grant under subsection (a) shall—

(1) in the first fiscal year that such funds are received, use such funds to develop a model substance abuse prevention program and

(2) in each fiscal year following the first fiscal year that such funds are received, use such funds to implement the program developed under paragraph (1) to provide early intervention and substance abuse prevention services to—

(A) strengthen the environment of children of high-risk families by targeting interventions at the families of such children and the communities in which such children reside;

(B) strengthen protective factors, such as—

(i) positive adult role models;

(ii) messages that oppose substance abuse;

(iii) community actions designed to reduce accessibility to and use of illegal substances; and

(iv) willingness of individuals in families in which substance abuse occurs to seek treatment for substance abuse;

(C) reduce family and community risks, such as family violence, alcohol or drug use, and mental health problems that may affect healthy child development and increase the likelihood of substance abuse; and

(D) build collaborative and formal partnerships among local agencies, institutions, and businesses to ensure that comprehensive high quality services are provided, such as early childhood education, health care, family support programs, parent education programs, and home visits for infants.

(e) APPLICATION.—To be eligible to receive a grant under subsection (a), an applicant shall prepare and submit to the Secretary an application that—

(1) describes a model substance abuse prevention program that such applicant will establish;

(2) describes the manner in which the services described in subsection (d)(2) will be provided; and

(3) describe in as much detail as possible the results that the entity expects to achieve in implementing such a program.

(f) MATCHING FUNDING.—The Secretary may not make a grant to a entity under subsection (a) unless the entity agrees that, with respect to the costs to be incurred by the entity in carrying out the program for which the grant was awarded, the entity will make available non-Federal contributions in an amount that is not less than 40 percent of the amount provided under the grant.

(g) REPORT TO SECRETARY.—An applicant that is awarded a grant under subsection (a) shall prepare and submit to the Secretary a report in such form and containing such information as the Secretary may require, including an assessment of the efficacy of the model substance abuse prevention program developed by the applicant and the short, intermediate, and long term results of such program.

(h) EVALUATIONS.—The Secretary shall conduct evaluations, based in part on the reports submitted under subsection (g), to determine the effectiveness of the programs funded under subsection (a) in reducing substance abuse by individuals of high-risk families and in making communities in which such families reside stronger. The Secretary shall submit such evaluations to the appropriate committees of Congress.

(i) HIGH-RISK FAMILIES.—In this section, the term ‘high-risk family’ means a family in which the individuals of such family are at a significant risk of using or abusing alcohol or any illegal substance.

(j) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section, $3,000,000 for fiscal year 2000, and such sums as may be necessary for each of the fiscal years 2001 and 2002.

SEC. 109. GENERAL PROVISIONS.

(a) DUTIES OF THE CENTER FOR SUBSTANCE ABUSE TREATMENT.—Section 507(b) of the Public Health Service Act (42 U.S.C. 290bb-21(b)) is amended—

(1) by redesigning paragraphs (2) through (12) as paragraphs (4) through (14), respectively;

(2) by inserting after paragraph (1), the following:

Ensure that emphasis is placed on children and adolescents in the development of treatment programs;

(3) by inserting after paragraph (11), the following:

(12) collaborate with the Attorney General to develop programs to provide substance abuse treatment services to individuals who have had contact with the justice system, especially adolescents; and

(3) in paragraph 14 (as so redesignated), by striking paragraph (11) and inserting—

(13) Office for Substance Abuse Prevention.—Title 507(b) of the Public Health Service Act (42 U.S.C. 290bb-22(b)) is amended—

(1) by redesigning paragraphs (9) and (10) as paragraphs (11) and (12), respectively;

(2) by inserting after paragraph (8), the following:

(9) collaborate with the Attorney General to develop programs to prevent drug abuse among high risk youth; and

(10) by striking paragraph (8) and inserting—

(11) Office for Substance Abuse Prevention.—Title 507(b) of the Public Health Service Act (42 U.S.C. 290bb-22(b)) is amended—

(1) by redesigning paragraphs (9) and (10) as paragraphs (11) and (12), respectively;

(2) by inserting after paragraph (8), the following:

(9) collaborate with the Attorney General to develop programs to prevent drug abuse among high risk youth; and
(3) in paragraph (10) (as so redesignated), by striking "public concerning" and inserting "public, especially adolescent audiences, concerning"

(c) TITLE II—PROVISIONS RELATING TO MENTAL HEALTH

SEC. 201. PRIORITY MENTAL HEALTH NEEDS OF REGIONAL AND NATIONAL SIGNIFICANCE.

(a) IN GENERAL.—Section 520A of the Public Health Service Act (42 U.S.C. 290bb–32) is amended to read as follows:

"SEC. 520A. PRIORITY MENTAL HEALTH NEEDS OF REGIONAL AND NATIONAL SIGNIFICANCE.

"(a) PROJECTS.—The Secretary shall address priority mental health needs of regional and national significance (as determined by the Secretary) through the provision of or through assistance for—

"(1) knowledge development and application projects for prevention, treatment, and rehabilitation, and the conduct or support of evaluations of such projects;

"(2) training and technical assistance programs;

"(3) targeted capacity response programs; and

"(4) systems change grants including statewide family network grants and client-oriented and consumer-run self-help activities. The Secretary may carry out the activities described in this subsection directly or through grants, contracts, or cooperative agreements with States, political subdivisions of States, Indian tribes and tribal organizations, other public or private nonprofit entities.

(b) PRIORITY MENTAL HEALTH NEEDS.—

"(1) DETERMINATION OF NEEDS.—Priority mental health needs of regional and national significance shall be determined by the Secretary, in conjunction with the Director of the Center for Mental Health Services, the Director of the Center for Substance Abuse Treatment, and the Administrator of the Health Resources and Services Administration, to give special consideration to the integration of mental health services into primary health care systems.

"(c) REQUIREMENTS.—

"(1) IN GENERAL.—Recipients of grants, contracts, and cooperative agreements under this section shall comply with information and application requirements determined appropriate by the Secretary.

"(2) DURATION OF AWARD.—With respect to a grant, contract, or cooperative agreement awarded under this section, the period during which such award is made to the recipient may not exceed 5 years.

"(3) MATCHING FUNDS.—The Secretary may, for projects carried out under subsection (a), require that entities that apply for grants, contracts, or cooperative agreements under this section provide non-Federal matching funds, as determined appropriate by the Secretary, to ensure the institutional commitment of the entity to the projects funded under such agreements. Such non-Federal matching funds may be provided directly or through donations from public or private entities and may be in the form of plant, equipment, or services.

"(4) MAINTENANCE OF EFFORT.—With respect to any activities for which a grant, contract, or cooperative agreement is awarded under this section, the Secretary may require that recipients for specific projects maintain expenditures of non-Federal amounts for such activities at a level that is not less than the level of such expenditures maintained by the entity for the fiscal year immediately preceding the fiscal year for which the entity receives such a grant, contract, or cooperative agreement.

"(5) EVALUATION.—The Secretary shall evaluate each project carried out under subsection (a) and shall disseminate the findings with respect to each such evaluation to appropriate public and private entities.

"(6) INFORMATION AND EDUCATION.—The Secretary shall establish information and education programs to disseminate and implement the findings of the knowledge development and application, training, and technical assistance programs, and targeted capacity response projects under this section, to the general public, to health care professionals, and to interested groups. The Secretary shall make every effort to provide linkages between the findings of supported projects and State and local governments responsible for carrying out mental health services.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated to carry out this section, $300,000,000 for fiscal year 2001, and such sums as may be necessary for each of the fiscal years 2002 and 2003.

"(2) DATA INFRASTRUCTURE.—If amounts are not appropriated for a fiscal year to carry out section 1971 with respect to mental health, then the Secretary shall make available, from the amounts appropriated for such fiscal year paragraph (1), an amount equal to the sum of $6,000,000 and 10 percent of all amounts carried forward for such fiscal year under such paragraph in excess of $100,000,000, to carry out such section 1971.

"(f) CONFORMING AMENDMENTS.—

"(1) Section 303 of the Public Health Service Act (42 U.S.C. 242a) is repealed.

"(2) Section 200B of the Public Health Service Act (42 U.S.C. 242c) is repealed.

"(3) Section 612 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 290aa–3 note) is repealed.

SEC. 202. GRANTS FOR THE BENEFIT OF HOMELESS INDIVIDUALS.

Section 506 of the Public Health Service Act (42 U.S.C. 290aa–5) is amended to read as follows:

"SEC. 506. GRANTS FOR THE BENEFIT OF HOMELESS INDIVIDUALS.

"(a) IN GENERAL.—The Secretary shall award grants, contracts and cooperative agreements to community-based public and private nonprofit entities for the purposes of providing mental health and substance abuse services for homeless individuals. In carrying out this section, the Secretary shall consult with the Interagency Council on the Homeless (Established by section 201 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11311)).

"(b) NONGRANT FUNDING.—In awarding grants, contracts, and cooperative agreements under subsection (a), the Secretary shall give a preference to—

"(1) entities that provide integrated primary health, substance abuse, and mental health services to homeless individuals;

"(2) entities that demonstrate effective-ness in serving runaway, homeless, and street youth;

"(3) entities that have experience in providing substance abuse mental health services to homeless individuals;

"(4) entities that demonstrate experience in providing housing for individuals in treat-ment for mental illness or substance abuse; and

"(5) entities that demonstrate effective-ness in serving homeless veterans.

"(c) SERVICES FOR CERTAIN INDIVIDUALS.—

In awarding grants, contracts, and cooperative agreements under subsection (a), the Secretary shall not—

"(1) provide the provision of services under such subsection to homeless individ-uals who are suffering from a substance abuse disorder and are not suffering from a mental health disorder; and

"(2) make payments under subsection (a) to any entity that has a policy of—

"(A) excluding individuals from mental health services due to the existence or suspicion of substance abuse; or

"(B) has a policy of excluding individuals from substance abuse services due to the existence or suspicion of mental illness.

"(d) TERM OF THE AWARDS.—No entity may receive a grant, contract, or cooperative agreement under subsection (a) for more than 5 years.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

There is authorized to be appropriated to carry out this section, $200,000,000 for fiscal year 2000, and such sums as may be necessary for each of the fiscal years 2001 and 2002.

SEC. 203. PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS.

(a) WAIVERS FOR TERRITORIES.—Section 532 of the Public Health Service Act (42 U.S.C. 290ccc–2) is amended by adding at the end the following:

"(1) WAIVER FOR TERRITORIES.—With respect to the United States Virgin Islands, Guam, American Samoa, Palau, the Marshall Islands, and the Commonwealth of the Northern Mariana Islands, the Secretary may waive any part of the provisions of this Act that the Secretary determines to be appropriate.

"(b) AUTHORIZATION OF APPROPRIATIONS.—

Section 532(a) of the Public Health Service Act (42 U.S.C. 290ccc–2) is amended by striking "1991 through 1994" and inserting "2000 through 2002".

SEC. 204. COMPREHENSIVE MENTAL HEALTH SERVICES PERFORMANCE PARTNERSHIP BLOCK GRANT.

(a) CRITERIA FOR PLAN.—Section 192(b) of the Public Health Service Act (42 U.S.C. 300x–2(b)) is amended by redesignating paragraphs (1) through (12) and inserting the following:

"(1) COMPREHENSIVE COMMUNITY-BASED MENTAL HEALTH SYSTEMS.—The plan provides for an organized community-based system of care for individuals with mental illness and describes available services and resources in a comprehensive system of care, including services for dually diagnosed individuals. The description of the system of care shall include health and mental health services, rehabilitation services, employment services, housing services, educational services, substance abuse services, medical and dental care, and other support services to be provided to individuals with Federal, State and local public and private resources to enable such individuals to function outside of inpa-tient or residential institutions to the max-imum extent possible. The plan describes the services to be provided by local school sys-tems under the Individuals with Disabilities Education Act. The plan shall include a sepa-rate description of individualized services and provide for activities leading to re-duction of hospitalization.
"(2) Mental health system data and epidemiology.—The plan contains an estimate of the incidence and prevalence in the State of serious mental illness among adults and serious emotional disturbance among children and presents quantitative targets to be achieved in the implementation of the system described in paragraph (1)."

"(3) Services.—In the case of children with serious emotional disturbance, the plan:

(A) subject to subparagraph (B), provides for a system of integrated social services, educational services, juvenile services, and substance abuse services that, together with health and mental health services, be provided in order for such children to receive care appropriate for their multiple needs (such system to include services provided under the Individuals with Disabilities Education Act);

(B) provides that the grant under section 1911 for the fiscal year involved will not be expended to provide any service under such system other than comprehensive community mental health services; and

(C) provides for the establishment of a defined geographic area for the provision of the services of such system.

"(4) Targeted services to rural and homeless populations.—The plan describes the State's outreach to and services for individuals who are homeless and how community-based services will be provided to individuals residing in rural areas.

"(5) Systems.—The plan describes the financial resources, staffing and training for mental health providers that is necessary to implement the plan, and provides for the provision of emergency health services regarding mental health. The plan further describes the manner in which the State intends to expend the grant under section 1911 for the fiscal year involved.

Except as provided for in paragraph (3), the State plan shall contain the information required under this subsection with respect to both adults with serious mental illness and children with serious emotional disturbance.

"(6) Review of planning council of State's report.—Section 1915(a) of the Public Health Service Act (42 U.S.C. 300x-4(a)) is amended—

(1) in paragraph (1), by inserting "and the report of the State under section 1942(a concerning the preceding fiscal year" after "to the grant"; and

(2) in paragraph (2), by inserting before the period "and any comments concerning the annual report".

"(7) Maintenance of effort.—Section 1915(b) of the Public Health Service Act (42 U.S.C. 300x-4(b)) is amended—

(1) by redesigning paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(2) by inserting after paragraph (1), the following:

"(2) Exclusion of certain funds.—The Secretary may exclude from the aggregate State expenditures under subsection (a), funds appropriated to the principle agency for authorized activities which are of a non-recurring nature and for a specific purpose.

"(3) Application for grants.—Section 1917(a)(1) of the Public Health Service Act (42 U.S.C. 300x-6(a)(1)) is amended to read as follows:

"(1) the plan is received by the Secretary not later than September 1 of the fiscal year prior to the fiscal year for which a State is seeking funds, and the report from the previous fiscal year as required under section 1941 is received by December 1 of the fiscal year for which a State is seeking funds; and

"(A) Waivers for territories.—Section 1917(b) of the Public Health Service Act (42 U.S.C. 300x-6(b)) is amended by striking 'whose allotment under section 1911 for the fiscal year is the amount specified in section 1912(a)(2)(B)' and inserting in its place "except Puerto Rico".

"(f) Authorization of Appropriation.—Section 1920 of the Public Health Service Act (42 U.S.C. 300x-9) is amended—

(1) in paragraph (1)(A), by striking "$450,000,000" and all that follows through the end and inserting "$450,000,000 for fiscal year 2000, and such sums as may be necessary for each of the fiscal years 2001 and 2002"; and

(2) in subsection (b)(2), by striking "section 505" and inserting "sections 505 and 1971".

"(2) Determination.—Section 1981(b) of the Public Health Service Act (42 U.S.C. 300x-7(b)) is amended to read as follows:

"(B) Minimum allotments for States.—With respect to fiscal year 2000, and subsequent fiscal years, the amount of the allotment of a State under section 1911 shall not be less than the amount the State received under such section for fiscal year 1998.

"(3) Protection and Advocacy for Mentally Ill Individuals Act of 1986.—(a) Short title.—The first section of the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (Public Law 99-319) is amended to read as follows:

"(1) Title.—The title of section 1 is amended to read as follows:

"(A) in the matter preceding subparagraph (A), by inserting "and the Protection and Advocacy for Mentally Ill Individuals Act" after "Protection and Advocacy Act of 1973"; and

"(B) in subparagraph (A)—

(i) by striking "Protection and Advocacy for Mentally Ill Individuals Act"; and

(ii) by redesignating clauses (ii) and (iii) as subclauses (I) and (II); and

(iii) in subclause (I) (as so redesignated), by striking the period and inserting "; or"; and

(iv) by adding at the end the following:

"(ii) who satisfies the requirements of subparagraph (A) and lives in a community setting, including their own home.

"(3) Use of allotments.—Section 104 of the Protection and Advocacy for Individuals with Mental Illness Act (as amended by subsection (a)) (42 U.S.C. 10824) is amended—

(1) in paragraph (4)—

(A) in the matter preceding subparagraph (A), by inserting ""; except as provided in section 104(d),"; and

(B) in subparagraph (B)—

(i) by striking "(1)" who" and inserting "(i)" who"; and

(ii) by redesignating clauses (ii) and (iii) as subclauses (I) and (II); and

(iii) in subclause (I) (as so redesignated), by striking the period and inserting "; or"; and

(iv) by adding at the end the following:

"(ii) who satisfies the requirements of subparagraph (A) and lives in a community setting, including their own home.

"(B) Minimum amount.—Paragraph (2) of section 104 is amended—

(1) in the matter preceding subparagraph (B), by striking "and" and inserting "or"; and

(2) by striking "$1,200,000" and inserting "$1,450,000".

"(C) Technical amendments.—Section 591 of the Protection and Advocacy Act of 1973 (42 U.S.C. 10824) is amended by striking "1995" and inserting "2002".

"(7) Requirement relating to the rights of residents of certain facilities.—Title V of the Public Health Service Act (42 U.S.C. 250aa et seq.) is amended by adding at the end the following:

"(a) in general.—(1) The Secretary shall protect and promote the rights of each resident of the facility, including the right to be free from physical or mental abuse, corporal punishment, and any involuntary seclusions imposed for purposes of discipline or convenience.

"(2) Reauthorization.—Section 117 of the Protection and Advocacy for Mentally Ill Individuals Act (as amended by subsection (a)) (42 U.S.C. 10827) is amended by striking "1995" and inserting "2002".

"(b) requirement relating to the rights of residents of certain facilities.—(1) Protection and Advocacy for Mentally Ill Individuals Act (42 U.S.C. 10822(a)) is amended—

(A) by striking "$1,393,000" and inserting "$1,500,000"; and

(B) by striking "$260,000" and inserting "$255,000".

"(2) Requirement relating to the rights of residents of certain facilities.—(a) In general.—(1) The term "American Indian consensus" means a consortium established under part B of title IV of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6042 et seq.)

"(2) Authorization of Appropriation.—Section 1920 of the Public Health Service Act (42 U.S.C. 300x-9) is amended—

(1) in paragraph (1), by striking "Trust Territory of the Pacific Islands" and inserting "Marshall Islands, the Federated States of Micronesia, the Republic of Palau"; and

(2) by striking "a State" and inserting "the State".

"(3) Reauthorization.—Section 117 of the Protection and Advocacy for Mentally Ill Individuals Act (as amended by subsection (a)) (42 U.S.C. 10827) is amended by striking "1995" and inserting "2002".

"(a) In general.—(1) The Secretary shall protect and promote the rights of each resident of the facility, including the right to be free from physical or mental abuse, corporal punishment, and any involuntary seclusions imposed for purposes of discipline or convenience.

"(2) Technical Amendments.—The term "restraints and seclusion" may only be imposed on a resident of a facility described in subsection (a) if—

"(i) the restraints or seclusion are imposed to ensure the physical safety of the resident, a staff member, or other individual; and

"(ii) the restraints or seclusion are imposed only upon the written order of a physician, or other licensed independent practitioner permitted by the State and the facility to order such restraint or seclusion, that specifies the duration and circumstances under which the restraints are to be used (except in emergency circumstances specified by the Secretary until such an order could reasonably be obtained).

"(C) definitions.—In this section—

"(1) restraints and seclusion.—The term "restraints" means—

"(A) any physical restraint that is a mechanical or personal restriction that immo-"
prescribed devices, surgical dressings or bandages, protective helmets, or any other methods that involves the physical holding of a resident for the purpose of conducting routing operations or tests to protect the resident from falling out of bed or to permit the resident to participate in activities without the risk of physical harm to the residents, the staff, or for the resident's medical or psychiatric condition.

(2) Seclusion.—The term 'seclusion' means any separation of the resident from the group of the facility that prevents the resident from returning to such population if he or she desires.

SEC. 592. REPORTING REQUIREMENT.

(a) In general.—Each facility to which the Protection and Advocacy for Mentally Ill Individuals Act of 1986 applies shall notify the appropriate agency, as determined by the Secretary, of each death that occurs at each such facility while a patient is restrained or in seclusion, of each death occurring within 24 hours after the patient has been removed from restraints and seclusion, or where it is reasonable to assume that a patient's death is a result of such seclusion or restraint. A notification under this section shall include the name of the resident and shall be provided not later than 7 days after the date of the death of the individual involved.

(b) In this section, the term 'facility' has the meaning given the term 'facility' in section 102(3) of the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10807(3)).

SEC. 593. REGULATIONS AND ENFORCEMENT.

(a) Training.—Not later than 1 year after the date of enactment of this part, the Secretary, in consultation with the appropriate State and local protection and advocacy organizations, physicians, facilities, and other health care professionals and patients, shall promulgate regulations that require facilities to which the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10801 et seq.) applies, to meet the requirements of subsection (b).

(b) Requirements.—The regulations promulgated under subsection (a) shall require that—

(1) facilities described in subsection (a) ensure that there is an adequate number of qualified professional and supportive staff to evaluate, formulate written individualized, comprehensive treatment plans, and to provide active treatment measures;

(2) appropriate training be provided for the staff of such facilities in the use of restraints and any alternatives to the use of restraints; and

(3) such facilities provide complete and accurate notification of deaths, as required under section 592(a).

(c) Enforcement.—A facility to which this part applies is in violation of any requirement of this part, including a failure to provide appropriate training, shall not be eligible for participation in any program or activity under this part, in whole or in part by funds appropriated to any Federal department or agency.

TITe III—PROVISIONS RELATING TO SUBSTANCE ABUSE

SEC. 301. PRIORITY SUBSTANCE ABUSE TREATMENT NEEDS OF REGIONAL AND NATIONAL SIGNIFICANCE.

(a) Resident Treatment Programs for Pregnant and Postpartum Women.—Section 508(b) of the Public Health Service Act (42 U.S.C. 250b-3(b)) is amended to read as follows:

(f) Authorization of Appropriations.—

For the purpose of carrying out this section, there are authorized to be appropriated such sums as may be necessary to fiscal years 2000 through 2002.

(b) Priority Substance Abuse Treatment.—Section 509 of the Public Health Service Act (42 U.S.C. 250b-1) is amended to read as follows:

SEC. 509. Priority Substance Abuse Treatment Needs of Regional and National Significance.

(1) Provisions.—The Secretary shall address priority substance abuse treatment needs of regional and national significance (as determined under subsection (b)) through the provision of grants for—

(A) knowledge development and application projects for treatment and rehabilitation and the conduct or support of evaluations of such programs,

(B) training and technical assistance, and

(3) targeted capacity response programs.

The Secretary may carry out the activities described in this section directly or through grants, contracts, or cooperative agreements with States, political subdivisions of States, Indian tribes and tribal organizations, other public or nonprofit private entities.

(c) Enforcement.—A facility to which the Protection and Advocacy for Mentally Ill Individuals Act of 1986 (42 U.S.C. 10801 et seq.) applies, to meet the requirements of this section shall comply with information and application requirements determined appropriate by the Secretary.

(d) Authorization of Appropriations.—There are authorized to be appropriated for each of the fiscal years 2001 and 2002.

(c) CONFORMING AMENDMENTS.—The following sections of the Public Health Service Act are repealed:

(a) Section 510 (42 U.S.C. 250b-3).

(b) Section 511 (42 U.S.C. 250b-4).

(c) Section 512 (42 U.S.C. 250b-5).

(d) Section 571 (42 U.S.C. 290g).

SEC. 302. PRIORITY SUBSTANCE ABUSE PREVENTION NEEDS OF REGIONAL AND NATIONAL SIGNIFICANCE.

(a) In general.—Section 516 of the Public Health Service Act (42 U.S.C. 250b-1) is amended to read as follows:

SEC. 516. Priority Substance Abuse Prevention Needs of Regional and National Significance.

(1) In general.—Priority substance abuse prevention needs of regional and national significance shall be determined by the Secretary after consultation with States and other interested groups. The Secretary shall meet with the States and interested groups on an annual basis to discuss program priorities.

(2) Special Consideration.—In developing program priorities under paragraph (1), the Secretary, in consultation with the Secretary of Health and Human Services, shall give special consideration to the integration of substance abuse treatment services into primary health care systems.

(3) Requirements.—(1) In general.—Recipients of grants, contracts, or cooperative agreements under this section shall comply with information and application requirements determined appropriate by the Secretary.

(a) Duration of Award.—With respect to a grant, contract, or cooperative agreement awarded under this section, the period during which payments under such award are made to the recipient may not exceed 5 years.

(c) Special Consideration.—In developing program priorities under paragraph (1), the Secretary shall give special consideration to—

(a) including grants, contracts, or cooperative agreements under this section (as determined under subsection (b)) through the provision of or through assistance for—

(i) knowledge development and application projects for prevention and the conduct or support of evaluations of such projects;

(ii) training and technical assistance; and

(iii) targeted capacity response programs.

The Secretary may carry out the activities described in this section directly or through grants, contracts, or cooperative agreements with States, political subdivisions of States, Indian tribes and tribal organizations, or other public or nonprofit private entities.

SEC. 303. SUBSTANCE ABUSE TREATMENT NEEDS OF REGIONAL AND NATIONAL SIGNIFICANCE.

(a) In general.—The Secretary shall address priority substance abuse prevention needs of regional and national significance (as determined under subsection (b)) through the provision of grants for—

(A) knowledge development and application projects for treatment and rehabilitation and the conduct or support of evaluations of such programs,

(B) training and technical assistance, and

(3) targeted capacity response programs.

The Secretary may carry out the activities described in this section directly or through grants, contracts, or cooperative agreements with States, political subdivisions of States, Indian tribes and tribal organizations, other public or nonprofit private entities.

SEC. 304. PRIORITY SUBSTANCE ABUSE PREVENTION NEEDS OF REGIONAL AND NATIONAL SIGNIFICANCE.

(a) In general.—There are authorize...
require that entities that apply for grants, contracts, or cooperative agreements under that project provide non-Federal matching funds, as determined appropriate by the Secretary, for the Federal share of the expenses. Providing the Secretary establishes the Federal share of any costs under subsection (a), each State shall be required, as a condition of receipt of funds, to collect, analyze, and report to the Secretary for each fiscal year subsequent to receiving such funds a core data set to be determined by the Secretary in conjunction with the States.

SEC. 304. DETERMINATION OF ALLOTMENTS.

Section 1933(b) of the Public Health Service Act (42 U.S.C. 300x–32(a)(1)) is amended to read as follows:

``(1) the application is received by the Secretary not later than October 1 of the fiscal year for which the State is seeking funds;''.

SEC. 305. NONDISCRIMINATION AND INSTITUTIONAL SAFEGUARDS FOR RELIGIOUS PROVIDERS.

Subpart III of part B of title XIX of the Public Health Service Act (42 U.S.C. 300x–51 et seq.) is amended by adding at the end the following:

``SEC. 1995. SERVICES PROVIDED BY NON-GOVERNMENTAL ORGANIZATIONS.

(a) PURPOSES.—The purposes of this section are—

(1) to prohibit discrimination against nongovernmental organizations and certain individuals on the basis of disbursement of government funds to provide substance abuse services under this title and title V, and the receipt of services under such titles; and

(2) to allow the organizations to accept the funds to provide the services to the individuals without impairing the religious character of the organization or the religious freedom of the individuals.

(b) RELIGIOUS ORGANIZATIONS INCLUDED AS NON-GOVERNMENTAL PROVIDERS.—

(1) IN GENERAL.—A State may administer and provide substance abuse services under any program under this title or title V through grants, contracts, or cooperative agreements to provide services under, or applies to provide services under, such programs, on the condition that the State does not discriminate in benefit distribution under such titles against otherwise qualified nongovernmental organizations.

(2) REQUIREMENT.—A State shall adopt policies that prohibit discrimination against nongovernmental organizations that are religious organizations or the religious freedom of the individuals.

(3) LIMITATIONS.—

(a) IN GENERAL.—Except as provided in subparagraph (B), a State shall not receive an allotment under section 1921 for a fiscal year in an amount that is less than the amount appropriated under section 1935(a) for such fiscal year.

(b) EXCEPTION.—In applying subparagraph (A), the Secretary shall reduce the amount appropriated under section 1935(a) for a fiscal year in an amount that is less than the amount appropriated under section 1935(a) for such fiscal year by the amount of the allotment under section 1921 for a fiscal year in an amount that is equal to 30 percent of the percentage by which the amount appropriated under section 1935(a) for such fiscal year exceeds the amount appropriated for the prior fiscal year.

(c) DECREASE IN OR EQUAL APROPRIATIONS.—If the amount appropriated under section 1935(a) for a fiscal year in an amount that is less than the amount appropriated under section 1921 for a fiscal year, then the State shall reduce the amount appropriated under section 1935(a) for a fiscal year in an amount that is equal to or less than the amount appropriated under section 1921 for a fiscal year to a lesser percentage than the amount appropriated under section 1921 for a fiscal year in an amount that is less than the amount appropriated under section 1935(a) for such fiscal year.

(d) AWARD AUTHORITY FOR CERTAIN REQUIREMENTS.—

The Secretary shall establish comprehensive information and dissemination of the knowledge development and application, training and technical assistance programs, and targeted capacity building programs under this section to the general public and to health professionals. The Secretary shall make every effort to make linkages between the skillings of supported projects and State agencies responsible for carrying out substance abuse prevention and treatment programs. 

(f) WAIVER FOR CERTAIN REQUIREMENTS.—

The Secretary shall establish comprehensive information and dissemination of the knowledge development and application, training and technical assistance programs, and targeted capacity building programs under this section to the general public and to health professionals. The Secretary shall make every effort to make linkages between the skillings of supported projects and State agencies responsible for carrying out substance abuse prevention and treatment programs. 

(g) INFORMATION AND EDUCATION.—The Secretary shall establish comprehensive information and dissemination of the knowledge development and application, training and technical assistance programs, and targeted capacity building programs under this section to the general public and to health professionals. The Secretary shall make every effort to make linkages between the skillings of supported projects and State agencies responsible for carrying out substance abuse prevention and treatment programs. 

(4) CONFORMING AMENDMENTS.—Effective upon the effective date of the regulations developed in accordance with section 1932(e)(1) of the Public Health Service Act (42 U.S.C. 300x–32(d)), the following:

Section 1922(c) of the Public Health Service Act (42 U.S.C. 300x–22(c)) is amended by—

(i) striking paragraph (2); and

(ii) redesignating paragraph (3) as paragraph (2); and

(2) CONFORMING AMENDMENTS.—Effective upon the effective date of the regulations developed in accordance with section 1932(e)(1) of the Public Health Service Act (42 U.S.C. 300x–32(d)), the following:

Section 1922(c) of the Public Health Service Act (42 U.S.C. 300x–22(c)) is amended by—

(i) striking paragraph (2); and

(2) CONFORMING AMENDMENTS.—Effective upon the effective date of the regulations developed in accordance with section 1932(e)(1) of the Public Health Service Act (42 U.S.C. 300x–32(d)), the following:

(h) APPLICATION FOR GRANTS.—Section 1929(d) of the Public Health Service Act (42 U.S.C. 300x–29(d)) is amended by adding at the end the following:

``(3) REQUIREMENT.ÐA State that elects to utilize nongovernmental organizations as providers under paragraph (1) shall consider, on the same basis as other nongovernmental organizations, all other substance abuse programs under this title or title V, as long as the programs under such titles are implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution.

(3) LIMITATIONS.—

(a) IN GENERAL.—With respect to fiscal years subsequent to the fiscal year for which the State is seeking funds, the amount of the allotment of a State under section 1921 shall not be less than the amount the State received under such section for the previous fiscal year increased by an amount equal to 30.65 percent of the percentage by which the aggregate amount appropriated under such section for the previous fiscal year exceeds the aggregate amount allotted to all States for the previous fiscal year.

(b) EXCEPTION.—In applying subparagraph (A), in the case of a State that receives an allotment under section 1921 for a fiscal year in an amount that is less than the amount appropriated under section 1935(a) for such fiscal year.
the basis that the organization has a religious character.

(2) RELIGIOUS CHARACTER AND INDEPENDENCE.

(A) In general.—A religious organization that provides services under any substance abuse program under this title or title V shall have as its governing body an entity that is independent from Federal, State, or local governments, including such organization's control over the definition, development, practice, and expression of its religious beliefs.

(B) Additional safeguards.—Neither the Federal Government nor a State or local government shall require a religious organization to—

(1) alter its form of internal governance;

(2) remove religious art, icons, scripture, or other symbols; or

(3) in order to be eligible to provide services under any substance abuse program under this title or title V.

(3) Employment practices.—

(A) Substance abuse.—A religious organization that provides services under any substance abuse program under this title or title V shall ensure that its employees providing services under such program adhere to rules forbidding the use of drugs or alcohol.

(B) Notice.—The appropriate Federal, State, or local government shall have the authority under the contract or agreement to select nongovernmental organizations to provide services under such program adhere to rules forbidding the use of drugs or alcohol.

(C) Enforcement.—Any party that seeks to enforce such party's rights under this section may assert an equitable or injunctive relief exclusively in an appropriate Federal or State court against the entity, agency or official that allegedly commits such violation.

(D) Limitations on use of funds for certain purposes.—No funds provided through a grant to a religious organization to provide services under any substance abuse program under this title or title V shall be expended for sectarian worship, instruction, or proselytization.

(E) Effect on state and local funds.—If a State or local government contributes State or local funds to carry out any substance abuse program under this title or title V, the State or local government may segregate the State or local funds from the Federal funds provided to carry out the program. If the State or local government commingles the State or local funds, the provisions of this section shall apply to the commingled funds in the same manner, and to the same extent, as the provisions apply to the Federal funds.

(F) Treatment of intermediate organizations.—If a contract or other agreement with the Federal Government or a State or local government, is given the authority under the contract or agreement to select nongovernmental organizations to provide services under any substance abuse program under this title or title V, the intermediate organization shall have the duties under this section as the government but shall retain all other rights of a nongovernmental organization under this section.

SEC. 306. ALCOHOL AND DRUG PREVENTION OR TREATMENT SERVICES FOR INDIANS AND NATIVE ALASKANS.

(A) In general.—The Secretary shall award grants, contracts, or cooperative agreements to public and private nonprofit entities, including Native Alaskan entities and Indian tribes and tribal organizations, for the purpose of providing alcohol and drug prevention or treatment services for Indians and Native Alaskans.

(B) Priority.—The Secretary shall give priority to applications for—

(1) programs to provide alcohol and drug prevention or treatment services on reservations;

(2) propose to employ culturally-appropriate approaches, as determined by the Secretary, in providing such services; and

(3) have provided prevention or treatment services to Native Alaskans and Indian tribes and tribal organizations for at least 1 year prior to applying for a grant under this section.

(C) Duties of the Secretary.—The Secretary shall award grants, contracts, or cooperative agreements under subsection (a) for a period not to exceed 5 years.

(D) Definition.—An entity desiring a grant, contract, or cooperative agreement under subsection (a) shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

(E) Evaluation.—An entity that receives a grant, contract, or cooperative agreement under subsection (a) shall submit, in the application for such grant, a plan for the evaluation of the project undertaken with funds provided under this section. Such entity shall provide the Secretary with periodic evaluations of the progress of such project and such evaluation at the completion of such project as the Secretary determines to be appropriate. The final evaluation submitted by such entity shall include a recommendation as to whether such project shall continue.

(F) Report.—Not later than 3 years after the date of enactment of this section and annually thereafter, the Secretary shall prepare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate, a report describing the services provided pursuant to this section.

(G) Authorization of Appropriations.—There are authorized to be appropriated to carry out this section, $15,000,000 for fiscal years 2001 and 2002.

SEC. 545. ESTABLISHMENT OF COMMISSION.

(A) In general.—There is established a Commission to be known as the Commission on Indian and Native Alaskan Health Care that shall examine the health concerns of Indians and Native Alaskans who reside on reservations and tribal lands (hereafter in this section referred to as the Commission). The Commission—

(B) Membership.—

(1) In general.—The Commission shall consist of—

(A) 5 Members appointed by the Senate;

(B) 5 Members appointed by the House of Representatives; and

(C) 3 Members appointed by the President, with the advice and consent of the Senate.

(2) Constitution and functions.—The Commission shall be an independent establishment and shall—

(a) examine the health concerns of Indians and Native Alaskans;

(b) study the health concerns of Indians and Native Alaskans; and

(c) investigate and study the health concerns of Indians and Native Alaskans.

(3) Appointment.—The President shall appoint the Members of the Commission to serve during their pleasure, not to exceed 5 years, except that the members appointed to the Commission shall be Indians or Native Alaskans.

(4) Chairperson.—The Chairperson of the Commission shall serve as the Chairperson of the Commission.

(5) Experts.—The Commission may seek the expertise of any expert in the health care field to carry out its duties.

(6) Period of appointment.—Members shall be appointed for the life of the Commission.

(7) Vacancy in the Commission.—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(8) Duties of the Commission.—The Commission shall—

(a) study the health concerns of Indians and Native Alaskans;

(b) prepare the reports described in subsection (i);

(c) hold such hearings, sit and act at such times and places, take such testimony, and receive such information as the Commission may in the President's discretion hold such hearings, consider the state of the services provided under this section, and be able to carry out the purpose for which the Commission was established.

CONGRESSIONAL RECORD — SENATE
TITLE IV—PROVISIONS RELATING TO FLEXIBILITY AND ACCOUNTABILITY

SEC. 401. GENERAL AUTHORITIES AND PEER REVIEW.

(a) General Authorities.—Paragraph (1) of section 501(e) of the Public Health Service Act (42 U.S.C. 290aa(e)) is amended to read as follows:

"(1) In general.—There may be in the Administration an Associate Administrator for Alcohol and Drug Abuse Prevention and Treatment Policy to coordinate the functions of promoting, monitoring, and evaluating service programs for the prevention and treatment of alcoholism and drug abuse. The plan shall include, at a minimum:

(1) a description of the flexibility that would be given to the plan;

(2) the common set of performance measures that would be used for accountability, including measures that would be used for creating more flexibility for States and other public and private entities. The Associate Administrator also may ensure that alcohol prevention, education, and policy strategies are integrated into all programs of the Centers that address substance abuse prevention, education, and policy, and that the Center for Substance Abuse Prevention addresses the Healthy People 2010 goals and the National Dietary Guidelines of the Department of Health and Human Services and the Department of Agriculture related to alcoholism and drug abuse;

(b) Peer Review.—Section 504 of the Public Health Service Act (42 U.S.C. 290aa-3) is amended as follows:

"SEC. 504A. PEER REVIEW.

"(a) In General.—The Secretary, after consultation with the Administrator, shall require appropriate peer review of grants, cooperative agreements, and contracts to be administered through the agency which exceed the simple acquisition threshold as defined in section 411 of the Office of Federal Procurement Policy Act.

(b) Members.—The members of any peer review group established under subsection (a) shall be individuals who by virtue of their knowledge and experience are eminently qualified to perform the review functions of the group. Not more than ¼ of the members of any such peer review group shall be officers or employees of the United States.

(c) Advisory Council Review.—If the direct cost of a grant or cooperative agreement (described in subsection (a)) exceeds the simple acquisition threshold as defined by section 411 of the Office of Federal Procurement Policy Act, the Secretary may make such a grant or cooperative agreement only if such grant or cooperative agreement is recommended—

(1) after peer review required under subsection (a); and

(2) by the appropriate advisory council.

(d) Conditions.—The Secretary may establish limited exceptions to the limitations contained in this section regarding participation of Federal employees and advisory council approval. The circumstances under which the Secretary may make such an exception shall be set forth in the appropriate guidelines of the Commissioners for legislative change.

SEC. 402. ADVISORY COUNCILS.

Section 502(e) of the Public Health Service Act (42 U.S.C. 290aa-1(e)) is amended in the section heading by striking "3 times" and inserting "2 times".

SEC. 403. GENERAL PROVISIONS FOR THE PERFORMANCE PARTNERSHIP BLOCK GRANTS.

(a) Plans for Performance Partnerships.—Section 1949 of the Public Health Service Act (42 U.S.C. 300x-59) is amended as follows:

"SEC. 1949. PLANS FOR PERFORMANCE PARTNERSHIPS.

"(a) Development.—The Secretary in consultation with States and other interested groups shall develop separate plans for the programs authorized under subparts I and II for creating more flexibility for States and accountability based on outcome and other performance measures. The plans shall each include—

(1) a description of the flexibility that would be given to the plan;

(2) the common set of performance measures that would be used for accountability, including measures that would be used for creating more flexibility for States and other public and private entities. The Secretary also may ensure that alcohol prevention, education, and policy strategies are integrated into all programs of the Centers that address substance abuse prevention, education, and policy, and that the Center for Substance Abuse Prevention addresses the Healthy People 2010 goals and the National Dietary Guidelines of the Department of Health and Human Services and the Department of Agriculture related to alcoholism and drug abuse;

(3) the definitions for the data elements to be used under the plan;

(4) the obstacles to implementation of the plan and the manner in which such obstacles would be resolved;

(5) the resources needed to implement the performance partnerships under the plan; and

(6) an implementation strategy complete with recommendations for any necessary legislation.

(b) Submission.—Not later than 2 years after the date of enactment of this Act, the plans developed under subsection (a) shall be submitted to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Commerce of the House of Representatives.

(c) Information.—The elements of the plans described in subsection (a) are developed, States are encouraged to provide information to the Secretary on a voluntary basis.

(d) Participants.—The Secretary shall include among those interested groups that participate in the development of the plan consumers of mental health or substance abuse services, providers, representatives of political divisions of States, and representatives of racial and ethnic groups including Native Americans.

(b) Availability to States of Grant Programs.—Section 1952 of the Public Health Service Act (42 U.S.C. 300x-62) is amended as follows:

"SEC. 1952. AVAILABILITY TO STATES OF GRANT PAYMENTS.

"Any amounts paid to a State for a fiscal year under section 1951 of this title shall be available for obligation and expenditure until the end of the fiscal year following the fiscal year for which the amounts were paid."
(b) Projects.—The Secretary shall establish criteria to ensure that services will be available under this section to States that have a fundamental basis for the collection, analysis, and reporting of mental health and substance abuse performance measures and States that do not have such a basis. The Secretary will establish criteria for determining whether a State has a fundamental basis for the collection, analysis, and reporting of data.

(c) Condition of Receipt of Funds.—As a condition of the receipt of an award under this section a State shall agree to collect, analyze, and report to the Secretary within 2 years of the date of the award on a core set of performance measures to be determined by the Secretary in conjunction with the States.

(d) Duration of Support.—The period during which payments may be made for a project under subsection (a) may not be less than 3 years nor more than 5 years.

(e) Authorization of Appropriation.—

(1) In General.—For the purpose of carrying out this section, there are authorized to be appropriated under this heading such sums as may be necessary for each of the fiscal years 2000, 2001, and 2002.

(2) Allocation.—Of the amounts appropriated under paragraph (1) for a fiscal year, 50 percent shall be expended to support data infrastructure development for mental health and 50 percent shall be expended to support data infrastructure development for substance abuse.

SEC. 405. REPEAL OF OBSOLETE ADDICT REFERRAL AUTHORITIES.

(a) Repeal of Obsolete Public Health Service Act Authorities.—Part E of title III (42 U.S.C. 257 et seq.) is repealed.

(b) Repeal of Obsolete NARA Authorities.—Titles III and IV of the Narcotic Addict Rehabilitation Act of 1966 (Public Law 89-793) are repealed.

(c) Repeal of Obsolete Title 28 Authorities.—

(1) In General.—Chapter 175 of title 28, United States Code, is repealed.

(2) Implementation. —The table of contents to part VI of title 28, United States Code, is amended by striking the items relating to chapter 175.

SEC. 406. INDIVIDUALS WITH CO-OCCURRING DISORDERS.

The Public Health Service Act is amended by inserting after section 503 (42 U.S.C. 200a–2) the following:

SEC. 503A. REPORT ON INDIVIDUALS WITH CO-OCCURRING MENTAL ILLNESS AND SUBSTANCE ABUSE DISORDERS.

(a) In General.—Not later than 2 years after the date of enactment of this section, the Secretary shall, after consultation with organizations representing States, mental health and substance abuse treatment providers, prevention specialists, individuals receiving treatment services, and family members of such individuals, prepare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Commerce of the House of Representatives, a report on prevention and treatment services for individuals who have co-occurring mental illness and substance abuse disorders.

(b) Report Content.—The report under subsection (a) shall be based on data collected from existing Federal and State surveys regarding the treatment of co-occurring mental illness and substance abuse disorders and shall include—

(1) a summary of the manner in which individuals with co-occurring disorders are receiving treatment, including the most up-to-date information available regarding the number of children and adults with co-occurring mental illness and substance abuse disorders and the manner in which funds provided under sections 1911 and 1921 are being utilized, including the number of such children and adults served with such funds;

(2) a summary of improvements necessary to ensure that individuals with co-occurring mental illness and substance abuse disorders receive the services they need;

(3) a summary of practices for preventing substance abuse among individuals who have a mental illness and are at risk of having or acquiring a substance abuse disorder; and

(4) a summary of practices for treating individuals with co-occurring mental illness and substance abuse disorders and recommendations for implementing such practices.

(c) Funds for Report.—The Secretary may obligate funds to carry out this section with such appropriations as are available.

SEC. 407. SERVICES FOR INDIVIDUALS WITH CO-OCCURRING DISORDERS.

Subpart III of part B of title XIX of the Public Health Service Act (42 U.S.C. 300y et seq.) is further amended by adding a new section 1956, to read as follows:

SEC. 1956. SERVICES FOR INDIVIDUALS WITH CO-OCCURRING DISORDERS.

"(a) In general.—The Secretary may make grants to, and enter into contracts or agreements with, States to—

(1) provide for the planning, design, development, and implementation of performance measures to be determined by the Secretary, for purposes for which they were authorized by law and can be tracked for accounting purposes;

(2) support data infrastructure development for mental health or substance abuse data collection, purpose of developing and operating mental health or substance abuse data collection, analysis, and reporting systems with regard to performance measures including capacity, process, and outcomes measures;

(3) collect and analyze, and report to the Secretary within 3 years nor more than 5 years.

(b) Report content.—The report under subsection (a) shall be based on data collected from existing Federal and State surveys regarding the treatment of co-occurring mental illness and substance abuse disorders and shall include—

"(1) a summary of the manner in which individuals with co-occurring disorders are receiving treatment, including the most up-to-date information available regarding the number of children and adults with co-occurring mental illness and substance abuse disorders and the manner in which funds provided under sections 1911 and 1921 are being utilized, including the number of such children and adults served with such funds;

(2) a summary of improvements necessary to ensure that individuals with co-occurring mental illness and substance abuse disorders receive the services they need;

(3) a summary of practices for preventing substance abuse among individuals who have a mental illness and are at risk of having or acquiring a substance abuse disorder; and

(4) a summary of practices for treating individuals with co-occurring mental illness and substance abuse disorders and recommendations for implementing such practices.

(c) Funds for Report.—The Secretary may obligate funds to carry out this section with such appropriations as are available.

SEC. 408. SERVICES FOR INDIVIDUALS WITH CO-OCCURRING DISORDERS.

States may use funds available for treatment under sections 1911 and 1921 to treat persons with co-occurring substance abuse and mental disorders as long as funds available under such sections are used for the purposes for which they were authorized by law and can be tracked for accounting purposes.

MEASURE READ THE FIRST TIME—S.J. RES. 37

Mr. GRASSLEY. There is a joint resolution at the desk which was introduced earlier by Senator SMITH of New Hampshire, and I ask for its first reading.

The PRESIDING OFFICER. The clerk will report the joint resolution by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 37) providing, in evidence of the President’s agreement with the Government of Panama in order for United States Armed Forces to be stationed in Panama after December 31, 1999.

Mr. GRASSLEY. I now ask for its second reading, and I object to my own request.

The PRESIDING OFFICER. Under the rule, the bill will receive its second reading on the next legislative day.
Senator Chafee was instrumental in reauthorizing the legislation in 1990 and had recently introduced a new reauthorization measure. By renaming the Coastal Barrier Resources Act after Senator Chafee, this legislation honors the invaluable contributions the Senator made to the environment during his tenure in the Senate.

Mr. President, I ask unanimous consent that a statement in support of this legislation from the Coast Alliance, a network of more than 500 organizations working to protect America's coastal resources, be printed in the Record immediately after my remarks.

Mr. President, I urge my colleagues to support this legislation.

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STATEMENT OF JACQUELINE SAVITZ, EXECUTIVE DIRECTOR, COAST ALLIANCE, ON THE JOHN CHAFEE COASTAL BARRIER RESOURCES ACT

The Coast Alliance leads a network composed of organizations along America's coasts working to protect our priceless coastal resources. The Alliance worked with Senator John Chafee to help pass the Coastal Barrier Resources Act in 1982 and to expand it in 1990. The Alliance has continuously defended and built support for the Coastal Barrier Resources System since that time. Coast Alliance strongly supports this bill to rename the Coastal Barrier Resource System in Senator Chafee's honor.

Senator John Chafee's work to create and protect the CBRS was unequaled, leaving a precious legacy for this and hopefully future generations. The Coast Alliance commends the cosponsors of this bill for recognizing Senator Chafee's vision by renaming the Act and the System. The John H. Chafee Coastal Barrier Resources Act should stand as a testament to the vision and perseverance of Senator Chafee in defense of barrier islands.

Prior to his death, Senator Chafee authored a bill to reauthorize the Act and included provisions that would allow for citizens to make voluntary additions to the System. Coast Alliance urges the Environment and Public Works Committee and the Senate to make quick work of Chafee's bill, passing it as soon as it is feasible.

Finally, Coast Alliance wishes to recognize that Senator Chafee's appreciation of nature extended beyond barrier islands, and his work to protect our National Wildlife Refuges also should be recognized. Coast Alliance urges that the Committee consider adding to this bill naming a National Wildlife Refuge in Senator John Chafee's memory.

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CONGRESSIONAL RECORD — SENATE
November 4, 1999

Mr. BAUCUS. Mr. President, this bill is a fitting tribute to our beloved former chairman of the Environment and Public Works Committee, the late Senator John Chafee. I commend our new Chairman, Senator Smith, for conceiving of this tribute, and am pleased to join him and others in introducing the bill today.

Over the past week or so, many of us have spoken of the sadness we feel at Senator Chafee's passing. We have spoken of his contributions to legislative debates, and in particular the work he did to protect our National Wildlife Refuges, coastal areas, and wetlands. The Coastal Barrier Resources Act was one of those relatively small, but significant, accomplishments. Very few people have heard about it. But it's made a difference.

Senator Chafee proposed the Coastal Barriers Resources Act in 1981. It was enacted into law in 1982 and reauthorized in 1990.

The act establishes the Coastal Barrier Resources System, which comprises about 14 miles of islands at the mouth of coastal habitat covering 2,500 shoreline miles. Within the system, certain types of federal assistance, such as flood insurance, and funding to replenish beaches, is prohibited. If someone wants to build in one of these areas, such as along a beach that is highly edible and in the frequent path of hurricanes, fine.

But taxpayers will not help foot the bill. In this way, the act promotes two simple, common-sense ideas: conservation and thrift.

It promotes conservation because coastal barriers are very important and fragile ecosystems. Senator Chafee put things this way, at the first hearing on his bill, in Providence in 1982:

These beaches and islands are places of incredible beauty that deserve to be protected so that they can be open for enjoyment by everybody, all the citizens of our country.

He continued:

The grassy dunes, salt marshes, and tidal estuaries of the barrier islands [also] provide essential areas where healthy wildlife populations can find shelter, food and a tranquil place to raise their young.

By discouraging development in these areas, the Coastal Barrier Resources Act promotes conservation.

The act also promotes thrift. Simply put, it's a waste of taxpayers' money to subsidize development that not only harms the environment, but that also is likely, at some point, to be swept out to sea.

When he signed the act into law, President Reagan said that it "will save American taxpayers millions of dollars," and that's turned out to be the case.
human life is at increased risk from the full force of coastal weather events.

A General Accounting Office report from 1992 underscores the successes and challenges of the system. Although CBRA’s restrictions have discouraged development in some units, saving taxpayer dollars, other units have seen development pressures result in new construction projects.

Senator Chafee’s long leadership on this issue has demonstrated the vitality of the idea of protecting important environmental areas without putting restrictions on private actions. As Chairman of the successor subcommittee with jurisdiction over CBRA and a staunch defender of creative solutions to problems affecting our environment, I look forward to helping advance John Chafee’s legacy by supporting this measure and working to enact his last introduced bill, S. 1752.

Mr. President, S. 1752, the Coastal Barrier Resources Reauthorization Act, was introduced by our late Chair-Henry A. “John” Chafee, the Senate Armed Services Committee, and by establishing statutory clarity in describing which areas are covered by the CBRA System.

In closing, I commend Senator Smith and Senator Baucus for their commitment to honoring John Chafee by naming the CBRA System for him. John Chafee was truly a man of vision with a gentle spirit that made the difficult tasks in Congress that much more easy. His presence had a calming influence when so often discussions became overheated in this Chamber or in the Environment and Public Works Committee. No one can replace him, but others should and will try to follow his example. He will be truly missed.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate resolve itself into the Committee of the Whole for the consideration of the bill, S. 1752.

The bill (S. 1752) was read the third time and passed, as follows:

S. 1752

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate resolve itself into the Committee of the Whole for the consideration of the bill, S. 1752.

The legislative clerk read as follows:

A bill (S. 1754) to deny safe havens to international and war criminals, and for other purposes.

LEGISLATIVE OFFICER The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1754) to deny safe havens to international and war criminals, and for other purposes.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Denying Safe Havens to International and War Criminals Act of 1999.”

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

TITLE I—DENYING SAFE HAVENS TO INTERNATIONAL CRIMINALS

Sec. 101. Temporary transfer of persons in custody for prosecution.
Sec. 102. Prohibiting fugitives from benefiting from statehood.
Sec. 103. Transfer of foreign prisoners to serve sentences in country of origin.
Sec. 104. Transit of fugitives for prosecution in foreign countries.

TITLE II—PROMOTING GLOBAL COOPERATION IN THE FIGHT AGAINST INTERNATIONAL CRIME

Sec. 201. Streamlined procedures for execution of MLAT requests.
Sec. 202. Temporary transfer of incarcerated witnesses.

TITLE III—ANTI-ATROCITY ALIEN DEPORTATION

Sec. 301. Inadmissibility and removability of aliens who have committed acts of torture abroad.
Sec. 302. Establishment of the Office of Special Investigations.

TITLE IV—DENYING SAFE HAVENS TO NATIONAL AND WAR CRIMINALS

Sec. 401. Temporary transfer for prosecution.

(a) STATE DEFINED.—In this section, the term ‘State’ includes the United States, the District of Columbia, and a commonwealth, territory, or possession of the United States.

(b) AUTHORITY OF ATTORNEY GENERAL WITH RESPECT TO TEMPORARY TRANSFERS.—(1) In general.—Subject to subsection (d), if a person is in pretrial detention or is otherwise being held in custody in a foreign country based upon a violation of the law in that foreign country, and that person is found extraditable to the United States by the competent authorities of that foreign country while still in the pretrial detention or custody, the Attorney General shall have the authority:

(A) to request the temporary transfer of that person to the United States in order to face prosecution in a Federal or State criminal proceeding;

(B) to maintain the custody of that person while the person is in the United States; and

(C) to return that person to the foreign country at the conclusion of the criminal prosecution, including any imposition of sentence.

SEC. 2. FINDINGS.

This Act may be cited as the “John H. Chafee Coastal Barrier Resources System Act.”

SEC. 3. REDESIGNATION OF COASTAL BARRIER RESOURCES SYSTEM IN HONOR OF JOHN CHAFEE.

(a) IN GENERAL.—The Coastal Barrier Resources System established by section 4(a) of the Coastal Barrier Resources Act (16 U.S.C. 3503(a)) is redesignated as the “John H. Chafee Coastal Barrier Resources System.”

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the Coastal Barrier Resources System shall be read as a reference to the John H. Chafee Coastal Barrier Resources System.

(c) CONFORMING AMENDMENTS.—(1) Section 2(b) of the Coastal Barrier Resources Act (16 U.S.C. 3503(b)) is amended by striking “‘a Coastal Barrier Resources System’” and inserting “the John H. Chafee Coastal Barrier Resources System.”

(2) Section 3 of the Coastal Barrier Resources Act (16 U.S.C. 3502) is amended by striking “Coastal Barrier Resources System” and inserting “John H. Chafee Coastal Barrier Resources System.”

(3) Section 4 of the Coastal Barrier Resources Act (16 U.S.C. 3503) is amended—

(A) in the section heading, by striking “Coastal Barrier Resources System” and inserting “John H. Chafee Coastal Barrier Resources System”; and

(B) in subsection (a), by striking “Coastal Barrier Resources System” and inserting “the John H. Chafee Coastal Barrier Resources System.”

(4) Section 10(c)(2) of the Coastal Barrier Resources Act (16 U.S.C. 3503(c)(2)) is amended by striking “Coastal Barrier Resources System” and inserting “the John H. Chafee Coastal Barrier Resources System.”

(5) Section 10(c)(2)(B)(i) of the Coastal Barrier Improvement Act of 1990 (12 U.S.C. 1441a-3(c)(2)(B)(i)) is amended by striking “Coastal Barrier Resources System” and inserting “the John H. Chafee Coastal Barrier Resources System.”

(6) Section 12(5) of the Coastal Barrier Improvement Act of 1990 (16 U.S.C. 3504 note) is amended by striking “Coastal Barrier Resources System” and inserting “the John H. Chafee Coastal Barrier Resources System.”

(7) Section 1321 of the National Flood Insurance Act of 1968 (42 U.S.C. 4028) is amended—

(A) by striking the section heading and inserting the following:

“§ 4116. Temporary transfer for prosecution

(1) IN GENERAL.—Chapter 306 of title 18, United States Code, is amended by adding at the end the following:

§ 4116. Temporary transfer for prosecution

(2) Authority of Attorney General with respect to temporary transfers.—(a) STATE DEFINED.—In this section, the term ‘State’ includes a State of the United States, the District of Columbia, and a commonwealth, territory, or possession of the United States.

(b) AUTHORITY OF ATTORNEY GENERAL WITH RESPECT TO TEMPORARY TRANSFERS.—(1) In general.—Subject to subsection (d), if a person is in pretrial detention or is otherwise being held in custody in a foreign country based upon a violation of the law in that foreign country, and that person is found extraditable to the United States by the competent authorities of that foreign country while still in the pretrial detention or custody, the Attorney General shall have the authority:

(A) to request the temporary transfer of that person to the United States in order to face prosecution in a Federal or State criminal proceeding;

(B) to maintain the custody of that person while the person is in the United States; and

(C) to return that person to the foreign country at the conclusion of the criminal prosecution, including any imposition of sentence.
"(2) REQUIREMENTS FOR REQUESTS BY ATTORNEY GENERAL.—The Attorney General shall make a request under paragraph (1) only if the Attorney General determines, after consultation with the Secretary of State, that the person is found extraditable to a foreign country while still in the pretrial detention or custody pursuant to section 3144, section 3157, or section 3191; and

(ii) a determination is made by the Secretary of State and the Attorney General that the person will be surrendered.

(b) ACTIONS.—If the conditions described in subparagraph (A) are met, the Attorney General shall have the authority to—

(i) temporarily transfer the person described in subparagraph (A) to the foreign country of the foreign government requesting assistance with respect to immigration laws; and

(ii) return that person in custody to the United States of a person in custody or from the United States of a person in custody to the United States pursuant to this section shall not be entitled to apply for or obtain any rights or remedies under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), including the right to apply for or be granted asylum or withholding of deportation.

(c) PROHIBITING FUGITIVES FROM BENEFITING FROM FUGITIVE STATUS.

(1) IN GENERAL.—Chapter 163 of title 28, United States Code, is amended by adding at the end the following:

§ 2466. Fugitive disentitlement.

"A person may not use the resources of the courts of the United States in furtherance of a claim in any related civil forfeiture action or a claim in third party proceedings in any related criminal forfeiture action if that person—

(1) purposely leaves the jurisdiction of the United States;

(2) declines to enter or reenter the United States to submit to its jurisdiction; or

(3) otherwise evades the jurisdiction of the court in which a criminal case is pending against the person.

"(b) CLERICAL AMENDMENT.—The analysis for chapter 163 of title 28, United States Code, is amended by adding at the end the following:

§ 2466. Fugitive disentitlement.

(a) IN GENERAL.—Chapter 305 of title 18, United States Code, is amended by adding at the end the following:

§ 4087. Transit through the United States of a person in custody.

(b) CLERICAL AMENDMENT. —The analysis for section 4100(b) of title 18, United States Code, is amended in the third sentence by striking "An offender' and inserting "Unless otherwise provided by treaty, an offender''.

(2) TRANSFER OF FOREIGN PRISONERS TO SERVE SENTENCES IN COUNTRY OF EXtradITION.

Section 4300(b) of title 18, United States Code, is amended by adding at the end the following:

§ 4300. Transfer of foreign prisoners.

"(a) IN GENERAL.—Chapter 117 of title 28, United States Code, is amended by adding at the end the following:

§ 9007. Transit through the United States of persons wanted in a foreign country.

(a) IN GENERAL.—The Attorney General may, in consultation with the Secretary of State, permit the temporary transfer of a person wanted in a foreign country temporarily under this subsection.

(b) LIMITATION ON JUDICIAL REVIEW.—A determination by the Attorney General to permit or not to permit a temporary transit described in subsection (a) shall not be subject to judicial review.

(c) CUSTODY.—If the Attorney General permits a temporary transit under subsection (a), the Federal law enforcement personnel shall hold the person in custody during the transit of the person through the United States.

(2) CONDITIONS APPLICABLE TO PERSONS SUBJECT TO TEMPORARY TRANSIT.—Notwithstanding any other provision of law, a person who is subject to a temporary transit through the United States under this section shall—

(i) be required to have only such documents as the Attorney General shall require;

(ii) not be considered to be admitted or paroled into the United States; and

(iii) not be entitled to apply for or obtain any right or remedy under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), including the right to apply for or be granted asylum or withholding of deportation.

(b) CLERICAL AMENDMENT.—The analysis for chapter 305 of title 18, United States Code, is amended by adding at the end the following:

§ 4037. Transit through the United States of persons wanted in a foreign country.

"(e) RETURN OF PERSONS. —The Attorney General shall have the authority to—

(1) temporarily transfer the person described in subparagraph (A) to the foreign country of the foreign government requesting assistance with respect to immigration laws.

(2) provide written notice, requesting appearance in the district in which the person resides or is found in which the evidence or information is located, or

(2) provide written notice, requesting appearance in the district in which the person resides or is found in which the evidence or information is located, or

(3) take testimony or statements and receive evidence and information.

(4) PROHIBITING FUGITIVES FROM BENEFITING FROM FUGITIVE STATUS.

(a) IN GENERAL.—Chapter 163 of title 28, United States Code, is amended by adding at the end the following:

§ 2466. Fugitive disentitlement.

"A person may not use the resources of the courts of the United States in furtherance of a claim in any related civil forfeiture action or a claim in third party proceedings in any related criminal forfeiture action if that person—

(1) purposely leaves the jurisdiction of the United States;

(2) declines to enter or reenter the United States to submit to its jurisdiction; or

(3) otherwise evades the jurisdiction of the court in which a criminal case is pending against the person.

"(b) CLERICAL AMENDMENT.—The analysis for chapter 163 of title 28, United States Code, is amended by adding at the end the following:

§ 2466. Fugitive disentitlement.

(a) IN GENERAL.—Chapter 305 of title 18, United States Code, is amended by adding at the end the following:

§ 4087. Transit through the United States of a person in custody.

(b) CLERICAL AMENDMENT. —The analysis for section 4100(b) of title 18, United States Code, is amended in the third sentence by striking "An offender' and inserting "Unless otherwise provided by treaty, an offender''.

(2) TRANSFER OF FOREIGN PRISONERS TO SERVE SENTENCES IN COUNTRY OF EXtradition.

Section 4300(b) of title 18, United States Code, is amended by adding at the end the following:

§ 4300. Transfer of foreign prisoners.

"(a) IN GENERAL.—The Attorney General may, in consultation with the Secretary of State, permit the temporary transfer of a person wanted in a foreign country temporarily under this subsection.

(b) LIMITATION ON JUDICIAL REVIEW.—A determination by the Attorney General to permit or not to permit a temporary transit described in subsection (a) shall not be subject to judicial review.

(c) CUSTODY.—If the Attorney General permits a temporary transit under subsection (a), the Federal law enforcement personnel shall hold the person in custody during the transit of the person through the United States.

(2) CONDITIONS APPLICABLE TO PERSONS SUBJECT TO TEMPORARY TRANSIT.—Notwithstanding any other provision of law, a person who is subject to a temporary transit through the United States under this section shall—

(i) be required to have only such documents as the Attorney General shall require;

(ii) not be considered to be admitted or paroled into the United States; and

(iii) not be entitled to apply for or obtain any right or remedy under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), including the right to apply for or be granted asylum or withholding of deportation.

(b) CLERICAL AMENDMENT.—The analysis for chapter 305 of title 18, United States Code, is amended by adding at the end the following:

§ 4037. Transit through the United States of persons wanted in a foreign country.

"(e) RETURN OF PERSONS. —The Attorney General shall have the authority to—

(1) temporarily transfer the person described in subparagraph (A) to the foreign country of the foreign government requesting assistance with respect to immigration laws.

(2) provide written notice, requesting appearance in the district in which the person resides or is found in which the evidence or information is located, or

(3) take testimony or statements and receive evidence and information.

(4) PROHIBITING FUGITIVES FROM BENEFITING FROM FUGITIVE STATUS.

(a) IN GENERAL.—Chapter 163 of title 28, United States Code, is amended by adding at the end the following:

§ 2466. Fugitive disentitlement.

"A person may not use the resources of the courts of the United States in furtherance of a claim in any related civil forfeiture action or a claim in third party proceedings in any related criminal forfeiture action if that person—

(1) purposely leaves the jurisdiction of the United States;

(2) declines to enter or reenter the United States to submit to its jurisdiction; or

(3) otherwise evades the jurisdiction of the court in which a criminal case is pending against the person.

"(b) CLERICAL AMENDMENT.—The analysis for chapter 163 of title 28, United States Code, is amended by adding at the end the following:

§ 2466. Fugitive disentitlement.

(a) IN GENERAL.—Chapter 305 of title 18, United States Code, is amended by adding at the end the following:

§ 4087. Transit through the United States of a person in custody.

(b) CLERICAL AMENDMENT. —The analysis for section 4100(b) of title 18, United States Code, is amended in the third sentence by striking "An offender' and inserting "Unless otherwise provided by treaty, an offender''.

(2) TRANSFER OF FOREIGN PRISONERS TO SERVE SENTENCES IN COUNTRY OF EXtradition.

Section 4300(b) of title 18, United States Code, is amended by adding at the end the following:

§ 4300. Transfer of foreign prisoners.

"(a) IN GENERAL.—The Attorney General may, in consultation with the Secretary of State, permit the temporary transfer of a person wanted in a foreign country temporarily under this subsection.

(b) LIMITATION ON JUDICIAL REVIEW.—A determination by the Attorney General to permit or not to permit a temporary transit described in subsection (a) shall not be subject to judicial review.

(c) CUSTODY.—If the Attorney General permits a temporary transit under subsection (a), the Federal law enforcement personnel shall hold the person in custody during the transit of the person through the United States.

(2) CONDITIONS APPLICABLE TO PERSONS SUBJECT TO TEMPORARY TRANSIT.—Notwithstanding any other provision of law, a person who is subject to a temporary transit through the United States under this section shall—

(i) be required to have only such documents as the Attorney General shall require;

(ii) not be considered to be admitted or paroled into the United States; and

(iii) not be entitled to apply for or obtain any right or remedy under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), including the right to apply for or be granted asylum or withholding of deportation.

(b) CLERICAL AMENDMENT.—The analysis for chapter 305 of title 18, United States Code, is amended by adding at the end the following:

§ 4037. Transit through the United States of persons wanted in a foreign country.

"(e) RETURN OF PERSONS. —The Attorney General shall have the authority to—

(1) temporarily transfer the person described in subparagraph (A) to the foreign country of the foreign government requesting assistance with respect to immigration laws.
(1) by striking the section heading and inserting the following: “§ 3508. Temporary transfer of witnesses in custody”; (2) in subsection (a), by inserting “in General,” after “a person being held in custody” and inserting the following: “(b) Transfer Authority.—(1) GENERAL.—If the Attorney General determines, after consultation with the Secretary of State, that transfer or return would be consistent with the international obligations of the United States, a determination by the Attorney General under this subsection shall not be subject to judicial review by any court; (b) CLERICAL AMENDMENT.—The analysis for chapter 223 of title 18, United States Code, is amended by striking the item relating to section 3508 and inserting the following: “§ 3508. Temporary transfer of witnesses in custody.”.

TITLE III—ANTI-ATROCITY ALIEN DEPORTATION

SEC. 301. INADMISSIBILITY AND REMOVABILITY OF ALIENS WHO HAVE COMMITTED ACTS OF TORTURE ABROAD.

(a) INADMISSIBILITY.—Section 212(a)(3)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(E)) is amended by adding at the end the following: “(ii) COMMITMENT OF ACTS OF TORTURE.—Such a person shall be inadmissible if the Attorney General determines, after consultation with the Secretary of State, that such a person has engaged in torture abroad.”

(b) REMOVABILITY.—Section 237(a)(4)(D) of such Act (8 U.S.C. 1227(a)(4)(D)) is amended by striking “clause (i) or (ii)” and inserting “clause (i), (ii), or (iii)”.

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

SEC. 302. ESTABLISHMENT OF THE OFFICE OF SPECIAL INVESTIGATIONS.

(a) AMENDMENT OF THE IMMIGRATION AND NATIONALITY ACT.—Section 103 of the Immigration and Nationality Act (8 U.S.C. 1103) is amended by adding at the end the following: “(g) The Attorney General shall establish an Office of Special Investigations necessary to carry out the additional duties established under this section.”

(b) AUTHORIZATION OF APPROPRIATIONS.—(1) IN GENERAL.—There are authorized to be appropriated to the Department of Justice for fiscal year 2000 such sums as may be necessary for the operation of the Office of Special Investigations established under this section.

AMENDMENT NO. 2510

Purpose: To make technical amendments

Mr. GRASSLEY. Senators LEAHY and HATCH have an amendment at the desk, and I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] for Mr. LEAHY and Mr. HATCH, proposes an amendment numbered 2510.

The amendment is as follows:

On page 33, strike lines 16 through 20. Beginning on page 38, line 22, strike “or require” and all that follows through “transferred” on line 2 of page 39.

On page 39, line 13, after the period, insert ending quotation marks and a final period.

Beginning on page 39, strike line 14 and all that follows through line 7 of page 40.

On page 42, line 5, after “denaturalize,” insert “(as otherwise authorized by law)”.

Mr. LEAHY. Mr. President, I am delighted that the Senate is considering S. 1754, the “Denying Safe Haven to International and War Criminals Act of 1999,” along with a technical amendment that strikes several provisions in the bill reported by the Judiciary Committee that would have had the effect of altering the application of current law in certain instances. Senator HATCH and I introduced this bill on October 20, 1999, with a number of provisions that I have long supported. The legislation will give United States law enforcement agencies important tools to help them combat international crime by facilitating international cooperation in the prosecution of criminal cases and ensuring that human rights abusers are denied safe haven in this country.

Unfortunately, crime and terrorism directed at Americans and American interests abroad are part of our modern reality. Furthermore, organized criminal activity does not respect national boundaries. With improvements in technology, criminals now can move about the world with ease. They can transfer funds with the push of a button, or use computers and credit card networks to steal from any citizen or business from any spot on the globe. They can commit crimes here or abroad and flee quickly to another jurisdiction or country. The playing field keeps changing, and we need to change with it.

This bill will help make needed modifications in our laws, not with sweeping changes but with thoughtful provisions carefully targeted at specific problems faced by law enforcement. We cannot stop international crime without international cooperation, and this bill gives additional tools to investigators and prosecutors to promote such cooperation, while narrowing the room for maneuver that international criminals, including human rights abusers, and terrorists now enjoy.

Regarding the Anti-Atrocity Alien Deportation Act (Title III), this bill contains as its last title the “Anti-Atrocity Alien Deportation Act,” which I introduced as S. 1375, on July 15, 1999, with Senator KOHL. Senator LIEBERMAN is also a cosponsor. This legislation has garnered bipartisan support both in the Senate and the House, with the measure being produced in the House by Representatives FOLEY, FRANKS and ACKERMAN as H.R. 2642 and H.R. 3058.

I have been appalled that this country has become a safe haven for those who sanctioned violence in foreign countries to terrorize, rape, and murder innocent civilians. For example, three Ethiopian refugees proved in an American court that Kelbessa Negewo, a
former senior government official in Ethiopia engaged in numerous acts of torture and human rights abuses against them in the late 1970's when they lived in that country. The court's descriptions of the abuse are chilling, and included whipping a naked woman with a wire for hours and threatening her with death in the presence of several men. The court's award of compensatory and punitive damages in the amount of $1,500,000 to the plaintiffs was affirmed by an appellate court. See Abebe-jira v. Negewo, 72 F.3d 844 (11th Cir. 1996). Yet, while Negewo's case was on appeal, the Immigration and Naturalization Service granted him citizenship.

As Professor William Aceves of California Western School of Law has noted, this case reveals "a glaring and troubling limitation in current immigration law and practice. This case is not unique. Other aliens who have committed gross human rights violations have also gained entry into the United States and been granted immigration relief." The Rutland Herald got it right when it opined on October 31, 1999, that:

"For the U.S. commitment to human rights to mean anything, U.S. policies must be strong and consistent. It is not enough to de-nounce war crimes in Bosnia and Kosovo or elsewhere as they occur. Torturers must be punished. But they often escape justice in the United States, using terrorism and mass murder slip across the border to find a home in America."

The Immigration and Nationality Act currently provides that (i) participants acting within the time period from March 23, 1933 to May 8, 1945, and (ii) aliens who engaged in genocide, are inadmissible to the United States and deportable. See 8 U.S.C. §§1182(a)(3)(E)(i) and §1227(a)(4)(D). This legislation would amend these sections of the Immigration and Nationality Act by expanding the grounds for inadmissibility and deportation to cover aliens who have engaged in acts of torture abroad.

"Torture is defined in the Federal criminal code, 18 U.S.C. § 2340, in a law passed as part of the implementation legislation for the "Conven-tion Against Torture," under which the United States has an affirmative duty to prosecute torturers within its boundaries regardless of their respective nationalities. 18 U.S.C. § 2340A (1994). As defined in the federal criminal code, torture means any act committed by a person acting under the color of law specifically intended to inflict severe physical or mental pain or suffering upon another person within his custody or physical control. This could include prolonged mental harm caused by or resulting from the intimidation or threat to inflict physical pain, threats to kill another person, or the administration of mind-altering substances or procedures calculated to disrupt profoundly the senses or personality of another person. Under this definition, torturers include both those who issue the orders to torture innocent people as well as those who implement those orders.

The legislation would also amend the Immigration and Nationality Act, 8 U.S.C. §1103, by directing the Attorney General to establish an Office of Special Investigations (OSI) within the Department of Justice with authorization to investigate, or to prosecute any alien who has participated in torture or genocide abroad. Attorney General Civiletti established OSI in 1979 within the Criminal Division of the Department of Justice to "investigate and litigate activities involving individuals, who prior to and during World War II, under the supervision of or in association with the Nazi government of Germany, its allies, and other affiliated (sic) governments, are alleged to have ordered, incited, assisted, or otherwise participated in the perpetration of any person because of race, religion, national origin, or political opinion." (Attorney Gen. Order No. 851-79). The OSI's mission continues to be limited by that Attorney General Order.

The legislation would provide statutory authority for Office of Special Investigation, and would expand its jurisdiction to authorize investigations, and prosecute any alien who participated in torture and genocide abroad—not just Nazis. The success of OSI in hunting Nazi war criminals demonstrates the effectiveness of centralized resources and expertise in these cases. OSI has worked, and it is time to update its mission. The knowledge of the people, politics and pathologies of particular regimes engaged in genocide and human rights abuses is often necessary for effective prosecutions of these cases and may best be accomplished by the concentrated efforts of a single office, rather than in piecemeal litigation around the country or in offices that have more diverse missions.

I appreciate that this part of the legislation has been universal within the Department of Justice, but others have concurred in my judgment that the OSI is an appropriate component of the Department to address the new responsibilities proposed in the bill. Professor Aceves, who has studied these matters extensively, has concluded that OSI's "methodology for pursuing Nazi war criminals can be applied with equal rigor to other perpetrators of human rights violations. As the number of Nazi war criminals inevitably declines, the OSI can begin to enforce U.S. immigration laws against perpetrators of genocide and other gross violations of human rights."

Similarly, the Rutland Herald recently noted that the INS has never deported an immigrant on the basis of human rights abuses, while the OSI has deported 48 ex-Nazis and stripped 61 of U.S. citizenship, while maintaining a list of suspects. As was true with war criminals with the aim of keeping them from entry. Based on this record, the Rutland Herald concluded that the legislation correctly looks to OSI to carry out the additional responsibilities called for in the bill, noting that:

"It resolves a turf war between the INS and the OSI in favor of the OSI, which is as it should be. The victims of human rights abuses are often viewed as criminals only when, in seeking refuge in the United States, they are confronted by the draconian policies of the INS. It's a better idea to give the job of finding war criminals in OSI the tools that has shown it knows how to do the job."

Unquestionably, the need to bring Nazi war criminals to justice remains a matter of great importance. Funds would not be diverted from the OSI's mission. All resources are authorized in the bill for OSI's expanded duties. I would like to recognize the reporting of Boston Globe reporter Steve Fainaru, whose ground-breaking series has illuminated the need for a more focused response to this problem.

Regarding the sections Denying Safe Haven to International Criminals and Promoting Global Cooperation (Title I and II), I introduced title I, section 102 of this bill, regarding fugitive disentitlement, on April 30, 1998, in S. 2484, the "Money Laundering Enforcement and Combating Drugs in Prisons Act of 1998," with Senators Daschle, Kohl, Feinstein and Dorgan. On July 16, 1998, I introduced with Senator Biden, on behalf of the Administration, S. 2303, the "International Crime Control Act of 1998," which contains most of the provisions set forth in titles I and II of this bill, regarding fugitive disentitlement. The additional provisions in these two titles of the bill were also included in another major anti-crime bill, S. 2484, the "Safe Schools, Safe Streets, and Secure Borders Act of 1998," which I introduced on September 16, 1998, along with Senators Dole, Biden, Moseley-Braun, Kennedy, Kerry, Lautenberg, Mikulski, Bingaman, Reid, Murray, Dorgan, and Torricelli. In addition, Senator Hatch and I included title II, section 201 of this bill, regarding streamlined procedures for the M LAT Interpol extradition treaty, our "International Crime and Anti-Terrorism Amendments of 1998," which passed the Senate last October 15, 1998. We have drawn from these more comprehensive bills a set of discrete improvements that enjoy bipartisan support so that important provisions may be enacted promptly. Each of these provisions has been a law enforcement priority.

This bill sets forth important proposals for combating international crime and denying safe havens to international criminals. The substitute amendment adopted by the Judiciary Committee to the original bill removed sections 1 and 2, which set forth detailed procedures and safeguards for the extradition for offenses not covered in a treaty.

Section 101 of the bill considered by the Senate today would add a new section 1430 to the U.S. Code, authorizing the Attorney General to request the temporary transfer to the United States of a person, who is in pretrial detention or custody in a
foreign country, to face prosecution, if the Attorney General, in consultation with the Secretary of State, determines that such transfer would be consistent with the international obligations of the United States. The section would also authorize the Attorney General to transfer temporarily to a foreign country a person who is in pretrial detention or custody in the United States and found extraditable to the foreign country, to face prosecution in that country, if the Attorney General, in consultation with the Secretary of State, determines that such transfer would be consistent with the international obligations of the United States. Consent of state authorities would be required for persons in state custody.

Section 102 is designed to stop drug kingpins, terrorists and other international fugitives from using our courts to fight to keep the proceeds of the very crimes for which they are wanted. Criminals should not be able to use our courts at the same time they are evading our laws. Specifically, this section adds a new section 2466 to title 18, United States Code, that would bar a person, who purposely leaves the United States or declines to submit to or otherwise evades U.S. jurisdiction where a criminal case is pending against the person, from participating as a party in a civil action over a related civil or criminal forfeiture claim.

The Supreme Court recently decided that a previous judge-made rule to the same effect required a statutory basis. This section provides that basis.

Section 103 would amend section 4100(b) of title 18, United States Code, to permit transfer, on a case-by-case basis, of prisoners to their home country to serve their sentences, where such transfer is provided by treaty. Under this section, the prisoner need not consent to the transfer.

Section 104 would add a new section 4087 to title 18, United States Code, that would provide a statutory basis for holding and transferring prisoners who are sent from one foreign country to another through United States airports, at the discretion of the Attorney General.

Title II of the bill is designed to promote global cooperation in the fight against international crime. Section 201 would permit United States courts involved in multi-district litigation to enforce mutual legal assistance treaties and other agreements to execute foreign requests for assistance in criminal matters in all districts involved in the litigation. Specifically, this provision would add a new section 1795 to title 18, United States Code, that would authorize the Attorney General to present requests from foreign governments for assistance in criminal cases pursuant to mutual legal assistance treaties and other agreements. The enforcement of such assistance involves multiple districts. Compulsory measures may be used to require persons to produce testimony or evidence where they reside or the evidence is located, or the U.S. District Court for the District of Columbia. A person ordered to produce testimony or evidence outside the jurisdiction of residence may petition to appear in the district where the person resides.

Section 202 outlines procedures for the temporary transfer of incarcerated witnesses. Mutual legal assistance treaties ("MLATS") generally already provide a mechanism for the United States to send and receive persons in custody, who are witnesses, either in our courts or foreign courts for criminal cases. These witnesses are often cooperating to obtain a lighter sentence. Section 3508 of title 18, United States Code, enacted in 1988, already provides the authority, absent such a MLAT, for the Attorney General to request foreign witnesses, who are in custody, to come to the United States to testify in criminal cases here, and to assure their expeditious return to the foreign court or country in question. This section adds a new section 2466 to title 18, United States Code, to permit United States courts to fight to keep the proceeds of crimes committed by fugitives from being held in a foreign country. The bill would amend section 3508 to permit the Attorney General, as a matter of comity and reciprocity, to send United States prisoners abroad to testify, according to the terms and conditions of the MLAT. If there is no MLAT, the Attorney General may only send a United States prisoner abroad to testify with the prisoner's consent and, where applicable, the State holding the prisoner. Decisions of the Attorney General respecting such transfers are to be made in conjunction with the Secretary of State.

These are important provisions that I have advocated for some time. They are helpful, solid law enforcement provisions. I thank my friend from Utah, Senator HATCH, for his help in making this bill a reality. Working together, we were able to pass bipartisan legislation that will accomplish what all of us want, a safer and more secure America. Mr. GRASSLEY. Mr. President, I ask unanimous consent that the amendment be agreed to, the committee amendment, as amended, be agreed to, the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the Record.

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

The amendment (No. 2510) was agreed to.

The amendment (No. 2510) was agreed to.

The bill (S. 1754), as amended, was read the third time and passed, as follows:

S. 1754

8. 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.ÐThis Act may be cited as the "Denying Safe Havens to International Criminals Act of 1999".

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

Sec. 1. Short title; table of contents.

TITLE I. DENYING SAFE HAVENS TO INTERNATIONAL CRIMINALS.

Sec. 101. Temporary transfer of persons in custody for prosecution.

Sec. 102. Prohibiting fugitives from benefiting from fugitive status.

Sec. 103. Transfer of foreign prisoners to serve sentences in country of origin.

Sec. 104. Transit of fugitives for prosecution in foreign countries.

TITLE II. PROMOTING GLOBAL CO-OPERATION IN THE FIGHT AGAINST INTERNATIONAL CRIMINALS.

Sec. 201. Streamlined procedures for execution of MLAT requests.

Sec. 202. Temporary transfer of incarcerated witnesses.

TITLE III. ANTI-TERRORIST ALIEN DEPORTATION.

Sec. 301. Inadmissibility and removability of aliens who have committed acts of torture abroad.

Sec. 302. Establishment of the Office of Special Investigations.

TITLE I. DENYING SAFE HAVENS TO INTERNATIONAL CRIMINALS.

Sec. 101. TEMPORARY TRANSFER OF PERSONS IN CUSTODY FOR PROSECUTION.

(a) IN GENERAL.ÐChapter 36 of title 18, United States Code, is amended by adding at the end the following:

§ 4116. Temporary transfer for prosecution

"(a) STATE DEFINED.ÐIn this section, the term 'State' includes a State of the United States, the District of Columbia, and a commonwealth, territory, or possession of the United States.

(b) AUTHORITY OF ATTORNEY GENERAL WITH RESPECT TO TEMPORARY TRANSFERS.Ð

"(1) IN GENERAL.ÐSubject to subsection (d), if a person is in pretrial detention or is otherwise being held in custody in a foreign country based upon a violation of the law in that foreign country, and that person is found extraditable to the United States by the competent authorities of that foreign country while still in the pretrial detention or custody, the Attorney General shall have the authority

"(A) to request the temporary transfer of that person to the United States in order to face prosecution in a Federal or State criminal proceeding;

"(B) to maintain the custody of that person while the person is in the United States; and

"(C) to return that person to the foreign country at the conclusion of the criminal proceeding, including any imposition of sentence.

"(2) REQUIREMENTS FOR REQUESTS BY ATTORNEY GENERAL.ÐThe Attorney General shall make a request under paragraph (1) only if the Attorney General determines, after consultation with the Secretary of State, that the return of the foreign national to the foreign country in question would be consistent with international obligations of the United States.

"(c) AUTHORITY OF ATTORNEY GENERAL WITH RESPECT TO PRETRIAL DETentions.Ð

"(1) IN GENERAL. Ð

"(A) AUTHORITY OF ATTORNEY GENERAL.ÐSubject to paragraph (b) and subsection (d), the Attorney General shall have the authority to carry out the actions described in subparagraph (B), if

"(i) a person is in pretrial detention or is otherwise being held in custody in the United States based upon a violation of Federal or State law, and that person is found extraditable to a foreign country while still in the pretrial detention or custody pursuant to section 3184, 3197, or 3198; and
“(ii) a determination is made by the Secretary of State and the Attorney General that the person will be surrendered.

(B) ACTIONS.—If the conditions described in subparagraph (A) are satisfied, and the Attorney General shall have the authority to—

(i) temporarily transfer the person described in subparagraph (A) to the foreign country, for violation of State law, the Attorney General may exercise the authority described in paragraph (1) if the appropriate State authorities give their consent to the Attorney General.

(3) CRITERION FOR REQUEST.—The Attorney General shall make a request under paragraph (1) only if the Attorney General determines, after consultation with the Secretary of State, that the return of the person sought for extradition to the foreign country of the foreign government requesting the extradition is consistent with United States international obligations.

(4) EFFECT OF TEMPORARY TRANSFER.—With regard to any person in pretrial detention—

(A) a temporary transfer under this subsection shall result in an interruption in the pretrial detention status of that person; and

(B) the right to challenge the conditions of confinement pursuant to section 3142(f) does not extend to the right to challenge the conditions of confinement in a foreign country where that person is subject to a temporary transfer.

(5) CONSENT BY PARTIES TO WAIVE PRIOR FINDING OF WHETHER A PERSON IS EXTRA-DITABLE.—The Attorney General may exercise the authority described in subsections (a) and (c) absent a prior finding that the person in custody is extraditable, if the person, any appropriate State authorities in a case under subsection (c), and the requesting foreign government give their consent to waive the requirement.

(6) RETURN OF PERSONS.—

(1) IN GENERAL.—If the temporary transfer to or from the United States of a person in custody for the purpose of prosecution is provided for by a request authorized by the Attorney General may exercise the authority described in subsections (a) and (b) if the person resides or is found or in which evidence or information, which orders may be served at any place within the United States;

(2) administer any necessary oath; and

(3) request any evidence or information.

(7) PERSONS ORDERED TO APPEAR.—A person ordered pursuant to subsection (b)(1) to appear outside the district in which that person resides or is found may, not later than 10 days after receipt of the order—

(A) file with the judge or judge magistrate who authorized execution of the order a motion to appear in the district in which that person resides or is found in which the evidence or information is located or that portion requiring the appearance of that person, to the other district if—

(A) the inconvenience to the person is substantial; and

(B) the transfer is unlikely to adversely affect the effective or timely execution of the request or a portion thereof.

(8) EXECUTION.—Upon transfer, the judge or judge magistrate to whom the request or a portion thereof is transferred shall complete its execution in accordance with subsections (a) and (b).

(b) CLERICAL AMENDMENT.—The analysis for chapter 305 of title 18, United States Code, is amended by adding at the end the following:

§ 4087. Transit through the United States of persons wanted in a foreign country

(a) IN GENERAL.—The Attorney General may, in consultation with the Secretary of State, permit the temporary transit through the United States of a person wanted for prosecution or imposition of sentence in a foreign country.

(b) LIMITATION ON JUDICIAL REVIEW.—A determination by the Attorney General to permit or not to permit a temporary transit described in subsection (a) shall not be subject to judicial review.

(c) CUSTODY.—If the Attorney General permits a temporary transit under subsection (a), the person, or a person with whom the Attorney General has made a temporary arrangement, may hold the person subject to that transit in custody during the transit of the person through the United States.

(d) CONDITIONS APPLICABLE TO PERSONS SUBJECT TO TEMPORARY TRANSIT.—Notwithstanding any other provision of law, a person who is subject to a temporary transit through the United States under this section shall—

(1) be required to have only such documents as the Attorney General shall require; and

(2) not be considered to have been admitted or paroled into the United States.

(c) CUSTODY.—The analysis for chapter 305 of title 18, United States Code, is amended by adding at the end the following:

§ 4087. Transit through the United States of persons wanted in a foreign country.

TITLE II—PROMOTING GLOBAL COOPERATION IN THE FIGHT AGAINST INTERNATIONAL CRIME

SEC. 201. STREAMLINED PROCEDURES FOR EXECUTION OF MLAT REQUESTS.

(a) IN GENERAL.—Chapter 117 of title 28, United States Code, is amended by adding at the end the following:

§ 1785. Assistance to foreign authorities

(a) IN GENERAL.—

(1) PRESENTATION OF REQUESTS.—The Attorney General may make a request made by a foreign government for assistance with respect to a foreign investigation, prosecution, or proceeding regarding a criminal matter pursuant to a treaty, convention, or executive agreement for mutual legal assistance between the United States and any government in which that government or in accordance with section 1786, the execution of which requires or appears to require the use of compulsory measures in more than one judicial district, to a judge or judge magistrate of—

(A) any 1 of the districts in which persons who may be required to appear to testify or produce evidence or information reside or are found, or in which evidence or information to be produced shall be located; and

(B) the United States District Court for the District of Columbia.

(b) CLERICAL AMENDMENT.—The analysis for chapter 117 of title 28, United States Code, is amended by adding at the end the following:

§ 3508. Temporary transfer of witnesses in custody;

(2) AUTHORITY OF COURT.—A judge or judge magistrate to whom a request for assistance is presented under paragraph (1) shall have the authority to issue orders authorizing service of process or charging a bond or any other security for a violation of State law, the Attorney General may exercise the authority described in paragraph (1) if the appropriate State authorities give their consent to the Attorney General.

(3) AUTHORITY OF APPOINTED PERSONS.—A person appointed under subsection (a)(2) shall have the authority to—

(1) issue orders for the taking of testimony or statements and the production of evidence or information, of any nature and in whatever form, in execution of the request.

(4) PERSONS ORDERED TO APPEAR.—A person ordered pursuant to subsection (b)(1) to appear outside the district in which that person resides or is found may, not later than 10 days after receipt of the order—

(A) file with the judge or judge magistrate who authorized execution of the request a motion to appear in the district in which that person resides or is found in which the evidence or information is located or that portion requiring the appearance of that person, to the other district if—

(A) the inconvenience to the person is substantial; and

(B) the transfer is unlikely to adversely affect the effective or timely execution of the request or a portion thereof.

(d) LIMITATION ON JUDICIAL REVIEW.—A determination by the Attorney General to permit or not to permit a request described in subsection (a) shall not be subject to judicial review.

(e) CUSTODY.—If the Attorney General permits a request described in subsection (a), the person, or a person with whom the Attorney General has made a request, may, not later than 10 days after receipt of the order, request that evidence or information be served in a foreign country.

(f) CONDITIONS APPLICABLE TO PERSONS SUBJECT TO TEMPORARY TRANSIT.—Notwithstanding any other provision of law, a person who is subject to a temporary transit through the United States under this section shall—

(1) be required to have only such documents as the Attorney General shall require; and

(2) not be considered to have been admitted or paroled into the United States.

(g) CUSTODY.—The analysis for chapter 117 of title 28, United States Code, is amended by adding at the end the following:

§ 1785. Assistance to foreign authorities.

SEC. 202. TEMPORARY TRANSFER OF INCARCERATED PERSONS.

(a) IN GENERAL.—Section 3058 of title 18, United States Code, is amended—

(1) by striking the section heading and inserting the following:

§ 3508. Temporary transfer of witnesses in custody;
“(2) PERSONS HELD FOR STATE LAW VIOLATIONS.—If the person is being held in custody for a violation of State law, the Attorney General may exercise the authority described in subsection (a), and may make the appropriate allocation of funds necessary to carry out such authority, for the fiscal year 2000.”

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Chair lay before the Senate a message from the House of Representatives on the bill (S. 468) 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.

There being no objection, the President pro tempore, by request, signed the message to the effect that the bill from the Senate (S. 468) entitled “An Act 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,” do pass with the following amendment: “Strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE
This Act may be cited as the “Federal Financial Assistance Management Improvement Act of 1999.”

SEC. 2. FINDINGS.
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 impeding 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 increasingly 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:

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

(b) FEDERAL AGENCY.—The term “Federal agency” means any agency as defined under section 551(1) of title 5, United States Code.

(c) FEDERAL FINANCIAL ASSISTANCE.—The term “Federal financial assistance” has the same meaning as defined in section 7501(a)(5) of title 31, United States Code, under which Federal financial assistance is provided, directly or indirectly, to a non-Federal entity.

(d) LOCAL GOVERNMENT.—The term “local government” means a political subdivision of a State that is a unit of general local government as defined in section 7501(a)(1) of title 31, United States Code.

(e) NON-FEDERAL ENTITY.—The term “non-Federal entity” means a State, local government, or nonprofit organization.

(f) 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 of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, and any instrumentality thereof, any multi-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 Government-wide uniform rule for any generally applicable requirement established to achieve national policy objectives that applies to multiple Federal financial assistance programs across Federal agencies.

SEC. 5. DUTIES OF FEDERAL AGENCIES.

(a) IN GENERAL.—Except as provided under subsection (b), not later than 18 months after the date of the enactment of this Act, each Federal agency shall develop and implement a plan that—

(1) streamlines and simplifies the application, administrative, and reporting procedures for Federal financial assistance programs administered by the agency; and

(2) demonstrates active participation in the interagency process under section 6(a)(2).

(b) EXCEPTION.—If a Federal agency is unable to comply with subsection (a), the Director may extend for up to 12 months the period for the agency to develop and implement a plan in accordance with subsection (a).

(c) COMMENT AND CONSULTATION ON AGENCY PLANS.—

(1) COMMENT.—Each agency shall publish the plan developed under subsection (a) in the Federal Register and shall receive public comment on the plan through the Federal Register and any 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).
SEC. 8. COLLECTION OF INFORMATION.

Nothing in this Act shall be construed to prevent the Director or any Federal agency from gathering, or to exempt any recipient of Federal financial assistance from providing, information that is required for review of the financial integrity or quality of services of an agency assisted by a Federal financial assistance program.

SEC. 9. JUDICIAL REVIEW.

Nothing in this Act shall be construed as a substantive or procedural, enforceable by any administrative or judicial action.

SEC. 11. EFFECTIVE DATE AND SUNSET.

This Act shall take effect on the date of the enactment of this Act and shall cease to be effective 8 years after such date of enactment.

Mr. GRASSLEY. I ask unanimous consent that the Senate agree to the amendment of the House.

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

NATIVE AMERICAN HOUSING ASSISTANCE AND SELF-DETERMINATION AMENDMENTS OF 1999

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 373, S. 225.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 225) to provide Federal housing assistance to Native Hawaiians.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Banking, Housing, and Urban Affairs with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Native American Housing Assistance and Self-Determination Act of 1999."

SEC. 2. FINDINGS.

Congress finds that—

(1) the United States has undertaken a responsibility to promote the general welfare of the Native Hawaiian population; and

(2) although Federal housing assistance programs have been administered on a racially neutral basis in the State of Hawaii, Native Hawaiians continue to have the greatest unmet need for housing and the highest rates of overcrowding in the United States; and

(3) pursuant to the provisions of the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq.), the United States set aside 200,000 acres of land in the Federal Territory that later became the Hawaiian Home Lands for the native peoples of Hawaii—Native Hawaiians; and

(4) despite the intent of Congress in 1920 to address the housing needs of Native Hawaiians through the enactment of the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq.), Native Hawaiians eligible to reside on the Hawaiian Home Lands have been prevented from participating in Federal housing assistance programs available to all other eligible families in the United States; and

(5) overcrowding in the Native Hawaiian population is 36 percent as compared to 3 percent for other households in the United States; and

(6) making Federal housing assistance programs available to other qualified residents of the United States, as the percentage—

(A) of housing problems in the Native Hawaiian population is 49 percent; and

(B) of Native Hawaiians who either reside on, or are eligible to reside on, Hawaiian Home Lands have incomes that fall below the median family income; and

(C) the extraordinarily severe housing needs of Native Hawaiians continue to have the greatest unmet need for housing and the highest rates of overcrowding in the United States, as the percentage—

(1) the United States has a special responsibility to promote the general welfare of Native Hawaiians, as that term is defined in section 801 of the Native American Housing Assistance and Self-Determination Act of 1996, as added by section 3 of this Act, eligible to reside on the Hawaiian Home Lands are the most severe, as—

(A) the percentage of overcrowding in Native Hawaiian households on the Hawaiian Home Lands is 36 percent; and

(B) approximately 13,000 Native Hawaiians, who constitute 95 percent of the Native Hawaiians who are eligible to reside on the Hawaiian Home Lands, are in need of housing; and

(7) the United States set aside 200,000 acres of land in the Federal Territory that later became the Hawaiian Home Lands, Congress finds it necessary to extend Federal housing assistance programs available to other qualified residents of the United States, as the percentage—

(A) of Native Hawaiian households on the Hawaiian Home Lands is 36 percent; and

(B) overcrowding in the Native Hawaiian population is 36 percent as compared to 3 percent for other households in the United States; and

(8) among the Native Hawaiian population, the needs of Native Hawaiians, as that term is defined in section 801 of the Native American Housing Assistance and Self-Determination Act of 1996, as added by section 3 of this Act, eligible to reside on the Hawaiian Home Lands are the most severe, as—

(A) the percentage of overcrowding in Native Hawaiian households on the Hawaiian Home Lands is 36 percent; and

(B) approximately 13,000 Native Hawaiians, who constitute 95 percent of the Native Hawaiians who are eligible to reside on the Hawaiian Home Lands, are in need of housing; and

(9) applying the Department of Housing and Urban Development guidelines—

(A) 70.8 percent of Native Hawaiians who either reside on or who are eligible to reside on the Hawaiian Home Lands have incomes that fall below the median family income; and

(B) 50 percent of Native Hawaiians who either reside on or who are eligible to reside on the Hawaiian Home Lands have incomes below 30 percent of the median family income; and

(10) Congress had the constitutional authority to establish a home lands for the Native Hawaiians in which Native Hawaiians who either reside on, or are eligible to reside on, Hawaiian Home Lands have been denied equal access to Federal low-income housing assistance programs available to other qualified residents of the United States, and that a more effective means of addressing their housing needs must be authorized; and

(11) Congress has ratified—

(A) the extraordinary severe housing needs of Native Hawaiians, as that term is defined in section 801 of the Native American Housing Assistance and Self-Determination Act of 1996, as added by section 3 of this Act, eligible to reside on the Hawaiian Home Lands are the most severe, as—

(A) the percentage of overcrowding in Native Hawaiian households on the Hawaiian Home Lands is 36 percent; and

(B) approximately 13,000 Native Hawaiians, who constitute 95 percent of the Native Hawaiians who are eligible to reside on the Hawaiian Home Lands, are in need of housing; and

(8) applying the Department of Housing and Urban Development guidelines—

(A) 70.8 percent of Native Hawaiians who either reside on or who are eligible to reside on the Hawaiian Home Lands have incomes that fall below the median family income; and

(B) 50 percent of Native Hawaiians who either reside on or who are eligible to reside on the Hawaiian Home Lands have incomes below 30 percent of the median family income; and

(9) ¾ of those Native Hawaiians who are eligible to reside on the Hawaiian Home Lands pay more than 30 percent of their income for shelter; and

(12) under the treatymaking power of the United States, Congress had the constitutional
authority to confirm a treaty between the United States and the government that represented the Hawaiian people, and from 1826 until 1893, the United States recognized the independence of the Kingdom of Hawaii, and extended full diplomatic recognition to the Hawaiian Government, and entered into treaties and conventions with the Hawaiian monarchs to govern (A) descendants in navigation in 1826, 1842, 1849, 1873, and 1887;

(13) the United States has recognized and reaffirmed that—

(A) the Hawaiian people have a cultural, historic, and land-based link to the indigenous people who exercised sovereignty over the Hawaiian Islands, and that group has never relinquished its claims to sovereignty or its sovereign lands;

(B) Congress does not extend services to Native Hawaiians because of their race, but because of their unique status as the indigenous people of a once sovereign nation as to whom the United States has established a trust relationship;

(C) Congress has also delegated broad authority to administer a portion of the Federal trust responsibility to the State of Hawaii;

(D) the political status of Native Hawaiians is comparable to that of American Indians and Alaskan Natives;

(E) the aboriginal, indigenous people of the United States have—

(i) a continuing right to autonomy in their internal affairs; and

(ii) an ongoing right of self-determination and self-governance that has never been extinguished;

(14) the political relationship between the United States and the Native Hawaiian people has been recognized and reaffirmed by the United States as evidenced by the inclusion of Native Hawaiians in—

(A) the National American Programs Act of 1974 (42 U.S.C. 2291 et seq.);

(B) the American Indian Religious Freedom Act (42 U.S.C. 1996 et seq.);

(C) the Hawaiian homesteads of the American Indian Act (20 U.S.C. 80g et seq.);

(D) the Native American Graves Protection and Repatriation Act (25 U.S.C. 3001 et seq.);

(E) the National Historic Preservation Act (16 U.S.C. 470 et seq.);

(F) the Native American Languages Act of 1992 (106 Stat. 3434);

(G) the American Indian, Alaska Native and Native Hawaiian Culture and Arts Development Act (20 U.S.C. 4401 et seq.);

(H) the Job Training Partnership Act (29 U.S.C. 1901 et seq.);

(I) the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.); and

(J) in the area of housing, the United States has recognized and reaffirmed the political relationship with the Native Hawaiian people through—

(A) the enactment of the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq.), which set aside approximately 200,000 acres of public lands that became known as Hawaiian Home Lands. The status of Hawaiian Home Lands is defined in section 201 of the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq.); and

(B) by transferring the United States responsibility for the administration of Hawaiian Home Lands to the State of Hawaii, but retaining the authority to enforce the trust, including the exclusive right of the United States to consent to any actions affecting the lands which comprise the corpus of the trust and any amendments to the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq.) and the State of Hawaii affecting the rights of beneficiaries under the Act;

(C) the authority for mortgage loans insured by the Federal Housing Administration for the purchase, construction, or refinancing of homes on Hawaiian Home Lands under the Act of June 27, 1941 (conventionally referred to as the “National Housing Act” (42 Stat. 1246 et seq., chapter 847; 12 U.S.C. 1701 et seq.));

(D) authorizing Native Hawaiian representation on the Board of Directors of the United States Indian, Alaska Native, and Native Hawaiian Housing Under Public Law 101-235;

(E) the inclusion of Native Hawaiians in the definition under section 704 of title 38, United States Code, applicable to subchapter V of chapter 37 of title 38, United States Code (relating to a housing loan program for Native American veterans); and

(F) the enactment of the Hawaiian Home Lands Recovery Act (109 Stat. 357; 48 U.S.C. 491, note prec.) which establishes a process for the conveyance of Federal lands to the Department of Hawaiian Home Lands that are equivalent in value to lands acquired by the United States from the Hawaiian Islands inventory.

SEC. 3. HOUSING ASSISTANCE.

The Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 401 et seq.) is amended by adding at the end the following:

“TITLE VIII—HOUSING ASSISTANCE FOR NATIVE HAWAIIANS

SEC. 803. DEFINITIONS.

“(1) IN GENERAL. The term ‘elderly family’ or ‘near-elderly family’ means a family whose head (or his or her spouse), or whose sole member, is—

(i) an elderly family, an elderly person;

(ii) a near-elderly family, a near-elderly person.

“(B) The term ‘elderly family’ or ‘near-elderly family’ includes—

(i) 2 or more elderly persons or near-elderly persons, as the case may be, living together; and

(ii) or more members described in clause (i) living with 1 or more persons determined under the housing plan to be essential to their care or well-being.

“(C) Hawaiian home lands. The term ‘Hawaiian Home Lands’ means—

(A) the status as Hawaiian home lands under section 204 of the Hawaiian Homes Commission Act (42 Stat. 110); or

(B) are acquired pursuant to that Act.

“(D) Housing benefit area. The term ‘housing benefit area’ means an area of Hawaiian Home Lands with respect to which the Department of Hawaiian Home Lands is authorized to provide assistance for affordable housing activities.

“(E) Housing entity. The term ‘housing entity’ means the Department of Hawaiian Home Lands.

“(F) Housing plan. The term ‘housing plan’ means a plan developed by the Department of Hawaiian Home Lands.

“(G) Median income. The term ‘median income’ means, with respect to an area that is a Hawaiian housing area, the greater of—

(A) the median income for the Hawaiian housing area, which shall be determined by the Secretary; or

(B) the median income for the State of Hawaii.

“(H) Native Hawaiian. The term ‘Native Hawaiian’ means any individual who—

(A) a citizen of the United States; and

(B) who, prior to 1778, occupied and exercised sovereignty in the area that currently constitutes the State of Hawaii, as evidenced by—

(i) genealogical records;

(ii) verification by kupuna (elders) or kama‘aina (long-term community residents); or

(iii) birth records of the State of Hawaii.

“SEC. 802. BLOCK GRANTS FOR AFFORDABLE HOUSING ACTIVITIES.

“(a) GRANT AUTHORITY. For each fiscal year, the Secretary shall (to the extent amounts are made available to carry out this title) make a grant under this title to the Department of Hawaiian Home Lands to carry out affordable housing activities for Native Hawaiian families who are eligible to reside on the Hawaiian Home Lands.

“(b) PLAN REQUIREMENT.

“(1) IN GENERAL. The Secretary may make a grant under this title to the Department of Hawaiian Home Lands for a fiscal year only if—

(A) the Director has submitted to the Secretary a housing plan for that fiscal year; and

(B) the Secretary has determined under section 804 that the housing plan complies with the requirements of section 803.

“(2) WAIVER. The Secretary may waive the applicability of the requirements under paragraph (1), in part, if the Secretary finds that the Department of Hawaiian Home Lands has not complied or cannot comply with those requirements due to circumstances beyond its control.

“(c) USE OF AFFORDABLE HOUSING ACTIVITIES UNDER PLAN. Except as provided in subsection (e), amounts provided under this title for any fiscal year shall be used only for affordable housing activities under this title that are consistent with a housing plan approved under section 804.

“(d) ADMINISTRATIVE EXPENSES.

“(1) IN GENERAL. The Secretary shall, by regulation, adopt and implement the Department of Hawaiian Home Lands to use a percentage of any grant amounts received under this title for reasonable administrative and planning expenses of the Department relating to carrying out this title and activities assisted with those amounts.

“(2) ADMINISTRATIVE AND PLANNING EXPENSES. The administrative and planning expenses referred to in paragraph (1) include—

(A) costs for salaries of persons engaged in overseeing and managing the affordable housing activities assisted with grant amounts provided under this title; and

(B) expenses incurred in preparing a housing plan under section 803.

“(e) PUBLIC-PRIVATE PARTNERSHIPS. The Director shall make reasonable efforts, consistent with the purposes of this title, to maximize participation by the private sector, including nonprofit organizations and for-profit entities, in implementing a housing plan that has been approved by the Secretary under section 803.

“(f) APPLICABILITY OF OTHER PROVISIONS.

“(1) IN GENERAL. The Secretary shall be guided by the relevant program requirements of titles I, II, and IV in the implementation of housing assistance programs for Native Hawaiian families under this title.

“(2) EXCEPTION. The Secretary may make exceptions to, or modifications of, program requirements for Native American housing assistance set forth in titles I, II, and IV as necessary and appropriate to meet the unique situation and housing needs of Native Hawaiians.

“SEC. 803. HOUSING PLAN.

“(a) PLAN SUBMISSION. The Secretary shall—
(1) require the Director to submit a housing plan under this section for each fiscal year; and
(2) provide for the review of each plan submitted under paragraph (1).
(b) IN GENERAL.—Each housing plan under this section shall—
(1) be in a form prescribed by the Secretary; and
(2) contain, with respect to the 5-year period beginning with the fiscal year for which the plan is submitted, the following information:
(A) GOALS AND OBJECTIVES.—A statement of the goals and objectives of the Department of Hawaiian Home Lands to enable the Department to serve the needs identified in subparagraph (A) during the period.
(B) STATEMENT OF NEEDS.—A statement of the housing needs of the low-income families to be served by the Department during the period covered by the plan; and
(C) ACTIVITIES PLANS.—An overview of the activities planned during the period including an analysis of the manner in which the activities will enable the Department to meet its mission, goals, and objectives.
(c) 1-YEAR PLAN.—A housing plan under this section shall—
(1) be in a form prescribed by the Secretary; and
(2) contain the following information relating to the fiscal year for which the assistance under this title is to be made available:
(A) GOALS AND OBJECTIVES.—A statement of the goals and objectives to be accomplished during the period covered by the plan.
(B) STATEMENT OF NEEDS.—A statement of the housing needs of the low-income families served by the Department and the means by which those needs will be addressed during the period covered by the plan, including—
(i) a description of the estimated housing needs and the need for assistance for the low-income families to be served by the Department, including a description of the manner in which the governmental distribution of assistance is consistent with—
(I) the geographical needs of those families; and
(II) the needs for various categories of housing assistance; and
(iii) a description of the estimated housing needs for all families to be served by the Department.
(C) FINANCIAL RESOURCES.—An operating budget for the Department of Hawaiian Home Lands in a form prescribed by the Secretary, that includes—
(i) an identification and a description of the financial resources reasonably available to the Department to carry out the purposes of this title, including an explanation of the manner in which amounts made available will be used to leverage additional resources; and
(ii) the uses to which the resources described in clause (i) will be committed, including—
(I) eligible and required affordable housing activities; and
(II) administrative expenses.
(D) AFFORDABLE HOUSING RESOURCES.—A statement of the affordable housing resources currently available at the time of the submittal of the plan and to be made available during the period covered by the plan, including—
(i) a description of the significant characteristics of the housing market in the State of Hawaii, including the availability of housing from other public sources, private market housing;
(ii) the manner in which the characteristics referred to in paragraph (d)(1)(i) influence the decision of the Department of Hawaiian Home Lands to use grant amounts to be provided under this title for—
(I) rental assistance;
(II) the production of new units; and
(III) the acquisition of existing units; or
(III) the rehabilitation of existing units; and
(iv) a description of the structure, coordination, and means of cooperation between the Department of Hawaiian Home Lands and any other governmental entities in the development, submission, or implementation of housing plans, including a description of—
(I) the use of loan guarantees under section 186A of the Housing and Community Development Act of 1990; and
(II) any existing or anticipated homeowner assistance provided by the Department of Hawaiian Home Lands; and
(v) the requirements and assistance available under the programs referred to in subclause (I);
(vi) a description of—
(I) any existing or anticipated housing rehabilitation programs necessary to ensure the long-term viability of the housing to be carried out during the period covered by the plan; and
(II) the requirements and assistance available under the programs referred to in subclause (I);
(vii) a description of—
(I) all other existing or anticipated housing assistance provided by the Department of Hawaiian Home Lands during the period covered by the plan, including—
(aa) rental assistance; and
(bb) college housing; and
(III) the requirements and assistance available under such programs;
(viii) a description of any housing to be demolished or disposed of; and
(ix) any other information required by the Secretary with respect to that demolition or disposition;
(C) AFFORDABLE HOUSING RESOURCES.—A description of the manner in which the Department of Hawaiian Home Lands will coordinate with welfare agencies in the State of Hawaii to ensure that residents of the affordable housing will be provided with access to resources to assist in obtaining employment and achieving self-sufficiency;
(x) a description of the requirements established by the Department of Hawaiian Home Lands to—
(I) promote the safety of residents of the affordable housing;
(II) facilitate the undertaking of crime prevention activities under the plan, including the organizational capacity and key personnel of the entities.
(E) CERTIFICATION OF COMPLIANCE.—Evidence of compliance that shall include, as appropriate—
(I) a certification that the Department of Hawaiian Home Lands will comply with—
(aa) title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) or title VIII of the Act popularly known as the ‘Civil Rights Act of 1968’ (42 U.S.C. 3601 et seq.) to the extent that such title is applicable; and
(bb) other Federal statutes;
(ii) the requirements of the Act popularly known as the ‘Civil Rights Act of 1964’ (42 U.S.C. 2000d et seq.) or title VIII of the Act that prohibits discrimination on the basis of race or national origin, religion, sex, familial status, or disability.
(F) USE OF NONPROFIT ORGANIZATIONS.—As a condition of receiving grant amounts under this title, the Department of Hawaiian Home Lands shall, to the extent practicable, provide for private nonprofit organizations experienced in the planning and development of affordable housing activities with those grant amounts.
"(1) the reasons for noncompliance; and
"(2) any modifications necessary for the plan to meet the requirements of section 803.

(c) Review.  
(1) In General.—After the Director of the Department of Hawaiian Home Lands submits a housing plan under section 803, or any amendment or modification to the plan to the Secretary, the Secretary considers such action to be necessary to make a determination under this subsection, the Secretary shall review the plan (including any amendments or modifications) to determine whether the contents of the plan—

(A) set forth the information required by section 802 in the housing plan;

(B) are consistent with information and data available to the Secretary; and

(C) are not prohibited by or inconsistent with any provision of this Act or any other applicable law.

(2) Incomplete Plans.—If the Secretary determines under this subsection that any of the appropriate certifications required under section 803(c)(2)(E) are not included in a plan, the plan shall be considered to be incomplete.

(d) Updates to Plan.  
(1) In General.—Subject to paragraph (2), after a plan under section 803 has been submitted for a fiscal year, the Director of the Department of Hawaiian Home Lands may comply with the provisions of that section for the preceding fiscal year (with respect to information included for the 5-year period under section 803(b) or for the 1-year period under section 803(c)(2)(E) to the extent that the Secretary considers appropriate and necessary to update the plan previously submitted.

(2) Complete Plans.—The Director shall submit a complete plan under section 803 not later than 4 years after submitting an initial plan under that section, and not less frequently than every 5 years thereafter.

(e) Effective Date.—This section and section 803 shall take effect on the date provided by the Secretary pursuant to section 807(a) to provide for timely submission and review of the housing plan as necessary for the provision of assistance under this title for fiscal year 2000.

SEC. 805. TREATMENT OF PROGRAM INCOME AND LABOR STANDARDS.

(1) Program Income.—
"(1) Authority to Retain.—The Department of Hawaiian Home Lands may retain any program income that is realized from any grant amounts received by the Department under this title if—

(A) that income was realized after the initial disbursement of the grant amounts received by the Department; and

(B) the Director agrees to use the program income for affordable housing activities in accordance with the provisions of this title.

(2) Prohibition of Reduction of Grant.—The Secretary may not reduce the grant amount for the Department of Hawaiian Home Lands based solely on the retention of program income.

(3) Exclusion of Amounts.—The Secretary may, by regulation, exclude from consideration as program income any amounts determined to be so small that compliance with the requirements of this subsection would create an unreasonable administrative burden on the Department.

(4) Labor Standards.—
"(1) In General.—Any contract or agreement for assistance, sale, or lease pursuant to this title shall contain—

(A) a provision requiring that an amount not less than the wages prevailing in the locality, as determined or adopted (subsequent to a determination by the State or local law) by the Secretary, shall be paid to all architects, technical engineers, draftsmen, technicians employed in the development and all maintenance, and laborers and mechanics employed in the operation, of the affordable housing project involved; and

(B) a provision that an amount not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Act commonly known as the Davis-Bacon Act (40 U.S.C. 276a et seq.) shall be paid to all laborers and mechanics employed in the development of the affordable housing involved.

(2) Exceptions.—Paragraph (1) and provisions relating to wages required under paragraph (1) in any contract or agreement for assistance, sale, or lease under this title, shall not apply to any individual who performs the services for which the individual volunteered and who is not otherwise employed at any time in the construction work and received no compensation or is paid expenses, reasonable benefits, or a nominal fee for those services.

"SEC. 806. ENVIRONMENTAL REVIEW.

(1) In General.—
"(1) Release of Funds.—

(A) The Secretary may carry out the alternative environmental protection procedures described in subparagraph (B) in order to ensure—

(i) the policies of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and other provisions of law that further the purposes of such Act (as specified in regulations issued by the Secretary) are most effectively implemented in connection with the expenditure of grant amounts provided under this title; and

(ii) the public undiminished protection of the environment.

(B) Alternative Environmental Protection Procedure.—In lieu of applying environmental protection procedures otherwise applicable, the Secretary may by regulation provide for the release of funds for specific projects to the Department of Hawaiian Home Lands if the Director of the Department of Hawaiian Home Lands meets the responsibilities for environmental review, decision making, and action under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), and such other provisions of law as the regulations of the Secretary specify, that would apply to the Secretary were the Secretary to undertake those projects as Federal projects.

(2) Regulations.—

(A) The Secretary shall issue regulations to carry out this section only after consultation with the Council on Environmental Quality.

(B) Contents.—The regulations issued under this paragraph shall—

(i) provide for the monitoring of the environmental reviews performed under this section;

(ii) in the discretion of the Secretary, facilitate training for the performance of such reviews; and

(iii) provide for the suspension or termination of the assumption of responsibilities under this section.

(3) Effect on Assumed Responsibility.—The duty of this paragraph (2)(B) shall not be construed to limit or reduce any responsibility assumed by the Department of Hawaiian Home Lands for grant amounts with respect to any specific release of funds.

(4) Procedure.—

(A) In General.—The Secretary shall authorize the release of funds subject to the procedures under this section only if, not less than 15 days before that approval and before any commitment of funds to such projects, the Director of the Department of Hawaiian Home Lands submits to the Secretary a request for such release accompanied by a certification that meets the requirements of subsection (c).

(B) Effect of Approval.—The approval of the Secretary described in paragraph (1) shall be deemed to satisfy the responsibilities of the Secretary under the National Environmental Policy Act of 1969 (42 U.S.C. 4231 et seq.) and such other provisions of law as the regulations of the Secretary specify to the extent that those responsibilities relate to the release of funds for projects that are covered by that certification.

"(c) Certification.—A certification under the procedures under this section shall—

(1) be in a form acceptable to the Secretary;

(2) be executed by the Director of the Department of Hawaiian Home Lands;

(3) specify that the Department of Hawaiian Home Lands has fully carried out its responsibilities as described under subsection (a); and

(4) specify that the Director—

(A) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 (42 U.S.C. 4231 et seq.) and each provision of law specified in regulations issued by the Secretary to the extent that those laws apply by reason of subsection (a); and

(B) is authorized and consents on behalf of the Department of Hawaiian Home Lands and the Director to accept the jurisdiction of the Federal courts for the purpose of enforcement of the responsibilities of the Secretary of the Department of Hawaiian Home Lands as such an official.

"SEC. 807. REGULATIONS.

The Secretary shall issue final regulations not later than October 1, 1999.

"SEC. 808. EFFECTIVE DATE.

Except as otherwise expressly provided in this title, this title shall take effect on October 1, 1999.

"SEC. 809. AFFORDABLE HOUSING ACTIVITIES.

(1) National Objectives and Eligible Families.—

(A) Primary Objective.—The national objectives of this title are—

(i) to assist and promote affordable housing activities to develop, maintain, and operate affordable housing for low-income Native Hawaiian families; and

(ii) to ensure better access to private mortgage markets and to promote self-sufficiency of low-income Native Hawaiian families;

(B) Eligible Families.—

(A) In General.—Except as provided under subparagraph (B), assistance for eligible housing activities under this title shall be limited to low-income Native Hawaiian families.

(B) Exception to Low-Income Requirement.—

(i) In General.—The Director may provide assistance for homeownership activities under—

(I) section 810(b);

(II) activities under section 810(f); or

(III) loan guarantee activities under section 184A of the Housing and Community Development Act of 1992 to Native Hawaiian families.

(ii) Extent to Which those Laws Apply.—The extent to which those laws apply by reason of subsection (a).

(iii) Limitations.—The Secretary shall establish limitations on the amount of assistance that may be provided under this title for activities for families that are not low-income.

"(C) Other Families.—Notwithstanding paragraph (1), the Director may provide housing assistance under this title for homeownership activities for families that are not low-income.
or housing assistance provided through affordable housing activities assisted with grant amounts under this title to a family that is not composed of Native Hawaiians if—
(i) the Department determines that the presence of the family in the housing involved is essential to the well-being of Native Hawaiian families; and
(ii) the need for housing for the family cannot be reasonably met without the assistance.

"D) PREFERENCE. —
(i) IN GENERAL. — A housing plan submitted under section 803 may authorize a preference, for housing or housing assistance provided through affordable housing activities assisted with grant amounts provided under this title to be practiced, to the extent practicable, to families that are eligible to reside on the Hawaiian Home Lands.

(ii) APPLICATION. — In any case in which a housing plan provides for preference described in clause (i), the Director shall ensure that housing activities that are assisted with grant amounts under this title are subject to that preference.

"E) USE OF NONPROFIT ORGANIZATIONS.— As a condition of receiving grant amounts under this title, the Department of Hawaiian Home Lands, shall to the extent practicable, provide for private nonprofit organizations experienced in the financing and development of affordable housing for Native Hawaiians in carrying out affordable housing activities with those grant amounts.

"SEC. 810. ELIGIBLE AFFORDABLE HOUSING ACTIVITIES. —
(a) In General.— Affordable housing activities under this section are activities conducted in accordance with the requirements of section 811 to—
(1) develop or to support affordable housing for rental or homeownership; or
(2) provide housing services with respect to affordable housing, through the activities described in subsection (b).

(b) ACTIVITIES.— The activities described in this subsection are the following:

(1) DEVELOPMENT.— The acquisition, new construction, reconstruction, or moderate or substantial rehabilitation of affordable housing, which may include—
(A) real property acquisition;
(B) site improvement;
(C) the development of utilities and utility services;
(D) conversion;
(E) demolition;
(F) financing;
(G) administration and planning; and
(H) three or more related activities.

(2) HOUSING SERVICES.— The provision of housing-related services for affordable housing, including—
(A) housing counseling in connection with rental or homeownership assistance;
(B) the establishment and support of resident organizations and resident management corporations;
(C) energy auditing;
(D) activities related to the provisions of self-sufficiency and other services; and
(E) services provided to existing owners, tenants, contractors, and other entities participating or seeking to participate in other housing activities assisted pursuant to this section.

(3) HOUSING MANAGEMENT SERVICES.— The provision of management services for affordable housing, including—
(A) the preparation of work specifications;
(B) all loan processing;
(C) inspections;
(D) tenant selection;
(E) management of tenant-based rental assistance; and
(F) management of affordable housing projects.

(4) CRIME PREVENTION AND SAFETY ACTIVITIES.— The provision of safety, security, and law enforcement measures and activities appropriate to protect residents of affordable housing from crime.

(5) MODEL ACTIVITIES.— Housing activities under model programs that are—
(A) designed to carry out the purposes of this title; and
(B) specifically approved by the Secretary as appropriate to the purpose referred to in subparagraph (A).

"SEC. 811. PROGRAM REQUIREMENTS. —
(a) RENTS.—
(1) ESTABLISHMENT.— Subject to paragraph (2), as a condition to receiving grant amounts under this title, the Director shall develop written policies governing rents and homebuyer payments charged for dwelling units assisted under this title, including methods by which such rents and homebuyer payments are determined.

(2) MAXIMUM RENT.— In the case of any low-income family residing in a dwelling unit assisted with grant amounts under this title, the monthly rent or homebuyer payment (as applicable) for that dwelling unit may not exceed 30 percent of the monthly adjusted income of that family.

(b) MAINTENANCE AND EFFICIENT OPERATION.—
(1) IN GENERAL.— The Director shall, using amounts of any grants received under this title, reserve and use for operating under section 810 such amounts as may be necessary to provide for the continued maintenance and efficient operation of such housing.

(2) DISPOSAL OF CERTAIN HOUSING.— This subsection may not be construed to prevent the Director, or any entity funded by the Department, from demolishing or disposing of housing, pursuant to regulations established by the Secretary.

(c) INSURANCE COVERAGE.— As a condition to receiving grant amounts under this title, the Director shall require adequate insurance coverage for housing units that are owned or operated or assisted with grant amounts provided under this title.

(d) ELIGIBILITY FOR ADMISSION.— As a condition to receiving grant amounts under this title, the Director shall develop policies governing the eligibility, admission, and occupancy of families for housing assisted with grant amounts provided under this title.

(e) MANAGEMENT AND MAINTENANCE.— As a condition to receiving grant amounts under this title, the Director shall develop policies governing the management and maintenance of housing assisted with grant amounts under this title.

"SEC. 812. TYPES OF INVESTMENTS. —
(a) In General.— Subject to section 811 and an applicable housing plan approved under section 803, the Director shall have—
(1) the discretion to use grant amounts for affordable housing activities through the use of—
(A) equity investments;
(B) interest-bearing loans or advances;
(C) noninterest-bearing loans or advances;
(D) interest subsidies;
(E) the leveraging of private investments; or
(F) any other form of assistance that the Secretary determines to be consistent with the purposes of this title; and
(2) the right to establish the terms of assistance provided with funds referred to in paragraph (1).

(b) INVESTMENTS.— The Director may invest grant amounts for the purposes of carrying out affordable housing activities in investment securities and other obligations, as approved by the Secretary.

"SEC. 813. LOW-INCOME REQUIREMENT AND INCOME TARGETING. —
(a) IN GENERAL.— Housing shall qualify for the purposes of this title only if—
(1) each dwelling unit in the housing—
(A) in the case of rental housing, is made available for occupancy only by a family that is a low-income family at the time of the initial occupancy of that family of that unit; and
(B) in the case of housing for homeownership, is made available for purchase only by a family that is a low-income family at the time of purchase; and
(2) each dwelling unit in the housing will remain affordable, according to written commitments satisfactory to the Secretary, for—
(A) the remaining useful life of the property (as determined by the Secretary) without regard to the term of the mortgage or to transfer of ownership; or
(B) such other period as the Secretary determines to be the longest feasible time consistent with sound economics and the purposes of this title, except upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if that action—
(i) recognizes any contractual or legal rights of any public agency, nonprofit sponsor, or other person or entity to take an action that would—
(A) avoid termination of low-income affordability, in the case of foreclosure; or
(B) transfer ownership in lieu of foreclosure; and
(ii) is not for the purpose of avoiding low-income affordability restrictions, as determined by the Secretary.

(b) EXCEPTION.— Notwithstanding subsection (a), housing assisted pursuant to section 810 that is low-income affordable housing for purposes of this title.

"SEC. 814. LEASE REQUIREMENTS AND TENANT SELECTION.—
(a) LEASES.— Except to the extent otherwise provided by or inconsistent with the laws of the State of Hawaii, in renting dwelling units in affordable housing assisted with grant amounts provided under this title, the Director, owner, or manager shall use leases that—
(1) do not contain unreasonable terms and conditions;
(2) require the Director, owner, or manager to maintain the housing in compliance with applicable housing codes and quality standards;
(3) require the Director, owner, or manager to give adequate written notice of termination of the lease, which shall be the period of time required under applicable State or local law;
(4) specify that, with respect to any notice of eviction or termination, notwithstanding any State or local law, a resident shall be informed of the opportunity, in writing or by trial, to examine any relevant documents, record, or regulations directly related to the eviction or termination;
(5) require that the Director, owner, or manager may not terminate the tenancy, during the term of the lease, except for serious or repeated violation of the terms of the lease, violation of applicable Federal, State, or local law, or for other good cause; and
(6) provide that the Director, owner, or manager may not terminate the tenancy of a resident for any activity, engaged in by the resident, any member of the household of the resident, or any guest or other person under the control of the resident, that—
(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other residents or employees of the Department, owner, or manager;
(B) threatens the health or safety of, or right to peaceful enjoyment of their premises by, persons residing in the immediate vicinity of the premises; or
(C) is criminal activity (including drug-related criminal activity) on or off the premises.

(b) TENANT OR HOMEBUYER SELECTION.— As a condition to receiving grant amounts under this title, the Director shall adopt and use written tenant and homebuyer selection policies and criteria that—
(1) are consistent with the purpose of providing housing for low-income families;
(2) are reasonably designed to program eligibility and the ability of the applicant to perform the obligations of the lease; and
SEC. 813. REIMBURSEMENT.

If the Department of Hawaiian Home Lands shall be reimbursed for any costs or expenses incurred in connection with the enforcement of this title, the Secretary of Interior, or the Director of the Department of Hawaiian Home Lands, shall be entitled to be reimbursed in an amount equal to the amount of such costs or expenses.

SEC. 814. DETERMINATION OF NEED.

The Secretary shall determine the need for a project or program under this title by an order in writing, which shall set forth the reasons for the determination and shall be conclusive unless it is modified by the court.

SEC. 815. ALLOCATION FORMULA.

(a) ESTABLISHMENT.—The Secretary shall, by regulation, establish the formula under subsection (a), if the Secretary has reason to believe that the Department of Hawaiian Home Lands has not complied substantially with the provisions of this title.

(b) OBJECTIVES.—The Secretary shall determine the objectives of the Department of Hawaiian Home Lands to be achieved by the allocation of funds under this title.

(c) OTHER FACTORS FOR CONSIDERATION.—In determining the allocation of funds under this title, the Secretary shall also consider the following factors:

1. The extent of poverty and economic distress in the State and the number of Native Hawaiian families eligible to reside on the Hawaiian Home Lands.

2. The geographic distribution within Hawaiian Home Lands.

3. The technical capacity.

(d) EFFECTIVE DATE.—The act shall take effect on the date of enactment of the Native American Housing Assistance and Self-Determination Amendments of 1999.

SEC. 816. ANNUAL ALLOCATION.

For each fiscal year, the Secretary shall allocate any amounts made available for assistance under this title to the Department of Hawaiian Home Lands if the Department complies with the requirements of this section.

SEC. 817. ALLOCATION FORMULA.

(a) ESTABLISHMENT.—The Secretary shall, by regulation, establish the formula under subsection (a), if the Secretary has reason to believe that the Department of Hawaiian Home Lands has failed to comply substantially with the provisions of this title.

(b) OBJECTIVES.—The Secretary shall determine the objectives of the Department of Hawaiian Home Lands to be achieved by the allocation of funds under this title.

(c) OTHER FACTORS FOR CONSIDERATION.—In determining the allocation of funds under this title, the Secretary shall also consider the following factors:

1. The extent of poverty and economic distress in the State and the number of Native Hawaiian families eligible to reside on the Hawaiian Home Lands.

2. The geographic distribution within Hawaiian Home Lands.

3. The technical capacity.

(d) EFFECTIVE DATE.—The act shall take effect on the date of enactment of the Native American Housing Assistance and Self-Determination Amendments of 1999.

SEC. 818. REMEDIES FOR NONCOMPLIANCE.

(a) ACTIONS BY SECRETARY AFFECTING GRANT AMOUNTS.—

(i) IN GENERAL.—Except as provided in subsection (b), if the Secretary finds after reasonable notice and opportunity for a hearing that the Department of Hawaiian Home Lands has failed to comply substantially with any provision of this title, the Secretary shall—

(A) terminate payments under this title to the Department;

(B) limit the availability of payments under this title to programs, projects, or activities not affected by such failure to comply.

(ii) ACTIONS.—If the Secretary takes an action under subparagraph (A), (B), or (C) of paragraph (1), the Secretary shall provide notice of the action to the Department.

(iii) FAILURE TO COMPLY.—If the Department fails to comply with the provision remedied by the Secretary, the Department is in compliance with that provision.

(b) NONCOMPLIANCE BECAUSE OF A TECHNICAL INCAPACITY.—The Secretary may extend the time during which the Department is in compliance with the provisions under this title if the Secretary determines that the failure of the Department to comply with the provision has been remedied by the Department and the Department is in compliance with that provision.

(c) REFERRAL FOR CIVIL ACTION.—

(1) AUTHORITY.—In lieu of, or in addition to, any action that the Secretary may take under subsection (a), if the Secretary has reason to believe that the Department of Hawaiian Home Lands has failed to comply substantially with the provisions of this title, the Secretary may refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted.

(2) APPEAL.—The Secretary may appeal a decision rendered under paragraph (1) to the Director, who may appeal a decision rendered under paragraph (1) to the Attorney General of the United States, who shall represent the Secretary in the litigation.

(d) REVIEW.—

(1) IN GENERAL.—If the Director receives notice under subsection (a) of the termination, reduction, or limitation of payments under this title, the Director shall—

(A) recover the amount of the assistance furnished under this title that was not expended in accordance with this title;

(B) make an appropriate injunctive relief.

(2) COURT PROCEEDINGS.—

(A) IN GENERAL.—If the Secretary takes an action under paragraph (1), the Secretary shall file in the court a record of the proceeding on which the Secretary based the action, as provided in section 2112 of title 28, United States Code.

(B) OBJECTIONS.—No objection to the action of the Secretary may be considered by the court unless the Department has registered the objection before the Secretary.

(3) DISPOSITION—

(A) COURT PROCEEDINGS—

(i) JURISDICTION OF COURT.—The court shall have jurisdiction to affirm or modify the action of the Secretary or to set aside the action in whole or in part.

(ii) FINDINGS OF FACT.—If supported by substantial evidence on the record considered as a whole, the findings of fact by the Secretary shall be conclusive.

(iii) ADDITION.—The court may order other evidence to be taken by the Secretary, and to be made part of the record.

(iv) ADDITIONAL ACTIONS.—The court may order other evidence to be taken by the Secretary, and to be made part of the record.

(B) SECRETARY.—

(i) IN GENERAL.—The Secretary, by reason of the additional evidence referred to in subparagraph (A) and filed with the court—

(A) may—

(aa) modify the findings of fact of the Secretary; or

(bb) make new findings; and

(ii) shall file—

(A) any modified or new findings; and

(B) the recommendation of the Secretary, if any, for the modification or setting aside of the original action of the Secretary.

(ii) FINDINGS.—The findings referred to in clause (ii)(B)(i)(aa) shall, with respect to a question of fact, be considered to be conclusive if the following findings are—

(i) supported by substantial evidence on the record; and

(ii) considered as a whole.

(E) FINALITY.—

(A) IN GENERAL.—Except as provided in subparagraph (B), upon the filing of the record under this subsection with the court—

(i) the jurisdiction of the court shall be exclusive; and

(ii) the judgment of the court shall be final.

(B) REVIEW BY SUPREME COURT.—A judgment under subparagraph (A) shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification, as provided in section 1254 of title 28, United States Code.

SEC. 819. MONITORING OF COMPLIANCE.

(a) ENFORCEABLE AGREEMENTS.—

(1) GENERAL.—The Director, through binding contractual agreements with owners or other authorized entities, shall ensure long-term compliance with the provisions of this title.

(2) MEASURES.—The measures referred to in paragraph (1) shall provide—

(A) to the extent allowable by Federal and State law, the enforcement of the provisions of this title by the Department and the Secretary; and

(B) remedies for breach of the provisions referred to in paragraph (1).

(b) PERIODIC MONITORING.—

(1) GENERAL.—Not less frequently than annually, the Department shall review the activities conducted and housing assisted under this title to assess compliance with the requirements of this title.

(2) REVIEW.—Each review under paragraph (1) shall include onsite inspection of housing to determine compliance with applicable requirements.

(c) RESULTS.—The results of each review under paragraph (1) shall include a performance report of the Director submitted to the Secretary under section 820, and (B) made available to the public.

(d) PERFORMANCE MEASURES.—The Secretary shall establish such performance measures as may be necessary to assess compliance with the requirements of this title.

SEC. 820. PERFORMANCE REPORTS.

(a) REQUIREMENT.—For each fiscal year, the Director shall—

(1) review the progress the Department has made during that fiscal year in carrying out the housing plan submitted by the Department under section 803; and

(2) submit a report to the Secretary (in a form acceptable to the Secretary) describing the conclusions of the review.

(b) CONTENT.—Each report submitted under this paragraph shall include—

(1) a description of the use of grant amounts provided to the Department of Hawaiian Home Lands for that fiscal year;

(2) an evaluation of the effectiveness of the fiscal year’s activities in accordance with the goals identified by the Department; and

(3) a determination of the amount of resources made available to the Department.

(c) SUBMISSION.—The Secretary shall—

(1) establish a date for submission of each report under this section;
``(2) review each such report; and
``(3) with respect to each such report, make recommendations as the Secretary considers appropriate to carry out the purposes of this title.

``(c) ELIGIBLE BORROWERS.—(A) The phrase `an eligible borrower' means a person who is—
``(i) a person who is an eligible borrower under this title, and
``(ii) an eligible borrower under section 184A of the National Housing Act (42 U.S.C. 1441a et seq.).
``(B) The phrase `an eligible borrower under this title' means a person who meets the requirements of section 182 of this title.

``SEC. 821. REVIEW AND AUDIT BY SECRETARY.
``(a) ANNUAL REVIEW.—
``(1) I N GENERAL.—The Secretary shall, not less frequently than on an annual basis, make such reviews and audits as may be necessary or appropriate to determine whether—
``(A) the Director has—
``(i) carried out eligible activities under this title in a timely manner;
``(ii) carried out eligible activities in accordance with the requirements and the primary objectives of this title and with other applicable laws; and
``(iii) maintained a continuing capacity to carry out the eligible activities in a timely manner;
``(B) the Director has complied with the housing plan submitted by the Director under section 803; and
``(C) the performance reports of the Department under section 821 are accurate.
``(2) ONSITE VISITS.—Each review conducted under this section shall, to the extent practicable, include on-site visits by employees of the Department of Housing and Urban Development.
``(b) REPORT BY SECRETARY.—The Secretary shall make a report to the Congress setting forth a summary of the activities performed under this section and an evaluation of the effectiveness of the Department of Housing and Urban Development in carrying out this section.
``(c) EFFECT OF REVIEWS.—The Secretary shall, not later than 90 days after receiving the report required under subsection (b), transmit a copy of the report to the Congress.

``SEC. 822. GENERAL ACCOUNTING OFFICE AUDITS.
``(a) IN GENERAL.—Not later than 90 days after the conclusion of each fiscal year in which assistance under this title is made available, the Secretary shall submit to Congress a report that contains—
``(1) a description of the progress made in accomplishing the objectives of this title;
``(2) a summary of funds available under this title during the preceding fiscal year; and
``(3) a description of the aggregate outstanding loan guarantees under section 184A of the Housing and Community Development Act of 1992.
``(b) RELATED REPORTS.—The Secretary may require the Director to submit to the Secretary such reports and other information as may be necessary in order for the Secretary to prepare the report required under subsection (a).
(B) APPROVAL.—If the Secretary approves the application submitted under subparagraph (A), the Secretary shall issue a certificate under this subsection as evidence of the loan guarantee. The authority of the Secretary to enter into such contracts, and property acquired by the Secretary shall be available, to the extent provided in appropriate appropriations Acts, for—

(1) providing any obligations of the Secretary with respect to loans guaranteed under this section, including the costs (as that term is defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)) of such loans;

(2) paying taxes, insurance, prior liens, expenses necessary to make fiscal adjustment in connection with the application and tranmission of such loans, and other expenses and advances to protect the Secretary for loans which are guaranteed under this section or held by the Secretary;

(3) acquiring such security property at foreclosure sales or otherwise;

(4) paying administrative expenses in connection with this section; and

(5) reasonable and necessary costs of rehabilitation and repair to properties that the Secretary holds or owns pursuant to this section.

(G) INVESTMENT.—Any amounts in the Guarantee Fund determined by the Secretary to be in excess of amounts currently required at the time of the determination to carry out this section may be invested in obligations of the United States.

(H) LIMITATION ON COMMITMENTS TO GUARANTEE LOANS AND MORTGAGES.—

(1) REQUIREMENT OF APPROPRIATIONS.—The authority of the Secretary to enter into commitments to guarantee loans under this section shall be effective for any fiscal year to the extent that amounts in the Guarantee Fund determined by the Secretary to be in excess of amounts currently required at the time of the determination to carry out this section may be invested in obligations of the United States.

(2) LIMITATIONS ON COSTS OF GUARANTEES.—The Secretary shall pay for the obligations of the Secretary incurred under this section in whole or in part, to the holder, the note or judgment evidencing the debt shall be assigned to the United States and the holder shall have no further claim against the borrower or the United States. The Secretary shall have no further claim against the borrower or the United States should the borrower fail to perform its obligations under the loan agreement. The Secretary shall have no further claim against the borrower or the United States should the borrower fail to perform its obligations under the loan agreement.

(II) NO FORECLOSURE.—

(a) IN GENERAL.—Without seeking foreclosure (or in any case in which a foreclosure proceeding initiated under clause (i) continues for a period in excess of 1 year), the holder of the guarantee shall assign to the Secretary, without security interest in the property of the borrower, the pro rata portion of the amount guaranteed (as determined pursuant to subsection (f)) plus reasonable fees and expenses as approved by the Secretary.

(b) SUBROGATION.—The rights of the Secretary shall be subrogated to the rights of the holder of the guarantee. The holder shall assign the obligation and security to the Secretary.

(i) BAR SUCH LENDER OR HOLDER FROM ACQUIRING ADDITIONAL LOANS GUARANTEED UNDER THIS SECTION; AND

(ii) to service adequately loans guaranteed under this section; or

(iii) to exercise proper credit or underwriting judgment; or

(iv) has engaged in practices otherwise detrimental to the interest of a borrower or the United States.

(B) ACTIONS.—Upon a determination by the Secretary that a holder of a guarantee certificate under subsection (c) has failed to carry out an activity described in subparagraph (A)(i) or has engaged in practices described in subparagraph (A)(iii), the Secretary may—

(A) the Secretary shall have no further claim against the borrower or the United States.

(II) TO BAR THE SECRETARY FROM ESTABLISHING BY REGULATION DEFENSES AGAINST THE ORIGINAL LENDER.

(E) EVIDENCE.—The evidence referred to in subparagraph (A) shall be incontestable in the hands of the holder.

(F) LIABILITY UNDER GUARANTEE.—The liability under a guarantee provided under this section shall be determined on a pro rata basis according to any decrease or increase in the amount of the unpaid obligation under the provisions of the loan agreement involved.

(G) PRESUMPTION.—Notwithstanding any other provision of law, any loan guaranteed under this section, including the security given for the loan, may be sold or assigned from time to time at such prices and upon such terms (including any conditions precedent to the assignment) as the Secretary determines that are reasonable and necessary to effectuate the purpose of this Act.
The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], for Mr. I NOUYE, proposes an amendment numbered 2511.

The amendment is as follows:

On page 98, strike line 23 and all that follows through page 99.

The amendment (No. 2511) was agreed to.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the amendment be agreed to.

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

(5) although Federal housing assistance programs have been administered on a racially neutral basis in the State of Hawaii, and Native Hawaiians continue to have the greatest unmet need for housing and the highest rates of overcrowding in the United States;

(6) among the Native American population of the United States, Native Hawaiians experience the highest percentage of housing problems in the United States, as the percentage—

(A) of housing problems in the Native Hawaiian population is 49 percent, as compared to—

(i) 44 percent for American Indian and Alaska Native households in Indian country; and

(ii) 27 percent for all other households in the United States;

(B) overcrowding in the Native Hawaiian population is 36 percent as compared to 3 percent for all other households in the United States;

(7) among the Native Hawaiian population, the needs of Native Hawaiians, as that term is defined in section 801 of the Native American Housing Assistance and Self-Determination Act of 1996, as added by section 3 of this Act, eligible to reside on the Hawaiian Home Lands are the most severe, as—

(A) more than 36,000 Native Hawaiians, eligible to reside on the Hawaiian Home Lands, are in need of housing; and

(B) approximately 13,000 Native Hawaiians, who will constitute 50 percent of the Native Hawaiians who are eligible to reside on the Hawaiian Home Lands, are in need of housing.

(8) applying the Department of Housing and Urban Development guidelines—that

(A) 70.8 percent of Native Hawaiians who either reside or who are eligible to reside on the Hawaiian Home Lands have incomes that fall below the median family income; and

(B) 50 percent of Native Hawaiians who either reside or who are eligible to reside on the Hawaiian Home Lands have incomes below 30 percent of the median family income;

(9) at least 1 in 5 of those Native Hawaiians who are eligible to reside on the Hawaiian Home Lands pay more than 30 percent of their income for rent, and at 1 in 5 Native Hawaiians face overcrowding;

(10) the extraordinarily severe housing needs among Native Hawaiians and Native Hawaiian families that

(A) Native Hawaiians who either reside on, or are eligible to reside on, Hawaiian Home Lands have been denied equal access to Federal low-income housing assistance programs and are not available to other qualified residents of the United States, and that a more effective means of addressing their housing needs must be authorized;

(11) consistent with the recommendations of the National Commission on American Indian, Alaska Native, and Native Hawaiian Housing, and in order to address the continuing prevalence of extraordinarily severe housing needs among Native Hawaiians who either reside on or are eligible to reside on the Hawaiian Home Lands, it is necessary to extend the Federal low-income housing assistance available to American Indians and Alaska Natives under the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4101 et seq.) to those Native Hawaiians;

(12) under the treaty-making power of the United States, Congress had the constitutional authority to confirm a treaty between the United States and the government that represented the Hawaiian people, and from 1826 until 1893, the United States recognized the independence of the Kingdom of Hawaii, extended full diplomatic recognition to the Hawaiian Government, and entered into treaties and conventions with Hawaiian monarchs to govern commerce and navigation in 1826, 1842, 1849, 1875, and 1887;
(13) the United States has recognized and reaffirmed that—
(A) Native Hawaiians have a cultural, historic, and land-based link to the indigenous people of the United States and the Hawaiian Islands; and
(B) the States do not extend services to Native Hawaiians because of their race, but because of their unique status as the indigenous people of a once sovereign nation as to whom the United States has established a trust relationship;
(C) Congress has also delegated broad authorizing and monitoring powers to the Federal government to ensure that Native Hawaiians are treated fairly and equitably.

(14) the political relationship between the United States and the Native Hawaiian people has been recognized and reaffirmed by the United States and the People of Hawaii by the inclusion of Native Hawaiians in—
(A) the Native American Programs Act of 1974 (25 U.S.C. 396 et seq.);
(B) the Indian Reorganization Act (25 U.S.C. 460 et seq.);
(C) the Native American Graves Protection and Repatriation Act (25 U.S.C. 3001 et seq.);
(D) the National Historic Preservation Act (16 U.S.C. 470 et seq.);
(E) the Native American Languages Act of 1992 (106 Stat. 3434);
(F) the Indian Self-Determination and Educational Assistance Act (25 U.S.C. 4401 et seq.);
(G) the Native American Housing Act of 1992 (25 U.S.C. 3301 et seq.);
(H) the Department of the Interior, Indian Affairs Act; and
(I) the brownfields program.

(15) in the area of housing, the United States has recognized and reaffirmed the political relationship with the Native Hawaiian people through—
(A) the enactment of the Hawaiian Homes Commission Act of 1920 (42 Stat. 108 et seq.);
(B) the Hawaiian Homestead Act of 1921 (42 Stat. 114 et seq.);
(C) the authorization of mortgage loans insured by the Federal Housing Administration for the purchase, construction, or refiencing of homes on Hawaiian Home Lands consistent with those requirements due to circumstances beyond the control of the Department of Hawaiian Homes Lands.

(16) the State of Hawaii, as evidenced by the inclusion of Native Hawaiians in—
(A) the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq., chapter 87; 12 U.S.C. 1701 et seq.);
(B) authorizing Native Hawaiian representation on the National Commission on American Indian, Alaska Native, and Native Hawaiian Housing under Public Law 102-255; and
(C) the inclusion of Native Hawaiians in the definition under section 3764 of title 38, United States Code, applicable to chapter V of title 38, United States Code (relating to a housing loan program for Native American veterans); and
(F) the enactment of the Hawaiian Home Lands Recovery Act (109 Stat. 357, 48 U.S.C. 401, note prec.) which establishes a process for the conveyance of Federal lands to the Department of Hawaiian Homelands that are equivalent in value to lands acquired by the United States from the Hawaiian Home Lands inventory.

SEC. 3. HOUSING ASSISTANCE.

The Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4011 et seq.) is amended by adding at the end the following:

TITLE VIII—HOUSING ASSISTANCE FOR NATIVE HAWAINIANS

SEC. 803. DEFINITIONS.

In this title:
``(1) DEPARTMENT OF HAWAIIAN HOME LANDS; DEPARTMENT.—The term 'Department of Hawaiian Home Lands' or 'Department' means the agency or department of the government of the State of Hawaii that is responsible for the administration of the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq.).
``(2) DIRECTOR.—The term 'Director' means the Director of the Department of Hawaiian Home Lands.
``(3) FAMILIES; NEAR-ELDERLY FAMILIES.—
``(A) IN GENERAL.—The term 'family' includes—
``(i) an elderly family, an elderly person, or
``(ii) a near-elderly family, a near-elderly person.
``(B) CERTAIN FAMILIES INCLUDED.—The term 'elderly family' or 'near-elderly family' includes—
``(i) 2 or more elderly persons or near-elderly persons as the case may be, living together;
``(ii) 1 or more persons described in clause (i) living with 1 or more persons determined under the housing plan to be essential to their care or well-being.
``(4) HAWAIIAN HOME LANDS.—The term 'Hawaiian Home Lands' means lands that—
``(A) were formerly held by the United States and mandated to be held in public trust for the betterment of the conditions of Native Hawaiians, as that term is defined in section 203 of the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq.); and
``(B) by transferring the United States responsibility for the administration of Hawaiian Home Lands to the State of Hawaii, retaining the authority to enforce the trust, including the exclusive right of the State to any actions affecting the lands which comprise the corpus of the trust and any amendments to the Hawaiian Homes Commission Act, 1920 (42 Stat. 108 et seq.).
``(5) HOUSING AREA.—The term 'housing area' means an area of Hawaiian Home Lands with respect to which the Department of Hawaiian Homelands is authorized to provide assistance for affordable housing under this Act.
``(6) HOUSING ENTITY.—The term 'housing entity' means the Department of Hawaiian Home Lands.
``(7) HOUSING PLAN.—The term 'housing plan' means a plan developed by the Department of Hawaiian Home Lands.
``(8) MEDIAN INCOME.—The term 'median income' means, with respect to an area that is a Hawaiian housing area, the greater of—
``(A) the median income for the Hawaiian housing area, which shall be determined by the Secretary; or
``(B) the median income for the State of Hawaii.
``(9) NATIVE HAWAIIAN.—The term 'Native Hawaiian' means any individual who is—
``(A) a citizen of the United States; and
``(B) a descendant of people, who, prior to 1788, occupied and exercised sovereignty in the area that currently constitutes the State of Hawaii, as evidenced by—
``(i) genealogical records;
``(ii) verification by kupuna (elders) or kama'aina (long-term community residents); or
``(iii) birth records of the State of Hawaii.
``SEC. 802. BLOCK GRANTS FOR AFFORDABLE HOUSING ACTIVITIES.

(a) GRANT AUTHORITY.—For each fiscal year, the Secretary shall, to the extent amounts are made available to carry out this title, make grants under this title to the Department of Hawaiian Home Lands to carry out programs for providing affordable housing for Native Hawaiian families who are eligible to reside on the Hawaiian Home Lands.

(b) PLAN REQUIREMENT.—
``(1) IN GENERAL.—The Secretary may make grants under this title to the Department of Hawaiian Home Lands for a fiscal year only if—
``(A) the Director has submitted to the Secretary a housing plan for that fiscal year; and
``(B) the Secretary has determined under section 804 that the housing plan complies with the requirements of section 803.
``(2) WAIVER.—The Secretary may waive the applicability of the requirements under paragraph (1), in whole or in part, if the Secretary finds that the Department of Hawaiian Home Lands has not complied or cannot comply with those requirements due to circumstances beyond the control of the Department of Hawaiian Home Lands.
``(C) USE OF AFFORDABLE HOUSING ACTIVITIES UNDER PLAN.—Except as provided in subsection (a), amounts provided under a grant under this section may be used only for affordable housing activities under this title that are consistent with a housing plan approved under this title.
``(D) ADMINISTRATIVE EXPENSES.—
``(1) IN GENERAL.—The Secretary shall, by rule, authorize the inclusion of Native Hawaiian Home Lands to use a percentage of any grant amounts received under this title for any reasonable administrative and planning expenses of the Department relating to carrying out this title and activities assisted with those amounts.
``(2) ADMINISTRATIVE AND PLANNING EXPENSES.—The administrative and planning expenses referred to in paragraph (1) include—
``(A) costs for salaries of individuals engaged in administering and managing affordable housing activities assisted with grant amounts provided under this title; and
``(B) expenses incurred in preparing a housing plan under section 803.
``(E) PUBLIC-PRIVATE PARTNERSHIPS.—The Director shall make all reasonable efforts, consistent with the purposes of this title, to maximize participation by the private sector, including nonprofit organizations and for-profit entities, in implementing a housing plan that has been approved by the Secretary.
``SEC. 803. HOUSING PLAN.

(a) PLAN SUBMISSION.—The Secretary shall—
``(1) require the Director to submit a housing plan under this section for each fiscal year; and
``(2) require the Director to submit a housing plan under this section for each fiscal year; and
``(3) each housing plan submitted under this section must include—
``(A) a description of the housing plan, including the affordable housing activities that will be undertaken in the housing plan;
``(B) a description of the housing plan, including the affordable housing activities that will be undertaken in the housing plan;
``(C) a description of the housing plan, including the affordable housing activities that will be undertaken in the housing plan;
“(2) provide for the review of each plan submitted under paragraph (1);

(b) 5 YEAR PLAN.—Each housing plan under this section shall

(1) be in a form prescribed by the Secretary; and

(2) contain, with respect to the 5-year period beginning with the fiscal year for which the plan is submitted, the following information:

(A) MISSION STATEMENT.—A general statement of the mission of the Department of Hawaiian Home Lands to enable the Department to serve the needs identified in subparagraph (A) during the period.

(B) GOALS AND OBJECTIVES.—A statement of the goals and objectives of the Department of Hawaiian Home Lands to enable the Department to serve the needs identified in subparagraph (A) during the period.

(C) ACTIVITIES PLANS.—An overview of the activities planned during the period including an analysis of the manner in which the activities will enable the Department to meet its goals, needs, and objectives.

(c) 1 YEAR PLAN.—A housing plan under this section shall

(1) be in a form prescribed by the Secretary; and

(2) contain the following information relating to the manner for which the assistance under this title is to be made available:

(A) GOALS AND OBJECTIVES.—A statement of the goals and objectives to be accomplished during the period covered by the plan.

(B) STATEMENT OF NEEDS.—A statement of the housing needs of the low-income families served by the Department and the means by which those needs will be addressed during the period covered by the plan, including—

(i) a description of the estimated housing needs and the need for assistance for the low-income families to be served by the Department, including a description of the manner in which the geographic distribution of assistance is consistent with—

(I) the geographical needs of those families; and

(II) needs for various categories of housing assistance; and

(ii) a description of the estimated housing needs for all families to be served by the Department.

(C) FINANCIAL RESOURCES.—An operating budget for the Department of Hawaiian Home Lands, in a form prescribed by the Secretary.

(i) an identification and a description of the financial resources reasonably available to the Department to carry out the purposes of this Act including an indication of the manner in which amounts made available will be used to leverage additional resources; and

(ii) the uses to which the resources described in clause (i) will be committed, including—

(I) eligible and required affordable housing activity; and

(II) administrative expenses.

(D) AFFORDABLE HOUSING RESOURCES.—A statement of the affordable housing resources currently available at the time of the submittal of the plan and to be made available during the period covered by the plan, including—

(i) in recognition of the significant characteristics of the housing market in the State of Hawaii, including the availability of housing from other public sources, private market housing, and

(ii) in the manner in which the characteristics referred to in clause (i) influence the decision of the Department of Hawaiian Home Lands that certain amounts to be provided under this title for—

(I) rental assistance; and

(II) the production of new units; or

(iii) the acquisition of existing units; or

(iv) the rehabilitation of units;

(iii) a description of the structure, coordinate, and monitoring relationship between the Department of Hawaiian Home Lands and any other governmental entities in the development, submission, or implementation of housing plans, including—

(I) the involvement of private, public, and nonprofit organizations and institutions;

(II) the housing plan guarantees under section 1984 of the Housing and Community Development Act of 1992; and

(III) other housing assistance provided by the United States, including loans, grants, and mortgage insurance;

(iv) a description of the manner in which the plan will address the needs identified pursuant to clause (C);

(v) a description of—

(I) any existing or anticipated homeownership programs and rental programs to be carried out during the period covered by the plan;

(II) the requirements and assistance available under the programs referred to in subclause (I); and

(III) the requirements and assistance available under the programs referred to in subclause (I).

(vi) a description of—

(A) the geographical needs of those families; and

(B) needs for various categories of housing assistance; and

(ii) a description of the estimated housing needs for all families to be served by the Department.

(E) USE OF NONPROFIT ORGANIZATIONS.—As a condition of receiving grant amounts under this title, the Department of Hawaiian Home Lands shall, to the extent practicable, provide for private nonprofit organizations experienced in the planning and development of affordable housing for Native Hawaiians to carry out, affordable housing activities with those grant amounts.

SEC. 804. REVIEW OF PLANS.

(a) REVIEW AND NOTICE.—

(A) IN GENERAL.—The Secretary shall conduct a review of a housing plan submitted to the Secretary under section 803 to ensure that the plan complies with the requirements of that section.

(B) LIMITATION.—The Secretary shall have the discretion to review a plan referred to in subparagraph (A) only to the extent that the Secretary considers that the review is necessary.

(b) NOTICE.—

(A) IN GENERAL.—Not later than 60 days after receiving a plan under section 803, the Secretary shall notify the Director of the Department of Hawaiian Home Lands whether the plan complies with the requirements under that section.

(E) EFFECT OF FAILURE OF SECRETARY TO TAKE ACTION.—For purposes of this title, if the Secretary does not notify the Director,
as required under this subsection and subsection (b), upon the expiration of the 60-day period described in subparagraph (A)—

(i) the plan shall be considered to have been submitted in compliance with the requirements under section 803; and

(ii) the Director shall be considered to have been notified of compliance.

(b) PROVISIONS FOR DETERMINATION OF NONCOMPLIANCE.—If the Secretary determines that a plan submitted under section 803 does not comply with the requirements under section 803, the Secretary shall specify in the notice under subsection (a)—

(1) the reasons for noncompliance; and

(2) any modifications necessary for the plan to comply with the requirements of section 803.

(c) REVIEW.—

(1) IN GENERAL.—After the Director of the Department of Hawaiian Home Lands submits a housing plan under section 803, or any amendment or modification to the plan to the Secretary, the Secretary shall review the plan (including any amendments or modifications thereto) to determine whether the contents of the plan—

(A) set forth the information required by section 803 to be contained in the housing plan; and

(B) are consistent with information and data available to the Secretary; and

(C) are not prohibited by or inconsistent with any provision of this Act or any other applicable law.

(2) INCOMPLETE PLANS.—If the Secretary determines under this subsection that any of the appropriate certifications required under section 803 are not included in a plan, the plan shall be considered to be incomplete.

(d) UPDATES TO PLAN.—

(1) IN GENERAL.—Subject to paragraph (2), after a plan under section 803 has been submitted for a fiscal year, the Director of the Department of Hawaiian Home Lands may comply with the provisions of that section for any succeeding fiscal year (with respect to information included for the 5-year period under section 803(b) or for the 1-year period under subsection (b) of section 803) by submitting only such information regarding such changes as may be necessary to update the plan previously submitted.

(2) COMPLETE PLANS.—The Director shall submit a complete plan under section 803 not later than 4 years after submitting an initial plan under that section, and not less frequently thereafter.

(e) EFFECTIVE DATE.—This section and section 803 shall take effect on the date provided by the Secretary pursuant to section 803(a) to provide for timely submission and review of the housing plan as necessary for the provision of assistance under this title for fiscal years 1999 and 2000.

SEC. 805. TREATMENT OF PROGRAM INCOME AND LABOR STANDARDS.

(a) PROGRAM INCOME.—

(1) AUTHORITY TO RETAIN.—The Department of Hawaiian Home Lands may retain any program income that is realized from any grant amounts received by the Department under this title if—

(A) that income was realized after the initial disbursement of the grant amounts received by the Department; and

(B) the Director agrees to use the program income to carry out the objectives of this title.

(2) PROHIBITION OF REDUCTION OF GRANT.—

The Secretary may not reduce the grant amount for the Department of Hawaiian Home Lands based solely on—

(A) whether the Department retains program income under paragraph (1); or

(B) the amount of any such program income retained.

(b) EXCLUSION OF AMOUNTS.—The Secretary may, by regulation, exclude from consideration as program income any amounts determined to be so small that compliance with the requirements of this section would create an unreasonable administrative burden on the Department.

(c) LABOR STANDARDS.—

(1) IN GENERAL.—Any contract or agreement for assistance under this title that is entered into after September 6, 1999 shall contain—

(A) a provision requiring that an amount not less than the wages prevailing in the locality, as determined or adopted (subject to a determination under applicable State or local law by the Secretary), shall be paid to all architects, technical engineers, draftsmen, technicians employed in the development and all maintenance, and laborers and mechanics employed in the operation, of the affordable housing project involved; and

(B) a provision that an amount not less than the wages prevailing in the locality, as determined by the Secretary of Labor pursuant to the Act commonly known as the Davis-Bacon Act (40 U.S.C. 276a et seq.) shall be paid to all laborers and mechanics employed in the development of the affordable housing involved.

(2) EXCEPTIONS.—

(a) ESTIMATES RELATING TO WAGES REQUIRED UNDER PARAGRAPH (1) OF SUBSECTION (d) OF SECTION 803.—In lieu of applying environmental protection procedures described in subparagraph (B) in order to ensure—

(i) that the procedures of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) and other provisions of law that further the purposes of such Act (as specified in section 102 of such Act). are most effectively implemented in connection with the expenditure of grant amounts provided under this title; and

(ii) to the public undiminished protection of the environment.

(b) ALTERNATIVE ENVIRONMENTAL PROTECTION PROCEDURE.—In lieu of applying environmental protection procedures otherwise applicable, the Secretary may by regulation provide for the release of funds for specific projects to the Department of Hawaiian Home Lands, and the Secretary determines that the requirements of this paragraph and the procedures under this section shall contain—

(A) a provision requiring that an amount not less than the wages prevailing in the locality, as determined by the Secretary of Labor pursuant to the Act commonly known as the Davis-Bacon Act (40 U.S.C. 276a et seq.) and each other provision of law specified in regulations issued by the Secretary, shall be paid to all laborers and mechanics employed in the development and all maintenance, and laborers and mechanics employed in the operation, of the affordable housing project involved; and

(B) provisions relating to wages required under paragraph (1) that are in any contract or agreement for assistance, sale, or lease under this title, on each occasion to apply to any individual who performs the services for the person paid for at the prevailing rate for such services.

(c) CERTIFICATION.—A certification under the procedures under this section shall contain—

(1) a finding by the Secretary that the requirements of this paragraph and the procedures under this section have been carried out; and

(2) a certification that meets the requirements of subsection (c).
families with Federal, State and local activities to further economic and community development;

"(D) to plan for and integrate infrastructure related to the Hawaiian Home Lands with housing development; and

"(E) to—

"(i) promote the development of private capital markets; and

"(ii) allow the markets referred to in clause (i) to operate and grow, thereby benefiting Native Hawaiian communities.

"(2) ELIGIBLE FAMILIES.—

"(A) IN GENERAL.—Except as provided under subparagraph (B), assistance for eligible housing activities under this title shall be limited to low-income Native Hawaiian families.

"(B) EXCEPTION TO LOW-INCOME REQUIREMENTS.—

"(i) IN GENERAL.—The Director may provide assistance for homeownership activities under—

"(I) section 80(b);

"(II) model activities under section 80(c); or

"(III) loan guarantee activities under section 184A of the Housing and Community Development Act of 1974 for Native Hawaiian families who are not low-income families, to the extent that the Secretary approves the activities under that section to address a need that cannot be reasonably met without that assistance.

"(ii) LIMITATIONS.—The Secretary shall establish limitations on the amount of assistance that may be provided under this title for activities for families that are not low-income families.

"(C) OTHER FAMILIES.—Notwithstanding paragraph (1), the Director may provide housing or housing assistance provided through affordable housing activities assisted with grant amounts under this title to a family that is not composed of Native Hawaiians if—

"(i) the Department determines that the presence of the family in the housing involved is essential to the well-being of Native Hawaiian families; and

"(ii) the need for housing for the family cannot be reasonably met without the assistance.

"(D) PREFERENCE.—

"(i) IN GENERAL.—A housing plan submitted under section 803 may authorize a preference, for housing or housing assistance provided through affordable housing activities assisted with grant amounts under this title, to be provided to the extent practicable, to families that are eligible to reside on the Hawaiian Home Lands.

"(ii) APPLICATION.—In any case in which a housing plan provides for preference described in clause (i), the Director shall ensure that housing activities that are assisted with grant amounts under this title are subject to that preference.

"(E) USE OF NONPROFIT ORGANIZATIONS.—As a condition of receiving grant amounts under this title, the Department of Hawaiian Home Lands shall, to the extent practicable, provide for private nonprofit organizations experienced in the planning and development of affordable housing for Native Hawaiians to carry out affordable housing activities with those grant amounts.

"SEC. 810. ELIGIBLE AFFORDABLE HOUSING ACTIVITIES.

"(a) IN GENERAL.—Affordable housing activities under this section are activities conducted in accordance with the requirements of this title.

"(b) PROVIDE HOUSING SERVICES WITH RESPECT TO AFFORDABLE HOUSING DISTRICT.—

"(c) INSURANCE COVERAGE.—As a condition to receiving grant amounts under this title, the Director shall provide adequate financial insurance coverage for housing units that are not low-income families or assisted with grant amounts provided under this title.

"(d) ELIGIBILITY FOR ADMISSION.—As a condition to receiving grant amounts under this title, the Director shall develop policies to ensure that families requesting assistance with grant amounts provided under this title.

"(e) MANAGEMENT AND MAINTENANCE.—As a condition to receiving grant amounts under this title, the Director shall develop policies for the purposes of carrying out affordable housing activities in investment securities and other obligations, as approved by the Secretary.

"SEC. 811. PROGRAM REQUIREMENTS.

"(a) IN GENERAL.—Subject to section 811 and an applicable housing plan approved under section 803, the Director shall have—

"(i) the discretion to use grant amounts for affordable housing activities through the use of—

"(A) equity investments;

"(B) interest-bearing loans or advances;

"(C) noninterest-bearing loans or advances;

"(D) interest subsidies;

"(E) the leveraging of private investments; or

"(F) any other amount of assistance that the Secretary determines to be consistent with the purposes of this title; and

"(ii) the right to establish the terms of assistance provided with funds referred to in paragraph (I).

"(b) INVESTMENTS.—The Director may invest grant amounts for the purposes of carrying out affordable housing activities in investment securities and other obligations, as approved by the Secretary.

"SEC. 812. TYPES OF INVESTMENTS.

"(a) IN GENERAL.—Subject to section 811 and an applicable housing plan approved under section 803, the Director shall have—

"(i) the discretion to use grant amounts for affordable housing activities through the use of—

"(A) equity investments;

"(B) interest-bearing loans or advances;

"(C) noninterest-bearing loans or advances;

"(D) interest subsidies;

"(E) the leveraging of private investments; or

"(F) any other form of assistance that the Secretary determines to be consistent with the purposes of this title; and

"(ii) the right to establish the terms of assistance provided with funds referred to in paragraph (I).

"(b) INVESTMENTS.—The Director may invest grant amounts for the purposes of carrying out affordable housing activities in investment securities and other obligations, as approved by the Secretary.

"SEC. 813. LOW-INCOME REQUIREMENT AND INCOME TARGETING.

"(a) IN GENERAL.—Housing shall qualify for affordable housing for purposes of this title only if—

"(1) each dwelling unit in the housing—

"(A) in the case of rental housing, is made available for occupancy only by a family that is a low-income family at the time of the initial occupancy of that family of that unit; and

"(B) each dwelling unit in the housing will remain affordable, according to binding commitment documents satisfactory to the Secretary, for—

"(i) the remaining useful life of the property (as determined by the Secretary) without regard to the term of the mortgage or to transfer of ownership; or

"(ii) such other period as the Secretary determines to be the longest feasible period of time consistent with sound economics and the purposes of this title, except upon a foreclosure by a lender (or upon other transfer in lieu of foreclosure) if that action—

"(I) recognizes any contractual or legal rights of any public agency, nonprofit sponsor, or other person or entity to take an action that would—

"(I) avoid termination of low-income affordability, in the case of foreclosure; or

"(II) transfer ownership in lieu of foreclosure; or

"(II) is not for the purpose of avoiding low-income affordability restrictions, as determined by the Secretary.
SEC. 815. REPAYMENT.

Notwithstanding section 809(a)(2), (B) shall be considered affordable housing for purposes of this title.

SEC. 816. ANNUAL ALLOCATION.

For each fiscal year, the Secretary shall allocate any amounts made available for assistance under this title for the fiscal year, in accordance with the formula established pursuant to section 817 to the Department of Hawaiian Home Lands if the Department complies with the requirements under this title for a grant of assistance under this title.

SEC. 817. ALLOCATION FORMULA.

(a) Establishment.—The Secretary shall, by regulation issued not later than the expiration of the 6-month period beginning on the date of enactment of the Native American Housing Assistance and Self-Determination Amendments of 1999, in the manner provided under paragraph (2), a formula to provide for the allocation of amounts available for a fiscal year for block grants under this title in accordance with the requirements of this section.

(b) Factors for Determination of Need.—The formula under subsection (a) shall be based on factors that reflect the needs for assistance for affordable housing activities, including—

(1) the number of low-income dwelling units owned or operated at the time pursuant to a contract between the Director and the Secretary;

(2) the extent of poverty and economic distress and the number of Native Hawaiian families eligible to reside on the Hawaiian Home Lands and shall be based on factors that reflect the difficulty faced by the Department, including—

(1) geographic distribution within Hawaiian Home Lands;

(2) technical capacity.

(c) Effective Date.—This section shall take effect on the date of enactment of the Native American Housing Assistance and Self-Determination Amendments of 1999.

SEC. 818. REMEDIES FOR NONCOMPLIANCE.

(a) Actions by Secretary Affecting Grant Amounts.

(1) In general.—Except as provided in subsection (b), the Secretary shall take action against a grant recipient if the Secretary determines that the grant recipient is not complying with the requirements under this title.

(2) Actions. If the Secretary takes an action under subsection (a), the Secretary may refer the matter to the Attorney General of the United States to initiate a civil action in any United States district court of appropriate jurisdiction for such relief as may be appropriate, including an action—

(A) to recover the amount of the assistance furnished under this title, that was not expended in accordance with this title; or

(B) for mandatory or injunctive relief.

(3) Review.—

(I) In general.—If the Director receives notice under paragraph (1) that the termi- nation, reduction, or limitation of payments under this Act, the Director—

(A) may, not later than 60 days after receipt of such notice, file with the United States Court of Appeals for the Ninth Circuit, or in the United States Court of Appeals for the District of Columbia, a petition for review of the action of the Secretary; and

(B) upon the filing of any petition under subparagraph (A), shall forthwith transmit copies of the petition to the Secretary and the Attorney General of the United States, who shall represent the Secretary in the litigation.

(II) PROCEDURE.—(A) In general.—The Secretary shall file in the court a record of the proceeding on which the Secretary based the action, as provided in section 212 of title 28, United States Code.

(B) Objections.—No objection to the action of the Secretary shall be considered by the court unless the Department has received notice of the objection before the Secretary.

(C) Disposition.—

(I) Jurisdiction of Court.—The court shall have jurisdiction to affirm or modify the action of the Secretary or to set the action aside in whole or in part.

(II) Findings of Fact.—If supported by substantial evidence on the record considered as a whole, the findings of fact by the Secretary shall be conclusive.

(iii) Addition.—The court may order additional evidence in addition to the evidence submitted for review under subsection (a), to be taken by the Secretary, and to be made part of the record.

(D) Secretary.—

(I) In general.—The Secretary, by reason of the additional evidence referred to in subparagraph (A), may file with the court—

(aa) modify the findings of fact of the Secretary; or

(bb) make new findings; and

(ii) Shall file—

(aa) such modified or new findings; and

(bb) the recommendation of the Secretary, if any, for the modification or setting aside of the original action.

(II) Findings.—The findings referred to in clause (i)(II)(bb) shall, with respect to a
question of fact, be considered to be conclusive if those findings are—

"(i) supported by substantial evidence on the record; and

"(ii) is submitted as a whole.

"(4) FINALITY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), upon the filing of the record with the court—

"(i) the jurisdiction of the court shall be exclusive; and

"(ii) the judgment of the court shall be final.

"(B) REVIEW BY SUPREME COURT.—A judg-
ment under subparagraph (A) shall be sub-
ject to review by the Supreme Court of the United States upon certiorari or cer-
tification, as provided in section 1254 of title 28, United States Code.

SEC. 819. MONITORING OF COMPLIANCE.

"(a) ENFORCEABLE AGREEMENTS.—

"(1) IN GENERAL.—The Director, through

binding contractual agreements with owners or other authorized entities, shall ensure long-term compliance with the provisions of this title.

"(2) MEASURES.—The measures referred to in paragraph (1) shall provide for—

"(A) to the extent allowable by Federal and State law, the enforcement of the provi-
sions of this title by the Department and the Secretary; and

"(B) remedies for breach of the provisions referred to in paragraph (1).

"(b) PERIODIC MONITORING.—

"(1) IN GENERAL.—Not less frequently than annually, the Director shall review the ac-
tivities conducted and housing assisted under this title to assess compliance with the requirements of this title.

"(2) REVIEW.—Each review under paragraph (1) shall include onsite inspection of housing to determine compliance with applicable re-
quirements.

"(c) RESULTS.—The results of each review under paragraph (1) shall be—

"(A) included in a performance report of the Director submitted to the Secretary under section 803;

"(B) made available to the public.

"(d) PERFORMANCE MEASURES.—The Sec-

retary shall establish such performance measures as may be necessary to assess com-
pliance with the provisions of this title.

SEC. 820. PERFORMANCE REPORTS.

"(a) REQUIREMENT.—For each fiscal year, the Director shall—

"(1) review the progress the Department has made during that fiscal year in carrying out the housing plan submitted by the De-
partment under section 803, and

"(2) submit a report to the Secretary (in a form acceptable to the Secretary) describing the conclusions of the review.

"(b) CONTENT.—Each report submitted under this section for a fiscal year shall—

"(1) describe the use of grant amounts pro-
vided to the Department of Hawaiian Home Lands that fiscal year;

"(2) assess the relationship of the use re-
ferred to in paragraph (1) to the goals identi-
fied in the housing plan;

"(3) indicate the programmatic accom-
plishments of the Department; and

"(4) describe the manner in which the De-
partment would change its housing plan sub-
mitted under section 803 as a result of its ex-
periences.

"(c) SUBMISSIONS.—The Secretary shall—

"(1) establish a date for submission of each report;

"(2) review each such report; and

"(3) with respect to each such report, make recommendations as the Secretary considers appropriate to carry out the purposes of this title.

"(d) PUBLIC AVAILABILITY.—

"(1) COMMENTS BY BENEFICIARIES.—In pre-
paring a report under this section, the Direc-
tor shall make the report publicly available to the beneficiaries of the Hawaiian Homes Commission Act and to the Secretary; and give a sufficient amount of time to per-
mit those beneficiaries to comment on that report before it is submitted to the Sec-
retary (in such time as the Director may determine).

"(2) SUMMARY OF COMMENTS.—The report shall include a summary of any comments received from beneficiaries, under paragraph (1) regarding the program to carry out the housing plan.

"SEC. 821. REVIEW AND AUDIT BY SECRETARY.

"(a) SUBMISSIONS.—

"(1) IN GENERAL.—The Secretary shall, not less frequently than annually, make such reviews and audits as may be neces-

sary or appropriate to determine whether—

"(A) the Director has—

"(i) carried out eligible activities under this title in a timely manner;

"(ii) carried out and made certifications in accordance with the requirements and the primary objectives of this title and with other applicable law; and

"(iii) a continuing capacity to carry out the eligible activities in a timely manner;

"(B) the Director has compiled with the housing plan submitted by the Director under section 803; and

"(C) the performance reports of the De-
partment under section 821 are accurate.

"(b) ONSITE VISITS.—Each review conducted under this section shall, to the extent prac-
ticable, include onsite visits by employees of the Department of Housing and Urban Devel-
opment.

"(c) REPORT BY SECRETARY.—The Sec-

retary shall provide the Department of Hawai-
ian Home Lands not less than 30 days to re-
view and submit comments to the Secretary on the report developed under this subsection. After taking into consideration the comments of the Department, the Sec-
retary may revise the report and shall make the comments of the Department and the report with any revisions, readily available to the public not later than 30 days after re-
ceipt of the comments of the Department.

"(d) OFFICE OF GENERAL ACCOUNTING.—The Secretary may make appropriate adjustments in the amount of annual grants under this title in accordance with the findings of the Sec-
retary and the reviews and audits of the Secretary under this section, except that grant amounts already expended on affordable housing activities may not be recaptured or deduced from future assistance provided by the Department of Hawaiian Home Lands.

SEC. 822. GENERAL ACCOUNTING OFFICE AU-
DIT.

"To the extent that the financial trans-
actions of the Department of Hawaiian Home Lands involving grant amounts under this title relate to amounts provided under this title, those transactions may be audited by the Comptroller General of the United States under such regulations as may be prescribed by the Comptroller General. The Com-
ptroller General shall have access to all books, accounts, records, reports, files, and other papers, things, or property belonging to the De-
partment of Hawaiian Home Lands per-
taining to such financial transactions and necessary to facilitate the audit.

SEC. 823. REPORTS TO CONGRESS.

"(a) REQUIREMENT.—For each fiscal year, the Secretary shall submit to Congress a report that contains—

"(1) a description of the progress made in accomplishing the objectives of this title;

"(2) a description of the aggregate out-

"(b) RELATED REPORTS.—The Secretary may require the Director to submit to the Secretary such reports and other information as may be necessary in order for the Secretary to prepare the report required under this subsection.

SEC. 824. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to the Department of Housing and Urban De-
velopment for grants under this title such sums as may be necessary for each of fiscal years 2000, 2001, 2002, 2003, and 2004.

SEC. 4. LOAN GUARANTEES FOR NATIVE HAWAI-
IAN HOUSING.

"(a) DEFINITIONS.—In this section—

"(1) DEPARTMENT OF HAWAIIAN HOME LAN-
DS.—The term 'Department of Hawaiian Home Lands' means the agency or depart-
ment of the State of Hawai-

i that is responsible for the administra-
tion of the Hawaiian Homes Commission Act, 1920 (42 Stat. 110 et seq.).

"(2) ELIGIBLE ENTITY.—The term 'eligible entity' means a Native Hawaiian family, the Department of Hawaiian Home Lands, the Office of Hawaiian Affairs, and private non-
profit organizations that have experi-
enced in the planning and development of affordable housing for Native Hawaiians.

"(3) FAMILY.—The term 'family' means 1 or more persons maintaining a household, as the Secretary shall by regulation provide.

"(4) GUARANTEE FUND.—The term 'Guar-
antee Fund' means the Native Hawaiian Home Loan Guarantee Fund established under subsection (i).

"(5) HAWAIIAN HOME LANDS.—The term 'Hawaiian Home Lands' means lands that—

"(A) are acquired for purposes of Native Hawaiian home lands as provided under section 204 of the Hawaiian Homes Commission Act (42 Stat. 110); or

"(B) are acquired pursuant to that Act.

"(6) NATIVE HAWAIIAN.—The term 'Native Hawaiian' means any individual who is—

"(A) a citizen of the United States; and

"(B) a descendant of the aboriginal people, who, prior to 1780, exercised or exercised sovereignty in the area that currently con-
stitutes the State of Hawaii, as evidenced by—

"(i) genealogical records;

"(ii) verification by kupuna (elders) or kama'aina (long-term community residents); or

"(iii) birth records of the State of Hawaii.

"(7) OFFICE OF HAWAIIAN AFFAIRS.—The term 'Office of Hawaiian Affairs' means the entity of that name established under the constitution of the State of Hawaii.

"(b) AUTHORITY.—To provide access to sources of private financing to Native Hawaiian families who otherwise could not acquire housing financing because of the unique legal status of the Hawaiian Home Lands or as a result of a lack of access to private fi-
nancial markets, the Secretary may guar-
antees an amount not to exceed 90% of the unpaid principal and interest that is due on an eligible loan under subsection (b).
(c) ELIGIBLE LOANS.—Under this section, a loan is an eligible loan if that loan meets the following requirements:

(1) ELIGIBLE BORROWERS.—The loan is made to a borrower who is:

(A) a Native Hawaiian family;

(B) the Department of Hawaiian Home Lands;

(C) the Office of Hawaiian Affairs; or

(D) a private nonprofit organization experienced in the planning and development of affordable housing for Native Hawaiians.

(2) ELIGIBLE HOUSING.—

(A) IN GENERAL.—The loan will be used to construct, acquire, or rehabilitate not more than one housing facility that are standard housing and are located on Hawaiian Home Lands for which a housing plan described in subparagraph (B) applies.

(B) A HOUSING PLAN.—A housing plan described in this subparagraph is a housing plan that—

(i) has been submitted and approved by the Secretary under section 803 of the Native American Housing Assistance and Self-Determination Amendments of 1999; and

(ii) provides for the use of loan guarantees under this section and issuance of the guarantee.

(3) SECURITY.—The loan may be secured by any collateral authorized under applicable Federal or State law.

(4) LENDERS.—

(A) IN GENERAL.—The loan shall be made only by a lender approved by, and meeting standards established by, the Secretary, including any lender described in subparagraph (B), except that a loan otherwise insured or guaranteed by an agency of the Federal Government or made by the Department of Hawaiian Home Lands from funds borrowed from the United States shall not be considered a loan guaranteed by an agency of the Federal Government or made by the Secretary under this section.

(B) APPROVAL.—The following lenders shall be considered to be lenders that have been approved by the Secretary:

(i) Any mortgagee approved by the Secretary for participation in the single family mortgage insurance program under title II of the National Housing Act (12 U.S.C.A. 170d et seq.).

(ii) Any lender that makes housing loans under the Housing Act of 1949 (42 U.S.C.A. 1441 et seq.) that are automatically guaranteed under section 3702(d) of title 38, United States Code.

(iii) A lender approved by the Secretary of Agriculture to make guaranteed loans for single family housing under the Housing Act of 1949 (42 U.S.C.A. 1441 et seq.).

(iv) A lender that is supervised, approved, regulated, or insured by any agency of the Federal Government.

(5) TERMS.—The loan shall—

(A) be for a term not exceeding 30 years;

(B) bear interest (exclusive of the guarantee fee) at an interest rate agreed upon by the borrower and the lender and determined by the Secretary that a holder of a guarantee certificate under this subsection is a lender that has been approved by the Secretary under this section; and

(C) involve a principal obligation not exceeding—

(i) 97.75 percent of the appraised value of the property as of the date the loan is accepted for guarantee; or

(ii) the amount approved by the Secretary under this section; and

(D) involve a payment on account of the property—

(i) in cash or its equivalent; or

(ii) through the value of any improvements to the property made through the skilled or unskilled labor of the borrower, as the Secretary shall provide.

(6) CERTIFICATE OF GUARANTEE.—

(1) APPROVAL PROCESS.—

(A) IN GENERAL.—Before the Secretary approves any loan for guarantee under this section, that lender shall submit the application for the loan to the Secretary for examination.

(B) APPROVAL.—If the Secretary approves the application submitted under subparagraph (A), the Secretary shall issue a certificate under this subsection as evidence of the loan guarantee approved.

(2) STANDARD FOR APPROVAL.—The Secretary may approve a loan for guarantee under this section and issue a certificate under this subsection only if the Secretary determines that there is a reasonable prospect of repayment of the loan.

(3) EFFECT.—

(A) IN GENERAL.—A certificate of guarantee issued under this subsection by the Secretary shall be conclusive evidence of the eligibility of the loan for guarantee under this section and the amount of that guarantee.

(B) EVIDENCE.—The evidence referred to in subparagraph (A) shall be incontestable in the hands of the Secretary.

(4) FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all amounts payable under this subsection.

(5) LIABILITY UNDER GUARANTEE.—

(A) IN GENERAL.—The Secretary may—

(i) refuse, either temporarily or permanently, to guarantee any further loans made by such lender or holder;

(ii) bar such lender or holder from acquiring additional loan guarantee certificates under this section; and

(iii) require that such lender or holder assume not less than 10 percent of any loss on loans made by or held by the lender or holder that are guaranteed under this section.

(B) ACTIONS.—Upon a determination by the Secretary that a holder of a guarantee certificate under subsection (c) has failed to meet any of the requirements described in subparagraph (A)(ii), the Secretary may—

(i) refuse, either temporarily or permanently, to guarantee any further loans made by such lender or holder;

(ii) bar such lender or holder from acquiring additional loan guarantee certificates under this section; and

(iii) require that such lender or holder assume not less than 10 percent of any loss on loans made by or held by the lender or holder that are guaranteed under this section.

(2) CIVIL MONETARY PENALTIES FOR INTENTIONAL VIOLATIONS.—

(A) IN GENERAL.—The Secretary may impose a civil monetary penalty on a lender or holder of a guarantee certificate under subsection (d) if the Secretary determines that the holder or lender has intentionally failed—

(i) to maintain adequate accounting records;

(ii) to adequately service loans guaranteed under this section; or

(iii) to exercise proper credit or underwriting judgment.

(B) PENALTIES.—A civil monetary penalty imposed under this paragraph shall be in an amount provided under section 536 of the National Housing Act (12 U.S.C.A. 1759i-1) with respect to mortgagees and lenders under that Act.

(3) PAYMENT ON LOANS MADE IN GOOD FAITH.—Notwithstanding paragraphs (1) and (2), if a loan was made in good faith, the Secretary may not refuse to guarantee a loan made by a lender that is supervised, approved, regulated, or insured by any agency of the Federal Government.

(4) TRANSFER AND ASSUMPTION.—

(A) IN GENERAL.—If a borrower of a loan guarantee approved.

(B) ACTIONS. — Upon a determination by the Secretary that a holder of a guarantee certificate under this subsection (c) has failed to meet the requirements described in subparagraph (A)(ii), the Secretary may—

(i) refuse, either temporarily or permanently, to guarantee any further loans made by such lender or holder;

(ii) bar such lender or holder from acquiring additional loan guarantee certificates under this section; and

(iii) require that such lender or holder assume not less than 10 percent of any loss on loans made by or held by the lender or holder that are guaranteed under this section.

(5) DEPOSIT.—The Secretary shall deposit any fees collected under this subsection in the Native Hawaiian Housing Loan Guarantee Fund established under subsection (i).

(6) GUARANTEE FEE.—

(A) IN GENERAL.—The Secretary shall fix and collect a guarantee fee for the guarantee of a loan under this section, which shall not exceed the amount equal to 1 percent of the principal obligation of the loan.

(B) AMOUNT.—The guarantee fee shall be based on the risk involved in that guarantee.

(7) LENDER OPTIONS.—

(A) IN GENERAL.—

(i) NOTIFICATION.—If a borrower on a loan guaranteed under this section defaults on the loan, the holder of the guarantee certificate shall provide written notice of the default to the Secretary.

(ii) PAYMENT UNDER GUARANTEE.—

(i) LENDER OPTIONS.—

(A) IN GENERAL.—

(i) NOTIFICATION.—If a borrower on a loan guaranteed under this section defaults on the loan, the holder of the guarantee certificate shall provide written notice of the default to the Secretary.

(ii) PAYMENT UNDER GUARANTEE.—

(i) IN GENERAL.—The holder of the certificate may initiate foreclosure proceedings (after providing written notice of that action to the Secretary).

(ii) PAYMENT.—Upon a final order by the court authorizing foreclosure and submission to the Secretary of a claim for payment under the guarantee, the Secretary shall pay to the Secretary the holder of the certificate the pro rata portion of the amount guaranteed (as determined pursuant to subsection (f)) plus reasonable fees and expenses as approved by the Secretary.

(8) SUBROGATION.—The rights of the Secretary shall be subrogated to the rights of
the holder of the guarantee. The holder shall assign the obligation and security to the Secretary.

(ii) NO FORECLOSURE—(a) General. Without seeking foreclosure (or in any case in which a foreclosure proceeding initiated under clause (i) continues for a period in excess of 1 year), the holder, the guarantor, any agent or subagent of the Secretary may submit to the Secretary a request to assign the obligation and security interest to the Secretary in return for payment of the claim under the guarantee if the Secretary determines that the assignment is in the best interest of the United States.

(bb) Payment. Upon assignment, the Secretary shall pay to the holder of the guarantee the pro rata portion of the amount guaranteed (as determined under subsection (f)).

(cc) Subrogation. The rights of the Secretary shall be subrogated to the rights of the holder of the guarantee. The holder shall assign the obligation and security to the Secretary.

(B) REQUIREMENTS. Before any payment under the guarantee is made under subparagraph (A), the holder of the guarantee shall exhaust all reasonable possibilities of collection. Upon payment, in whole or in part, to the holder, the judgment evidencing the debt shall be assigned to the United States and the holder shall have no further claim against the United States. The Secretary shall then take such action to collect as the Secretary determines to be appropriate.

(2) LIMITATIONS ON LIQUIDATION.—

(A) IN GENERAL.—If a borrower defaults on a loan guaranteed under this section that involves a security interest in restricted Hawaiian homelands property, the mortgagee or the Secretary shall only pursue liquidation after offering to transfer the account to another eligible Hawaiian family or the Department of Hawaiian Home Lands.

(B) LIMITATION.—If, after action is taken under subparagraph (A), the mortgagee or the Secretary subsequently proceeds to liquidate the account, the mortgagee or the Secretary shall not sell, transfer, or otherwise dispose of or alienate the property described in subparagraph (A) except to another eligible Hawaiian family or to the Department of Hawaiian Home Lands.

(i) HAWAIIAN HOUSING LOAN GUARANTEE FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States the Hawaiian Housing Loan Guarantee Fund for the purpose of providing loan guarantees under this section.

(2) CREDITS.—The Guarantee Fund shall be credited with—

(A) any amount, claims, notes, mortgages, contracts, and property acquired by the Secretary under the section, and any collections and proceeds therefrom;

(B) any amounts appropriated pursuant to paragraph (7);

(C) any guarantee fees collected under subsection (d); and

(D) any interest or earnings on amounts invested under paragraph (4).

(3) USE.—Amounts in the Guarantee Fund shall be available, to the extent provided in appropriations Acts, for—

(A) fulfilling any obligations of the Secretary with respect to loans guaranteed under this section, including the costs of the guarantee fund established by section 526(a) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a) of such loans;

(B) paying taxes, insurance, prior liens, expenses incurred in connection with the application and transmission of collections, and other expenses and advances to protect the Secretary for loans which are guaranteed under this section or held by the Secretary;

(C) acquiring such security property at foreclosure sales or otherwise;

(D) paying administrative expenses in connection with this section; and

(E) reasonable and necessary costs of reparation to properties that the Secretary holds or pursues pursuant to this section.

(4) INVESTMENT.—Any amounts in the Guarantee Fund determined by the Secretary to be in excess of amounts currently required at the time of the determination may be invested in obligations of the United States.

(5) LIMITATION ON COMMITMENTS TO GUARANTEE LOANS AND MORTGAGES.—

(A) RESERVATION OF APPROPRIATIONS.—The authority of the Secretary to enter into commitments to guarantee loans under this section shall be effective for any fiscal year to the extent, or in such amounts as are, or have been, provided in appropriations Acts, without regard to the fiscal year for which such amounts were appropriated.

(B) LIMITATION ON COSTS OF GUARANTEES.—The authority of the Secretary to enter into commitments to guarantee loans under this section shall be effective for any fiscal year to the extent that amounts in the Guarantee Fund are or have been made available in appropriations Acts to cover obligations or expenditures of the Guarantee Fund under section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a) of such loan guarantees for such fiscal year. Any amounts appropriated pursuant to this subparagraph shall remain available until expended.

(C) LIMITATION ON OUTSTANDING AGGREGATE PRINCIPAL AMOUNT.—Subject to the limitation in subparagraph (A) and (B), the Secretary may enter into commitments to guarantee loans under this section for each of fiscal years 2000, 2001, 2002, 2003, and 2004 with an aggregate outstanding principal amount not exceeding $100,000,000 for each such fiscal year.

(6) LIABILITIES.—All liabilities and obligations of the assets credited to the Guarantee Fund under paragraph (2)(A) shall be liabilities and obligations of the Guarantee Fund. Any amounts appropriated pursuant to paragraph (7); and (B), the Secretary may enter into commitments to guarantee loans under this section for each of fiscal years 2000, 2001, 2002, 2003, and 2004 with an aggregate outstanding principal amount not exceeding $100,000,000 for each such fiscal year.

(7) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Guarantee Fund under this section a sum not exceeding $100,000,000 for each such fiscal year.

(8) REQUIREMENTS FOR STANDARD HOUSING.—

(A) IN GENERAL.—The Secretary shall, by regulation, establish housing safety and quality standards to be applied for use under this section.

(B) STANDARDS.—The standards referred to in paragraph (A) may provide sufficient flexibility to permit the use of various designs and materials in housing acquired with loans guaranteed under this section that is—

(i) of adequate size for the space needs of the household;

(ii) be decent, safe, sanitary, and modest in size and design;

(iii) conform with applicable general construction standards for the region in which the housing is located;

(iv) contain a plumbing system that—

(1) uses a properly installed system of piping;

(2) includes a kitchen sink and a partitioned bathroom with lavatory, toilet, and bath or shower; and

(3) uses water supply, plumbing, and sewage systems that conform to any minimum standards established by the applicable county or State;
§ 21601. Organization

(a) Federal Charter.—The American Indian Education Foundation (referred to in this chapter as the 'foundation') is a federally chartered corporation.

(b) Perpetual Existence.—Except as otherwise provided, the foundation has perpetual existence.

(c) Nature Corporation.—The foundation is a charitable and nonprofit corporation and is not an agency or instrumentality of the United States.

(d) Place of Incorporation and Domicile.—The foundation is declared to be incorporated and domiciled in the District of Columbia.

(e) Definitions.—In this chapter:

(1) American Indian.—The term 'American Indian' has the meaning given the term 'Indian' in section 4(d) of the Indian Self-Determination and Assistance Act (25 U.S.C. 450b(d)).

(2) Bureau Funded School.—The term 'Bureau funded school' has the meaning given that term in section 1166 of the Education Amendments of 1978 (25 U.S.C. 2616).

§ 21602. Purposes

The purposes of the foundation are:

(1) to encourage, accept, and administer private gifts of real and personal property or any income therefrom or other interest therein for the benefit of, or in support of, the mission of the Office of Indian Education Programs of the Bureau of Indian Affairs (or its successor office);

(2) to undertake and conduct such other activities as are further the educational opportunities of American Indians who attend a Bureau funded school; and

(3) to participate with, and otherwise assist, Federal, State, and tribal governments, agencies, entities, and individuals in undertaking and conducting activities that will further the educational opportunities of American Indians attending Bureau funded schools.

§ 21603. Governing body

(a) Board of Directors.—

(1) A board of directors (referred to in this chapter as the 'board') is the governing body of the foundation. The board may exercise, or provide for the exercise of, the powers of the foundation.

(2) Organization of Board.—Subject to section 3 of the American Indian Education Foundation Act of 1999—

(A) the number of members of the board, the manner of election, term of office, and right to vote of each member, and the filling of vacancies for the board, and

(B) the board shall have at least 11 members, 2 of whom shall be the Secretary of the Interior and the Assistant Secretary of the Interior for Indian Affairs, who shall serve as ex officio nonvoting members.

(3) Citizenship of Members.—The members of the board shall be United States citizens who are knowledgeable or experienced in American Indian education and shall, to the extent practicable, represent diverse points of view relating to the education of American Indians.

(b) Officers.—

(1) In General.—The officers of the foundation shall be a secretary elected from among the members of the board and any other officers nominated for in the constitution and bylaws of the foundation.

(2) Qualifications and Duties of Secretary.—The secretary shall—

(A) serve, at the direction of the board, as its chief operating officer; and

(B) be knowledgeable and experienced in matters relating to education in general and education of American Indians in particular.

(3) Election, terms, and duties of members.—The manner of election, term of office, and duties of the officers shall be as provided in the constitution and bylaws of the foundation.

(4) Compensation.—

(a) In General.—Except as provided in paragraph (2), no compensation shall be paid to a member of the board by reason of service as a member.

(b) Travel Expenses.—A member of the board shall be reimbursed for actual and necessary travel expenses incurred by that member in the performance of the duties of the foundation.

§ 21604. Powers

The foundation—

(1) shall adopt a constitution and bylaws for the management of its property and the regulation of its affairs, which may be amended;

(2) shall adopt and alter a corporate seal;

(3) may make contracts, subject to the limitations of this chapter;

(4) may acquire (through a gift or otherwise), own, lease, encumber, and transfer real or personal property as necessary or convenient to carry out the purposes of the foundation;

(5) may sue and be sued; and

(6) may carry out any other act necessary and proper to carry out the purposes of the foundation.

§ 21605. Principal Office

The principal office of the foundation shall be in the District of Columbia. The activities of the foundation may be conducted, and offices may be maintained, throughout the United States in accordance with the constitution and bylaws of the foundation.

§ 21606. Service of Process

The foundation shall comply with the law on service of process of each State in which it is incorporated and in which the foundation carries on activities.

§ 21607. Liability of Officers and Agents

The foundation shall be liable for the acts of its officers and agents acting within the scope of their authority. Members of the board shall be personally liable only for gross negligence in the performance of their duties.

§ 21608. Restrictions

(a) Limitation on Spending.—Beginning with the fiscal year following the first full fiscal year during which the foundation is in operation, the administrative costs of the foundation may not exceed 10 percent of the sum of—

(1) the amounts transferred to the foundation under section 21609 during the preceding fiscal year; and

(2) the donations received from private sources during the preceding fiscal year.

(b) Appointment and Hiring.—The appointment of officers and employees of the foundation shall be subject to the availability of funds.

(c) Status.—The members of the board, and the officers, employees, and agents of the foundation shall not, by reason of their association with the foundation, be considered to be officers, employees, or agents of the United States.

§ 21609. Transfer of donated funds

The Secretary of the Interior may transfer to the foundation funds held by the Department of the Interior under the Act of February 17, 1946 (46 Stat. 1300, chapter 17; 25 U.S.C. 451), if the transfer or use of such funds is not prohibited by any term under which the funds were donated.

(b) Clerks.—The table of chapters for part B of subtitle II of title 36, United States Code, is amended by inserting after the item relating to chapter 215 the following:

‘216. American Indian Education Foundation .................................. 21601’. SEC. 3. INITIAL PERIOD AFTER ESTABLISHMENT.

(a) Board of Directors.—

(1) Initial Board.—Not later than 6 months after the date of enactment of this Act, the Secretary of the Interior shall appoint, the initial voting members of the board of directors under section 21603 of title 36, United States Code (referred to in this section as the "board"). The initial members of the board shall have staggered terms (as determined by the Secretary of the Interior).

(2) Successive Boards.—The composition of all successive boards after the initial board shall be in conformity with the constitution and bylaws of the American Indian Education Foundation organized under chapter 216 of title 36, United States Code (referred to in this section as the "foundation").

(b) Administrative Services and Support.

(1) Provision of Support by Secretary.—Subject to paragraph (2), during the 5-year period beginning on the date of enactment of this Act, the Secretary of the Interior—

(A) may provide personnel, facilities, and other administrative support services to the foundation;

(B) may provide funds to reimburse the travel expenses of the members of the board under section 21603(c)(2) of title 36, United States Code; and

(C) shall require and accept reimbursements from the foundation for any—

(i) services provided under subparagraph (A); and

(ii) funds provided under subparagraph (B).

(2) Reimbursement.—Reimbursements accepted under paragraph (1)(C) shall be deposited in the Treasury to the credit of the appropriations then current and chargeable for the cost of providing services described in paragraph (1)(A) and the travel expenses described in paragraph (1)(B).

(3) Continuation of Certain Services.—Notwithstanding any other provision of this section, the Secretary of the Interior may continue to provide facilities and necessary support services to the foundation after the termination of the funding specified in paragraph (1), on a space available, reimbursable cost basis.

CHIPPEWA CREE TRIBE OF THE ROCKY BOY'S RESERVATION INDIAN RESERVED WATER RIGHTS SETTLEMENT ACT OF 1999

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 297, S. 438. The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 438) to provide for the settlement of the water rights claims for the Chipewa Cree Tribe of the Rocky Boy’s Reservation, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 252

(Purpose: To provide a complete substitute) Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration. The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

November 4, 1999 CONGRESSIONAL RECORD – SENATE S14031
The Senator from Iowa (Mr. GRASSLEY). For Mr. BURNS, for himself and Mr. BAUCUS, proposes an amendment numbered 2512.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's Record under "Amendments Submitted.")

Mr. BURNS. Mr. President, I am pleased to urge passage of S. 438, The Chippewa Cree Tribe of the Rocky Boy's Reservation Indian Reserved Water Rights Settlement Act of 1999, introduced by Senator Baucus and Senator Burns of Montana. S. 438 is the ratification of an agreement among the United States, the State of Montana and the Chippewa Cree Tribe settling the water rights of the Tribe in Montana. This represents a significant achievement that will enhance the ability of the Tribe to develop a sustainable economy while protecting existing investments in water use by off-Reservation ranchers who rely on water for their livelihood.

The Settlement was negotiated with extensive involvement by the Tribe and its members, the State of Montana, the Administration, and the water users who own private land on streams shared with the Reservation. It has the support of all those affected and received the overwhelming support of the Montana Legislature when presented for ratification in 1997.

It is a tribute to the Governor of Montana, Marc Racicot, represented by the Reserved Water Rights Compact Commission; the chairman of the Tribe, Bert Corcoran; the Tribe Negotiating Team; David Hayes, Acting Deputy Secretary of the Interior; and the staff from my office assisted the State in the negotiations; and the water users on Big Sandy and Beaver Creeks in the Milk River valley of Montana, that this Compact represents a truly local solution that takes into account the needs and sovereign rights of each party.

In addition to ratifying the Settlement, the bill provides the necessary authorization for funding to develop the water resources on the Reservation and to assure a safe drinking water supply for the Tribe. For several years we have worked closely with the Senate Indian Affairs and Energy Committees to fashion a bill that is consistent with the Administration's policy toward Indian tribes. Thanks to the substantial efforts of the Committees, I believe we have accomplished that goal.

This is the first Indian water right settlement to come before Congress in many years. In approving the Chippewa Cree Settlement Act, we have the opportunity to send the message to western States that we endorse negotiation as the preferred method of Indian water right quantification, and that we will defer to States and Tribes to fashion their own approach to the allocation of water.

In closing, I believe that the Chippewa Cree Tribe of the Rocky Boy's Reservation Indian Reserved Water Rights Settlement Act is an historic agreement. This is truly a local solution that takes into account the needs and sovereign rights of each party. Just as the mentioned parties have worked closely together to get us to the submission of this bill today, I want to thank all members of Congress with whom I worked closely to ensure passage of this important bill.

Mr. BAUCUS. Mr. President, I am so pleased that this bill will pass the Chippewa Cree Tribe of the Rocky Boy's Reservation Indian Reserved Water Rights Settlement. The legislation ratifies the Compact approved by the State and the Tribe in 1997. I was proud to sponsor this legislation in the 105th with Senator Burns as a co-sponsor, and had the 2nd Session of that Congress lasted a few more weeks, I believe the bill would have been approved by the Senate. Once again this year, Senator Burns and I introduced this legislation. The passage of this bill is the culmination of 16 years of extensive technical studies and six years of rather intensive negotiations in our state involving the Chippewa Cree Tribe, the Montana State government, off-Reservation counties and municipal governments in north-central Montana, local ranchers, and the United States Departments of Justice and Interior.

The 122,000-acre Rocky Boy's Reservation sits west of Havre, Montana on several tributaries of the Milk River on what was formerly the Fort Assiniboine Military Reserve. Unfortunately, the portion of the land reserved for the Chippewa Cree is rough and arid. Without irrigation, much of the land is not suitable for farming. Recent studies have demonstrated that the Reservation could not sustain the membership of the Chippewa Cree Tribe as a permanent homeland without an infusion of additional water. The development of a viable reservation economy calls for more water for drinking purposes, as well as for agriculture and other municipal uses. In 1982, acting in its fiduciary capacity as trustee for the Tribe, the United States filed a claim for the water rights of the Chippewa Cree in the State of Montana general stream adjudication. Were it not for the negotiated settlement represented by this legislation, divisive and costly litigation could not have been averted.

The Rocky Boy's Reservation is located in a water-short area of Montana and it is appropriate that the Act provide funding for...
the development of additional water supplies, including domestic water, to meet the needs of the Chippewa Cree Tribe;
(7) proceedings to determine the full extent of the rights of the Chippewa Cree Tribe are currently pending before the Montana Water Court as a part of in the Matter of the Adjudication of All Rights to the Use of Water from Surface and Underground, within the State of Montana;
(8) recognizing that final resolution of the general stream adjudication will take many years and entail great expense to all parties, prolong uncertainty as to the availability of water supplies, and seriously impair the long-term economic planning and development of the Chippewa Cree Tribe and the State of Montana entered into the Compact on April 14, 1997; and
(9) the allocation of water resources from the Tiber Reservoir to the Chippewa Cree Tribe under this Act is uniquely suited to the geographic, social, and economic characteristics of the area and situation involved.

SEC. 3. PURPOSES.

The purposes of this Act are as follows:

(1) To achieve a fair, equitable, and final settlement of all claims to water rights in the State of Montana;
(A) the Chippewa Cree Tribe; and
(B) the United States for the benefit of the Chippewa Cree Tribe.

(2) To approve, ratify, and confirm, as modified in this Act, the Chippewa Cree-Montana Water Rights Compact entered into by the Chippewa Cree Tribe of the Rocky Boy’s Reservation and the State of Montana on April 14, 1997, and to provide funding and other authorization necessary for the implementation of the Compact;
(3) To authorize the Secretary of the Interior to execute and implement the Compact referred to in paragraph (2) and to take such other actions as are necessary to implement the Compact in a manner consistent with this Act;
(4) To authorize Federal feasibility studies designed to identify and analyze potential mechanisms to enhance, through conservation or otherwise, water supplies in North Central Montana, including mechanisms to import domestic water supplies for the future growth of the Rocky Boy’s Indian Reservation;
(5) To authorize certain projects on the Rocky Boy’s Indian Reservation, Montana, in order to implement the Compact;
(6) To authorize certain modifications to the purposes and operation of the Bureau of Reclamation’s Tiber Dam and Lake Eielw on the Missouri River in Montana in order to provide the Tribe with an allocation of water from Tiber Reservoir;
(7) To authorize the appropriation of funds necessary for the implementation of the Compact.

SEC. 4. DEFINITIONS.

In this Act:
(1) The term “Act” means the “Chippewa Cree Tribe of The Rocky Boy’s Reservation Indian Reserved Water Rights Settlement and Water Supply Enhancement Act of 1999”;
(2) Compact.—The term “Compact” means the water rights compact between the Chippewa Cree Tribe of the Rocky Boy’s Reservation and the State of Montana contained in sections 85-20-601 of the Montana Code Annotated (1997);
(3) Final.—The term “final” with reference to approval of the decree in section 101(b) means completion of any direct appeal to the Montana Supreme Court of a final decree by the Water Court pursuant to section 85-2-502 of the Code of Montana Annotated (1997), or to the Federal Court of Appeals, including the expiration of the time in which a petition for certiorari may be filed in the United States Supreme Court, denial of such a petition, or the issuance of the Supreme Court’s mandate, whichever occurs last.

(4) Fund.—The term “Chippewa Cree Indian Reserved Water Rights Settlement Fund established under section 104.

(5) Indian Tribe.—The term “Indian tribe” has the meaning given that term in section 101(2) of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a(2)).

(6) MR&I feasibility study.—The term “MR&I feasibility study” means a municipal, rural, and industrial, domestic, and incidental drought relief feasibility study described in and adopted into the Compact.

(7) Missouri River System.—The term “Missouri River System” means the mainstem of the Missouri River and its tributaries, including the Marias River.

(8) Reclamation Law.—The term “Reclamation Law” has the meaning given the term “reclamation law” in section 4 of the Act of December 5, 1904 (43 Stat. 701, chapter 4; 43 U.S.C. 371).

(9) Rocky Boy’s Reservation; reservation.—The term “Rocky Boy’s Reservation” or “Rocky Boy’s Reservation of the Chippewa Cree Tribe in Montana.”

(10) Secretary.—The term “Secretary” means the Secretary of the Interior, or his or her duly authorized representative.

(11) Towe Ponds.—The term “Towe Ponds” means the reservoir or reservoirs referred to as “Stoneman Reservoir” in the Compact.

(12) Tribal compact administration.—The term “Tribal Compact Administration” means the activities assumed by the Tribe for implementation of the Compact as set forth in Article IV of the Compact.

(13) Tribal water code.—The term “tribal water code” means a water code adopted by the Tribe, as defined in the Compact.

(14) Tribal water right.—
(A) In general.—The term “Tribal Water Right” means the water right set forth in section 85-20-601 of the Montana Code Annotated (1997) and includes the water allocation set forth in Title II of this Act.

(B) Rule of construction.—The definition of the term “Tribal Water Right” under this paragraph and the treatment of that right under this Act shall not be construed or interpreted to quantify or otherwise adversely affect the allocation of water rights or the interpretation or administration of future compacts between the United States and the State of Montana or any other State.

(15) Tribe.—The term “Tribe” means the Chippewa Cree Tribe of the Rocky Boy’s Reservation and all officers, agents, and departments thereof.

(16) Water development.—The term “water development” includes all activities that involve the use of water or modification of water courses in any way.

SEC. 5. MISCELLANEOUS PROVISIONS.

(a) Nonexercise of Tribe’s Rights.—Pursuant to Tribal Resolution No. 40-98, and in exchange for benefits under this Act, the Tribe shall not exercise the rights set forth in Article VII.A.3 of the Compact, except that in the event that the approval, ratification, and confirmation of the Compact by the President of the United States becomes null and void under section 101(b), the Tribe shall have the right to exercise the rights set forth in Article VII.A.3 of the Compact.

(b) Waivers of Sovereign Immunity.—Except to the extent provided in subsections (a), (b), and (c) of section 208 of the Department of Justice Appropriation Act, 1993 (43 U.S.C. 379o-2), the Tribe may be construed to waive the sovereign immunity of the United States.

(c) Tribal Release of Claims Against the United States.—
(I) In General.—Pursuant to Tribal Resolution No. 1997-59, and in exchange for benefits authorized by this Act, the Tribe shall not exercise the rights set forth in paragraph (2) against the United States, the sovereign immunity of which are not recognized by the United States, except that—
(A) the waiver and release of claims shall not become effective until the appropriation of the funds authorized in section 106, the water allocation in section 201, and the appropriation of funds for the MR&I feasibility study authorized in section 204 have been completed and the decree has become final in accordance with the requirements of section 101(b); and
(B) in the event that the approval, ratification, and confirmation of the Compact by the United States becomes null and void under section 101(b), the waiver and release of claims shall become null and void.

(2) Claims described.—The claims referred to in paragraph (1) are as follows:

(A) Any and all claims to water rights (including water rights in surface water, groundwater, or riparian water, and water rights, claims for loss or deprivation of water rights, claims for failure to acquire or develop water rights for lands of the Tribe from time immemorial to the date of ratification of the Compact by Congress.

(B) Any and all claims arising out of the negotiation of the Compact and the settlement authorized by this Act.

(d) Other Tribes Not Adversely Affected.—Nothing in this Act shall be construed to adversely affect the land and water rights, or claims or entitlements to land or water of an Indian tribe other than the Chippewa Cree Tribe.

(e) Environmental Compliance.—In implementing the Compact, the Secretary shall comply with all aspects of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.), the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), and all other applicable environmental Acts and regulations.

(f) Execution of Compact.—The execution of the Compact by the Secretary as provided for in this Act shall not constitute a major Federal action under the National Environmental Policy Act (42 U.S.C. 4321 et seq.). The Secretary is directed to carry out all necessary environmental compliance required by Federal law in implementing the Compact.

(g) Congressional Intent.—Nothing in this Act shall be construed to prohibit the Tribe from seeking additional authorization or appropriation of funds for tribal programs or purposes.

(h) Act Not Precedent.—Nothing in this Act shall be construed nor interpreted as a precedent for the litigation of reserved water rights or the interpretation or administration of future water settlement Acts.
TITLE I—CHIPPEWA CREE TRIBE OF THE ROCKY BOY'S RESERVATION INDIAN RESERVED WATER RIGHTS SETTLEMENT

SEC. 101. RATIFICATION OF COMPACT AND DECLARATION OF RIGHTS

(a) Water Rights Compact Approved.—Except as modified by this Act, and to the extent the Compact does not conflict with this Act:

(i) the Compact, entered into by the Chippewa Cree Tribe of the Rocky Boy's Reservation and the State of Montana on April 14, 1997, is hereby approved, ratified, and confirmed; and

(ii) the Secretary shall—

(A) execute and implement the Compact together with any amendments agreed to by the parties or necessary to bring the Compact into conformity with this Act; and

(B) take such other actions as are necessary to implement the Compact.

(b) Approval of Decree.—

(1) In General.—Not later than 180 days after the date of enactment of this Act, the United States, the Tribe, or the State of Montana shall petition the Montana Water Court, individually or jointly, to enter and approve the decree agreed to by the United States, the Tribe, and the State of Montana attached as Appendix 1 to the Compact, or any amended version thereof agreed to by the United States, the Tribe, and the State of Montana.

(2) Resort to the Federal District Court.—Under the circumstances set forth in Article VII.B.4 of the Compact, 1 or more parties may file an appropriate motion (as provided in that article) in the United States district court of appropriate jurisdiction.

(c) Effect of Failure of Approval to Become Effective.—If the approval by the appropriate court, including any direct appeal, does not become final within 3 years after the filing of the decree, or the decree is approved but is subsequently set aside by the appropriate court—

(A) the approval, ratification, and confirmation of the Compact by the United States shall be null and void; and

(B) except as provided in subsections (a) and (c)(3) of section 5 and section 105(e)(1), this Act shall be of no further force and effect.

SEC. 102. USE AND TRANSFER OF TRIBAL WATER RIGHTS.

(a) Administration and Enforcement.—As provided in the Act, unless the approval and approval of a tribal water code by the Tribe, the Secretary shall administer and enforce the Tribal Water Right.

(b) Assignment and Entitlement.—

(i) General.—Any entitlement to Federal Indian reserved water of any tribal member shall be satisfied solely from the water secured to the Tribe by the Compact and shall be governed by the terms and conditions of the Compact.

(ii) Administration.—An entitlement described in paragraph (i) shall be administered by the Tribe pursuant to a tribal water code developed and adopted pursuant to Article IV.A.2 of the Compact, or by the Secretary pending the adoption and approval of the tribal water code.

(iii) Temporary Transfer of Tribal Water Right.—The Tribe may, with the approval of the Secretary, and the approval of the State of Montana pursuant to Article IV.A.4 of the Compact, transfer any portion of the Tribal water right for use off the Reservation by service contract, lease, contract, exchange, or other agreement. No service contract, lease, exchange, or other agreement entered into under this subsection may permanently alienate the Tribal water right.

The enactment of this subsection shall constitute a plenary exercise of the powers set forth in Article I, section 8(b) of the United States Constitution and is statutory law of the United States within the meaning of Article IV.A.4.b(3) of the Compact.

SEC. 103. ORGANIZATION FOR WATER RESOURCES DEVELOPMENT

(a) Water Development Projects.—The Secretary, acting through the Bureau of Reclamation, shall plan, design, and construct, or to provide, pursuant to subsection (b), for the planning, design, and construction of the following water development projects of the Rocky Boy's Reservation:

(1) Bonneau Dam and Reservoir Enlargement.

(2) East Fork of Beaver Creek Dam Repair and Enlargement.

(3) Brown's Dam Enlargement.

(4) Towe Ponds' Enlargement.

(5) Such other water development projects as the Tribe shall from time to time consider appropriate.

(b) Implementation Agreement.—The Secretary, at the request of the Tribe, shall enter into an agreement with, or, if appropriate, renegotiate an existing agreement, with the Tribe, to carry out the requirements of the Act through the Tribe's annual funding agreement entered into under the self-governance program under title IV of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 458aa et seq.) by which the Tribe shall plan, design, and construct any or all of the projects authorized by this section.

(c) Bureau of Reclamation Project Administration.—

(i) General.—Congress finds that the Secretary, through the Bureau of Reclamation, has entered into an agreement with the Tribe, pursuant to title IV of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 458aa et seq.)—

(A) defining and limiting the role of the Bureau of Reclamation in its administration of the projects authorized in subsection (a);

(B) establishing the standards upon which the projects will be constructed; and

(C) for other purposes necessary to implement this section.

(ii) Agreement.—The agreement referred to in paragraph (i) shall become effective when the Tribe exercises its right under subsection (b).
United States for Indian tribes”, approved February 12, 1929 (25 U.S.C. 16a); and
(iii) the third section of the Act entitled “An Act to authorize the deposit and invest-

(B) CREDITING OF AMOUNTS TO THE FUND.—
The interest on, and the proceeds from the sale or redemption of, any obligations held by the United States in the Fund shall be credit-
ted to and form part of the Fund. The Sec- retary of the Treasury shall credit to each of the accounts contained in the Fund a pro-
portionate amount of that interest and pro-
cceeds.

(2) CERTAIN WITHDRAWN FUNDS.—
(A) Amounts withdrawn from the Fund and deposited in a private financial institu-
tion pursuant to a withdrawal plan approved by the Secretary under the Amer-i-
can Indian Trust Fund Management Reform Act of 1994 (25 U.S.C. 4001 et seq.) shall be in-
vested by an appropriate official under that plan.

(B) DEPOSIT OF INTEREST AND PROCEEDS.—
The interest on, and the proceeds from the sale or redemption of, any obligations held under this paragraph shall be deposited in the private financial institution referred to in subparagraph (A) in the fund established pursuant to the withdrawal plan referred to in that subparagraph. The appropriate official shall credit to each of the accounts con-
tained in that fund a proportionate amount of that interest and proceeds.

(e) AGREEMENT REGARDING FUND EXPENDI-
TURES.—If the Tribe does not exercise its right under subsection (a)(4) to withdraw the funds in the Fund and transfer those funds to a private financial institution, the Secretary shall enter into an agreement with the Tribe providing for appropriate terms and condi-
tions, if any, on expenditures from the Fund in addition to the plans set forth in para-
graphs (A) and (B) of section 102(a).

(f) PER CAPITA DISTRIBUTIONS PROHIBI-
BED.—No part of the Fund shall be distrib-
uted on a per capita basis to members of the Tribe.

SEC. 105. AUTHORIZATION OF APPROPRIATIONS.
(a) CHIPPEWA CREE FUND.—There is author-
ized to be appropriated for the Fund, $5,000,000 to be allocated by the Secretary as follows:

(1) TRIBAL COMPACT ADMINISTRATION AC-
COUNT.—For Tribal Compact Administration purposes under the Compact and this Act, $4,000,000 is authorized to be appro-
priated for fiscal year 2000.

(2) ECONOMIC DEVELOPMENT ACCOUNT.—For tribal economic development, $3,000,000 is author-
ized to be appropriated for fiscal year 2000.

(3) FUTURE WATER SUPPLY FACILITIES AC-
COUNT.—For the total Federal contribution to the planning, design, construction, operation, maintenance, and rehabilitation of a future water supply system for the Reserva-
tion, $2,000,000 is authorized to be appro-
priated—

(A) $2,000,000 for fiscal year 2000;

(B) $500,000 for fiscal year 2001; and

(C) $500,000 for fiscal year 2002.

(b) ON-RESERVATION WATER DEVELO-
PMENT.—

(1) IN GENERAL.—There are authorized to be appro-
priated to the Department of the Inte-
rior, for the Bureau of Reclamation, for the construction of the on-Reservation water de-
velopment projects authorized by section 103(c), $13,000,000 for fiscal year 2000, for the planning, design, and construction of the Bonneau Dam Enlargement, for the develop-
ment facility in Bonneau Reservoir for storage of water secured to the Tribe under the Compact;

(b) $8,000,000 for fiscal year 2001, for the planning, design, and construction of the East Fork Dam and Reservoir enlargement, of the Brown’s Dam and Reservoir enlargement, and of the Towe Ponds enlargement of which—

(i) $4,000,000 shall be used for the East Fork Dam and Reservoir enlargement;

(ii) $2,000,000 shall be used for the Brown’s Dam and Reservoir enlargement; and

(iii) $2,000,000 shall be used for the Towe Ponds enlargement of

(C) $3,000,000 for fiscal year 2002, for the planning, design, and construction of such other water resource developments as the Tribe, with the approval of the Secretary, from time to time may consider appropriate or for the completion of the 4 projects enu-
mcerated in subparagraphs (A) and (B) of paragraph (1).

(2) UNEXPENDED BALANCES.—Any unex-
pended balance in the funds authorized to be appropriated under subparagraph (A) or (B) of paragraph (1), after substantial comple-
tion of all of the projects enumerated in paragraphs (1) through (4) of section 103(a)—

(A) shall be available to the Tribe first for completion of the 4 projects and then for other water resource develop-
 ment projects on the Reservation,

(B) administere
d to be appropriated to the Depart-
ment, for the Bureau of Re-
cal-
many, $1,000,000 for fiscal year 2000, for the costs of administration of the Bureau of Re-
cal-
many under this Act, except that—

(1) if those costs exceed $1,000,000, the Bu-
eral of Reclamation may use funds author-
ized for appropriation under subsection (b) for costs; and

(2) the Bureau of Reclamation shall exer-
cise its best efforts to minimize those costs to avoid expenditures for the costs of admin-
istration under this Act that exceed a total of $1,000,000.

(c) ADMINISTRATION COSTS.—There is au-
thorized to be appropriated to the Depart-
ment, for the Bureau of Re-
cal-
many, $1,000,000 for fiscal year 2000, for the costs of administration of the Bureau of Re-
cal-
many under this Act, except that—

(1) if those costs exceed $1,000,000, the Bu-
eral of Reclamation may use funds author-
ized for appropriation under subsection (b) for costs; and

(f) REQUIREMENT OF APPLICATION.—
(1) IN GENERAL.—The amounts authorized to be appro-
priated to the Fund and allocated to its accounts pursuant to subsection (a) shall be deposited into the Fund and allo-
cated immediately on appropriation.

(2) INVESTMENTS.—Investments may be made from the Fund pursuant to section 104d.

(3) AVAILABILITY OF FUNDS.—The amounts authorized to be appro-
priated in subsection (a)(1) shall be available for use immediately upon appro-
priation in accordance with subsection (d)(3)(A).

(4) LIMITATION.—Those moneys allocated by the Secretary to accounts in the Fund or in a fund established under section 104a(4) shall draw interest consistent with section 104d(3).

(b) AGREEMENT.ÐThe Secretary shall enter into a water right agreement with the Tribe, setting forth the terms and conditions of the Compact this Act and the adoption and implementation of the water allocation under this Act.

(c) ADMINISTRATION OF WATER—the 
Tribe shall be as follows:

(1) WATER USE AND TEMPORARY TRANS-
er—(A) Use of Water.—The Tribe or a private financial institution under contract with the Tribe may use water from the reservoir for withdrawal or transfer of the water allocated by this section, except that no such service contract, commercial, industrial, mining, or recreational use, within or outside the Rocky Boy’s Reservation.

(b) USE FOR TEMPORARY TRANSFER OF AL-
LOCATION.—(B) Use for Temporary Transfer of Water.—The Tribe shall be entitled to transfer of water stored in Lake Elwell, sub-
ject to the terms and conditions of the Compact and this Act.

(c) PRIOR RESERVED RIGHTS.—(1) Provision for the Tribe.—The allocation in this section shall be subject to the prior reserved water rights, if any, of any Indian tribe, or person claiming water through any Indian tribe.

(1) IN GENERAL.—Subject to the limitations and conditions set forth in the Compact and this Act, the Tribe has the exclusive right to de-
vote the water allocated by this section to any use, including agricultural, municipal, commercial, industrial, mining, or recreation, or for other reasonable uses, within or outside the Rocky Boy’s Reservation.

(2) CONTRACTS AND AGREEMENTS.—(A) Use for Temporary Transfer of Water.—The Tribe may enter into a service agreement with any Indian tribe, or person claiming water through any Indian tribe for the temporary transfer of water from Lake Elwell, subject to the terms and conditions of the Compact and this Act.

(2) IN GENERAL.—Subject to the limitations and conditions set forth in the Compact and this Act, the Tribe shall be entitled to transfer water from the reservoir for withdrawal or transfer of the water allocated by this section, except that no such service contract, commercial, industrial, mining, or recreational use, within or outside the Rocky Boy’s Reservation.

(2) CONTRACTS AND AGREEMENTS.—(A) Use for Temporary Transfer of Water.—The Tribe may enter into a service agreement with any Indian tribe, or person claiming water through any Indian tribe for the temporary transfer of water from Lake Elwell, subject to the terms and conditions of the Compact and this Act.

(2) IN GENERAL.—Subject to the limitations and conditions set forth in the Compact and this Act, the Tribe shall be entitled to transfer water from the reservoir for withdrawal or transfer of the water allocated by this section, except that no such service contract, commercial, industrial, mining, or recreational use, within or outside the Rocky Boy’s Reservation.
(c) Remaining Storage.—The United States shall retain the right to use for any authorized purpose, any and all storage remaining in Lake Elwell after the allocation made by subsection (a).

(d) Water Transport Obligation; Development and Delivery Costs.—The United States shall have no responsibility or obligation to provide any facility for the transport of the water allocated by this section to the Rocky Boy’s Reservation or to any other location, including environmental, water supply, and economic issues; and

(e) Economic Feasibility Study.—(1) In General.—(A) Study.—The Secretary, acting through the Bureau of Reclamation, shall conduct, in consultation with other Federal agencies, a study to determine the limitations of those resources and the extent to which the Bureau of Reclamation’s reservoirs shall not be borne by the United States.

(2) Use of Funds Made Available for Fiscal Year 1999.—The authority under subparagraph (A) shall be deemed to apply to MR&I feasibility study activities for which funds were made available by appropriations for fiscal year 1999.

(2) Contents of Study.—The MR&I feasibility study shall include the feasibility of releasing the Tribe’s Tibers allocation as provided for in section 201 into the Missouri River System for later diversion to a treatment or delivery system for the Rocky Boy’s Reservation.

(3) Utilization of Existing Studies.—The MR&I feasibility study shall be carried out in consultation with the State of Montana, the Chippewa Tribal Council, and other Federal agencies, the State of Montana, and the Chippewa Cree Tribe.

(b) Acceptance or Participation in Identified Downstream System.—The United States, the Chippewa Cree Tribe of Rocky Boy’s Reservation, and the State of Montana shall not be obligated to accept or participate in any potential downstream system identified in the MR&I feasibility study authorized in subsection (a).

(c) Regional Feasibility Study.—(1) In General.—(A) Study.—The Secretary, acting through the Bureau of Reclamation, shall conduct a regional feasibility study to determine the feasibility of developing the limitations of those resources and the extent to which the Bureau of Reclamation’s reservoirs shall not be borne by the United States.

(2) Use of Funds Made Available for Fiscal Year 1999.—The authority under paragraph (1) shall be deemed to apply to regional feasibility study activities for which funds were made available by appropriations for fiscal year 1999.

(3) Contents of Study.—The regional feasibility study shall—

(1) evaluate existing and potential water supplies, uses, and management;

(2) evaluate water-related issues, including environmental, water supply, and economic issues;

(3) evaluate opportunities to resolve the issues referred to in paragraph (2); and

(4) evaluate options for implementation of resolutions to the issues.

(d) Additional Measures.—Because of the regional and international impact of the regional feasibility study, the study may not be segmented. The regional study shall—

(1) utilize, to the maximum extent possible, existing information; and

(2) be planned and conducted in consultation with water-related interests, including interests in Canada.

SEC. 204. AUTHORIZATION OF AppropriATIONS FOR FEASIBILITY STUDIES.

(a) Fiscal Year 1999 Appropriations.—Of the amounts made available by appropriations for fiscal year 1999 for the Bureau of Reclamation, $1,000,000 shall be used for the purpose of conducting the MR&I feasibility study under section 202 and the regional study under section 203, of which—

(1) $500,000 shall be used for the MR&I study under section 202; and

(2) $500,000 shall be used for the regional study under section 203.

(b) Fiscal Year 1999 Appropriations.—There is authorized to be appropriated to the Department of the Interior, for the Bureau of Reclamation, for the purpose of conducting the MR&I feasibility study under section 202 and the regional study under section 203, $3,000,000 for fiscal year 2000, of which—

(1) $500,000 shall be used for the MR&I feasibility study under section 202; and

(2) $2,500,000 shall be used for the regional study under section 203.

(c) Fiscal Year 1999 Appropriations.—All money appropriated pursuant to authorizations under this title shall be available without fiscal year limitation.

(d) Availability of Certain Moneys.—The amounts made available for use under subsection (a) shall be deemed to have been available for use as of the date on which the funds were appropriated.

(e) Authorization to Be Appropriated.—Those funds authorized to be appropriated in subsection (b) shall be available for use immediately upon appropriation.

SERBIA DEMOCRATIZATION ACT OF 1999

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of calendar No. 256, S. 720, the PRESIDING OFFICER. The clerk will report the bill by title. The legislative committee print is as follows:

A bill (S. 720) to promote the development of a government in the Federal Republic of Yugoslavia (Serbia and Montenegro) based on democratic principles and the rule of law, that respects internationally recognized human rights, to assist the victims of Serbian oppression, to apply measures against the Federal Republic of Yugoslavia, and for other purposes:

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Serbia Democracy Act of 1999".

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

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.
TITLE I—SUPPORT FOR THE DEMOCRATIC OPPOSITION
Sec. 101. Findings and policy.
Sec. 102. Authority to promote democracy and civil society in Yugoslavia.
Sec. 103. Authority for radio and television broadcasting.

TITLE II—ASSISTANCE TO THE VICTIMS OF SERBIAN OPRESSION
Sec. 201. Findings.
Sec. 203. Assistance.

TITLE III—"OUTER WALL" SANCTIONS
Sec. 301. "Outer wall" sanctions.
Sec. 302. International financial institutions not in compliance with "outer wall" sanctions.

TITLE IV—OTHER MEASURES AGAINST YUGOSLAVIA
Sec. 401. Blocking Yugoslavia assets in the United States.
Sec. 402. Suspension of entry into the United States.
Sec. 403. Prohibition on strategic exports to Yugoslavia.
Sec. 404. Prohibition on loans and investment.
Sec. 405. Prohibition of military-to-military cooperation.
Sec. 406. Multilateral sanctions.
Sec. 407. Exemptions.
Sec. 408. Waiver; termination of measures against Yugoslavia.
Sec. 409. Statutory construction.

TITLE V—MISCELLANEOUS PROVISIONS
Sec. 501. The International Criminal Tribunal for the former Yugoslavia.
Sec. 502. Sense of Congress with respect to ethnic Hungarians of Vojvodina.
Sec. 503. Ownership and use of diplomatic and consular properties.
Sec. 504. Transition assistance.

SEC. 2. DEFINITIONS.

(a) Territorial Confrontation.—The term "Territorial Confrontation", means a situation where neighboring countries are in conflict and the conflict is not resolved by negotiations, where the United States and its allies have not been involved in the conflict, and where the United States and its allies have no direct interest in the conflict.

(b) Government of Yugoslavia.—The term "Government of Yugoslavia" means the central government of the former Yugoslavia.

(c) Yugoslavia.—The term "Yugoslavia" means the so-called Federal Republic of Yugoslavia (Serbia and Montenegro), and the term "Government of Yugoslavia" means the central government of the former Yugoslavia.

TITLE I—SUPPORT FOR THE DEMOCRATIC OPPOSITION

SEC. 101. FINDINGS AND POLICY.

(a) Findings.—Congress finds the following:

(1) The President of Yugoslavia, Slobodan Milosevic, has consistently engaged in undemocratic methods of governing.

(2) Yugoslavia has passed and implemented a law strictly limiting freedom of the press and has acted to intimidate and deny independent media from operating inside Yugoslavia.

(3) Although the Yugoslav and Serbian Constitutions provide for the right of citizens to change their government, the citizens of Serbia in practice are prevented from exercising that right by the Milosevic regime’s domination of the
(4) The Yugoslav government has orchestrated attacks on academics at institutes and universities in an effort to prevent the dissemination of opinions that differ from official state propaganda.

(5) The Yugoslav government prevents the formation of non-partisan, democratic opposition through restrictions on freedom of assembly and association.

(6) The Yugoslav government uses control and intimidation to control the judiciary and manipulates the country's legal framework to suit the undemocratic actions of the Milosevic government.

(7) The Government of Serbia and the Government of Yugoslavia, under the direction of President Milosevic, have obstructed the efforts of the Government of Montenegro to pursue democratic and free-market policies.

(8) At great risk, the Government of Montenegro has withstood efforts by President Milosevic to interfere with its government and supported the goals of the United States in the conflict in Kosovo.

(9) The people of Serbia who do not endorse the undemocratic actions of the Milosevic government are now targets of an authoritarian regime that is openly directed at the Milosevic regime.

(10) It is the sense of Congress that—

(a) the United States should actively support the democratic opposition in Yugoslavia, including political parties and independent trade unions, to develop a legitimate and viable alternative to the Milosevic regime;

(b) all United States Government officials, including those from the private sector acting on behalf of the United States Government, should meet regularly with representatives of the democratic opposition organizations of Yugoslavia and minimize to the extent practicable any direct contacts with government officials from Yugoslavia, particularly President Slobodan Milosevic, who perpetuate the non-democratic regime in Yugoslavia; and

(c) the United States should emphasize to all political leaders in Yugoslavia the importance of respecting internationally recognized human rights and freedoms, including freedom of speech, a free press, the rule of law, ethnic tolerance, and the rule of law.

SEC. 102. ASSISTANCE TO PROMOTE DEMOCRACY AND CIVIL SOCIETY IN YUGOSLAVIA.

(a) Assistance.—

(1) PURPOSE OF ASSISTANCE.—The purpose of assistance under this subsection is to promote and strengthen institutions of democratic government and the growth of an independent civil society in Yugoslavia, including ethnic tolerance and respect for internationally recognized human rights.

(2) AUTHORIZATION OF ASSISTANCE.—To carry out the purposes of paragraph (1), the President is authorized to furnish assistance and other support for the activities described in paragraph (3).

(3) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under paragraph (2) include the following:

(A) Democracy building assistance.

(B) The development of nongovernmental organizations.

(C) The development of independent media working within Serbia if possible, but, if that is not feasible, from locations in neighboring countries.

(D) The development of the rule of law, to include a strong, independent judiciary, the impartial administration of justice, and transparency in political practices.

(E) International exchanges and advanced professional programs in skill areas central to the development of civil society and a market economy.

(F) The development of all elements of the democratic process, including political parties and the ability to administer free and fair elections.

(G) The development of local governance.

(H) The development of a free-market economy.

(4) AUTHORIZATION OF APPROPRIATIONS.—

(A) In general.—There is authorized to be appropriated to the President $100,000,000 for the period beginning October 1, 1999, and ending September 30, 2001, to carry out this subsection.

(B) AVAILABILITY OF FUNDS.—Amounts appropriated pursuant to subparagraph (A) are authorized to remain available until expended.

(5) Cooperation with the International Criminal Tribunal for the former Yugoslavia.

(6) UNDER Section 219 of the Immigration and Nationality Act (8 U.S.C. 1182).

(7) USE OF ECONOMIC SUPPORT FUNDS.—Any funds that have been allocated under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346 et seq.) for assistance described in subsection (a) may be used in accordance with the authority of the subsection.

TITLE II—"OUTER WALL" SANCTIONS

SEC. 201. "OUTER WALL" SANCTIONS.

(a) APPLICATION OF MEASURES.—The sanctions described in subsections (c) through (g) shall apply with respect to Yugoslavia until the Secretary of the Treasury determines that the appropriate congressional committees that the Government of Yugoslavia has made significant progress in meeting the conditions described in subsection (b).

(b) CONDITIONS.—The conditions referred to in subsection (a) are the following:

(1) Agreement on a lasting settlement in Kosovo.

(2) Compliance with the General Framework Agreement for Peace in Bosnia and Herzegovina.

(3) Implementation of internal democratic reform.

(4) Settlement of all succession issues with the other republics that emerged from the break-up of the Socialist Federal Republic of Yugoslavia.

(5) Cooperation with the International Criminal Tribunal for the former Yugoslavia, including the transfer of all indicted war criminals in Yugoslavia to the Hague.

(6) International Financial Institutions.—The Secretary of the Treasury shall instruct the United States executive directors of the international financial institutions to oppose, and vote against, any extension by those institutions of any financial assistance (including any technical assistance or grant) of any kind to the Government of Yugoslavia.

(d) ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE.—The Secretary of State should instruct the United States Ambassador to the OSCE to oppose and block any consensus to allow the participation of Yugoslavia in the OSCE or any organization affiliated with the OSCE.

(e) UNITED NATIONS.—The Secretary of State should instruct the United Nations Permanent Representative to the United Nations to vote against any resolution that—

(1) opposes assistance to the victims of the conflict in Kosovo, including refugees and internally displaced persons, and all assistance to rebuild damaged property in Kosovo, should be urgent; and

(2) (c) The development of all elements of the democratic process, including political parties and the ability to administer free and fair elections.

(G) The development of local governance.

(H) The development of a free-market economy.

(4) AUTHORIZATION OF APPROPRIATIONS.—

(A) In general.—There is authorized to be appropriated to the President $100,000,000 for the period beginning October 1, 1999, and ending September 30, 2001, to carry out this subsection.

(B) AVAILABILITY OF FUNDS.—Amounts appropriated pursuant to subparagraph (A) are authorized to remain available until expended.

(5) Cooperation with the International Criminal Tribunal for the former Yugoslavia.

(6) UNDER Section 219 of the Immigration and Nationality Act (8 U.S.C. 1182).

(7) USE OF ECONOMIC SUPPORT FUNDS.—Any funds that have been allocated under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346 et seq.) for assistance described in subsection (a) may be used in accordance with the authority of the subsection.

TITLE II—"OUTER WALL" SANCTIONS

SEC. 201. "OUTER WALL" SANCTIONS.

(a) APPLICATION OF MEASURES.—The sanctions described in subsections (c) through (g) shall apply with respect to Yugoslavia until the Secretary of the Treasury determines that the appropriate congressional committees that the Government of Yugoslavia has made significant progress in meeting the conditions described in subsection (b).

(b) CONDITIONS.—The conditions referred to in subsection (a) are the following:

(1) Agreement on a lasting settlement in Kosovo.

(2) Compliance with the General Framework Agreement for Peace in Bosnia and Herzegovina.

(3) Implementation of internal democratic reform.

(4) Settlement of all succession issues with the other republics that emerged from the break-up of the Socialist Federal Republic of Yugoslavia.

(5) Cooperation with the International Criminal Tribunal for the former Yugoslavia, including the transfer of all indicted war criminals in Yugoslavia to the Hague.

(6) International Financial Institutions.—The Secretary of the Treasury shall instruct the United States executive directors of the international financial institutions to oppose, and vote against, any extension by those institutions of any financial assistance (including any technical assistance or grant) of any kind to the Government of Yugoslavia.

(d) ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE.—The Secretary of State should instruct the United States Ambassador to the OSCE to oppose and block any consensus to allow the participation of Yugoslavia in the OSCE or any organization affiliated with the OSCE.

(e) UNITED NATIONS.—The Secretary of State should instruct the United Nations Permanent Representative to the United Nations to vote against any resolution that—

(1) opposes assistance to the victims of the conflict in Kosovo, including refugees and internally displaced persons, and all assistance to rebuild damaged property in Kosovo, should be urgent; and

(2) (c) The development of all elements of the democratic process, including political parties and the ability to administer free and fair elections.

(G) The development of local governance.

(H) The development of a free-market economy.

(4) AUTHORIZATION OF APPROPRIATIONS.—

(A) In general.—There is authorized to be appropriated to the President $100,000,000 for the period beginning October 1, 1999, and ending September 30, 2001, to carry out this subsection.

(B) AVAILABILITY OF FUNDS.—Amounts appropriated pursuant to subparagraph (A) are authorized to remain available until expended.

(5) Cooperation with the International Criminal Tribunal for the former Yugoslavia.

(6) UNDER Section 219 of the Immigration and Nationality Act (8 U.S.C. 1182).

(7) USE OF ECONOMIC SUPPORT FUNDS.—Any funds that have been allocated under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346 et seq.) for assistance described in subsection (a) may be used in accordance with the authority of the subsection.

TITLE II—"OUTER WALL" SANCTIONS

SEC. 201. "OUTER WALL" SANCTIONS.

(a) APPLICATION OF MEASURES.—The sanctions described in subsections (c) through (g) shall apply with respect to Yugoslavia until the Secretary of the Treasury determines that the appropriate congressional committees that the Government of Yugoslavia has made significant progress in meeting the conditions described in subsection (b).

(b) CONDITIONS.—The conditions referred to in subsection (a) are the following:

(1) Agreement on a lasting settlement in Kosovo.

(2) Compliance with the General Framework Agreement for Peace in Bosnia and Herzegovina.

(3) Implementation of internal democratic reform.

(4) Settlement of all succession issues with the other republics that emerged from the break-up of the Socialist Federal Republic of Yugoslavia.

(5) Cooperation with the International Criminal Tribunal for the former Yugoslavia, including the transfer of all indicted war criminals in Yugoslavia to the Hague.

(6) International Financial Institutions.—The Secretary of the Treasury shall instruct the United States executive directors of the international financial institutions to oppose, and vote against, any extension by those institutions of any financial assistance (including any technical assistance or grant) of any kind to the Government of Yugoslavia.

(d) ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE.—The Secretary of State should instruct the United States Ambassador to the OSCE to oppose and block any consensus to allow the participation of Yugoslavia in the OSCE or any organization affiliated with the OSCE.

(e) UNITED NATIONS.—The Secretary of State should instruct the United Nations Permanent Representative to the United Nations to vote against any resolution that—

(1) opposes assistance to the victims of the conflict in Kosovo, including refugees and internally displaced persons, and all assistance to rebuild damaged property in Kosovo, should be urgent; and

(2) (c) The development of all elements of the democratic process, including political parties and the ability to administer free and fair elections.

(G) The development of local governance.

(H) The development of a free-market economy.

(4) AUTHORIZATION OF APPROPRIATIONS.—

(A) In general.—There is authorized to be appropriated to the President $100,000,000 for the period beginning October 1, 1999, and ending September 30, 2001, to carry out this subsection.

(B) AVAILABILITY OF FUNDS.—Amounts appropriated pursuant to subparagraph (A) are authorized to remain available until expended.

(5) Cooperation with the International Criminal Tribunal for the former Yugoslavia.

(6) UNDER Section 219 of the Immigration and Nationality Act (8 U.S.C. 1182).

(7) USE OF ECONOMIC SUPPORT FUNDS.—Any funds that have been allocated under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346 et seq.) for assistance described in subsection (a) may be used in accordance with the authority of the subsection.
Yugoslavia to the United Nations or any organization affiliated with the United Nations; and

(2) to actively oppose and, if necessary, veto any proposal to allow Yugoslavia to assume the membership of Serbia in the former Socialist Federal Republic of Yugoslavia in the United Nations General Assembly or any other organization affiliated with the United Nations.

(1) No country or entity of the former Socialist Federal Republic of Yugoslavia in the United Nations General Assembly or any other organization affiliated with the United Nations.

(2) The Secretary of State should instruct the United States Permanent Representative to the North Atlantic Council to oppose and vote against the extension to Yugoslavia of membership or participation in the Partnership for Peace program or any other organization affiliated with NATO.

(3) SOUTHEAST EUROPEAN COOPERATION INITIATIVE. The Secretary of State should instruct the United States Representatives to the Southeast European Cooperation Initiative (SECI) to actively oppose the participation of Yugoslavia in SECI.

(h) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the President should not restore full diplomatic relations with Yugoslavia until the President has determined and so reported to the appropriate congressional committees that the Government of Yugoslavia has met the conditions described in subsection (b); and

(2) the President should encourage all other European countries to diminish their level of diplomatic relations with Yugoslavia.

(i) INTERNATIONAL FINANCIAL INSTITUTION DEFINED.—In this section, the term “international financial institution” includes the International Monetary Fund, the International Bank, reconstruction and Development, the International Development Association, the International Bank for Reconstruction and Development, the International Finance Corporation, the Multilateral Investment Guarantee Agency, and the European Bank for Reconstruction and Development.

SEC. 302. INTERNATIONAL FINANCIAL INSTITUTIONS IN COMPLIANCE WITH "OUTER WALL" SANCTIONS.

It is the sense of Congress that, if any international financial institution (as described in section 301) provides any financial assistance to the Government of Yugoslavia over opposition of the United States, then the Secretary of the Treasury should withhold from payment of the United States share of any increase in the paid-in capital of such institution an amount equal to the amount of the loan or other assistance.

TITLE IV—OTHER MEASURES AGAINST YUGOSLAVIA

SEC. 401. BLOCKING YUGOSLAVIA ASSETS IN THE UNITED STATES.

(a) BLOCKING OF ASSETS.—All property and interests in property, including all commercial, industrial, or public utility undertakings or entities, of or in the name of the Government of Serbia or the Government of Yugoslavia that are in the United States, that hereafter come within the United States, or that are hereafter come within the possession or control of United States persons, including their overseas branches, are hereby blocked.

(b) EXERCISE OF AUTHORITY.—The Secretary of the Treasury, in consultation with the Secretary of State, shall take such actions, including the promulgation of regulations, orders, directives, rulings, instructions, and licenses, and employ all powers granted to the President by the International Emergency Economic Powers Act, and may be necessary to carry out the purpose of this section, including taking such steps as may be necessary to continue in effect the measures contained in Executive Order No. 13085, as amended (52 Fed. Reg. 13121 of May 1, 1997). No rule, regulation, license, or order issued thereunder.

(c) PROHIBITED TRANSFERS.—Transfers prohibited by the former Socialist Federal Republic of Yugoslavia in the United States General Assembly or any other organization affiliated with the United Nations.

SEC. 402. SUFFUSION OF ENTRY INTO THE UNITED STATES.

(a) PROHIBITION.—The President shall use his authority under section 212(f) of the Immigration and Nationality Act (8 U.S.C. 1182(f)) to suspend the entry into the United States of any alien who—

(1) holds a position in the senior leadership of the Government of Yugoslavia or the Government of Serbia;

(2) is a spouse, minor child, or agent of a person inadmissible under paragraph (1); or

(3) is an individual specified in section 203(b)(3) of the International Emergency Economic Powers Act relating to informational materials.

(b) PAYMENT OF EXPENSES.—All expenses incurred in effecting the suspension described in subsection (a) shall be charged to the owner or operators of such property, which expenses shall not be met from blocked funds.

(c) PROHIBITION.—The following shall be prohibited as of the date of enactment of this Act:

(1) Any transaction within the United States or by a United States person relating to any vessel sails. The prison system.

(2) The exportation to Serbia or to any country to which the Government of Yugoslavia or the Government of Serbia, directly or indirectly, of any goods, technology, or services, either—

(A) from the United States;

(B) requiring the issuance of a license by a Federal agency; or

(C) involving the use of United States registered vessels or aircraft, or any other activity that promotes or is intended to promote such exportation.

(3) Any dealing by a United States person in—

(A) property originating in Serbia or exported from Serbia;

(B) property intended for exportation from Serbia to any country or exportation from Serbia; or

(C) any activity of any kind that promotes or is intended to promote such dealing.

(d) PAYMENT OF EXPENSES.—All expenses incurred in effecting the suspension described in subsection (a) shall be charged to the owner or operators of such property, which expenses shall not be met from blocked funds.

(e) PROHIBITION.—The following shall be prohibited as of the date of enactment of this Act:

(1) Any transaction within the United States or by a United States person relating to any vessel

You sail. The prison system.

(2) Any dealing by a United States person in—

(A) property originating in Serbia or exported from Serbia;

(B) property intended for exportation from Serbia to any country or exportation from Serbia; or

(C) any activity of any kind that promotes or is intended to promote such dealing.

(f) EXCEPTIONS.—Nothing in this section shall apply to—

(1) the transshipment through Serbia of commodities and products originating outside Yugoslavia and temporarily present in the territory of Yugoslavia only for the purpose of such transshipment;

(2) assistance provided under section 102 or section 203 of this Act; or


SEC. 403. PROHIBITION ON STRATEGIC EXPORTS.

(a) PROHIBITION.—No computer, computer software, or goods or technology intended to manufacture or service computers may be exported to or for use by the Government of Yugoslavia or the Government of Serbia, or by any of the following entities of either government:

(1) the military;

(2) The police.

(3) The prison system.

(4) The national security agencies.

(b) PROHIBITION ON MILITARY EXPORTS. Nothing in this section prevents the issuance of licenses to ensure the safety of civil aviation and safeguard civilian aviation and the safety of ocean-going maritime traffic in international waters.

SEC. 404. PROHIBITION ON LOANS AND INVESTMENT.

(a) UNITED STATES GOVERNMENT FINANCING.—No loan, credit guarantee, insurance, financing, or other similar financial assistance may be extended by any agency of the United States Government to Yugoslavia or any other country, unless the President determines and so certifies to the appropriate congressional committees that

(1) the President, Prime Minister, Deputy Prime Ministers, and government ministers of Yugoslavia,

(2) the Governor of the National Bank of Yugoslavia,

(3) the President, Prime Minister, Deputy Prime Ministers, and government ministers of the Republic of Serbia;

(4) the President, Prime Minister, Deputy Prime Ministers, and government ministers of the Republic of Montenegro.

(b) TRADE AND DEVELOPMENT AGENCY.—No funds made available by law may be available for activities of the Trade and Development Agency in or for Serbia.

(c) THIRD COUNTRY ACTION.—The Secretary of State is urged to encourage all other countries, particularly European countries, to suspend any of their own programs providing support similar to that described in subsection (b) or to the Government of Yugoslavia or the Government of Serbia, including the payment of the debts of either government under more favorable conditions.

(d) PROHIBITION ON PRIVATE CREDITS.—(A) IN GENERAL.—Except as provided in paragraph (2), no national of the United States may make or approve any loan or other extension of credit, directly or indirectly, to the Government of Yugoslavia or to the Government of Serbia or to any corporation, partnership, or other organization that is owned or controlled by either the Government of Yugoslavia or the Government of Serbia.

(B) EXCEPTION.—Paragraph (1) shall not apply to a loan or extension of credit for any housing, education, or humanitarian benefit to assist the victims of repression in Kosovo.

SEC. 405. PROHIBITION OF MILITARY-TO-MILITARY COOPERATION.

The United States Government (including any agency or entity of the United States) shall not provide assistance under the Foreign Assistance Act of 1961 or the Arms Export Control Act (including the provisions of the Foreign Assistance Act of 1961 or the Arms Export Control Act or international military education and training under chapter 5 of part II of the Foreign Assistance Act of 1961) or provide any defense articles or defense services under those Acts, to the armed forces of the Government of Yugoslavia or of the Government of Serbia.

SEC. 406. MULTILATERAL AGREEMENTS.

It is the sense of Congress that the President should continue to seek to coordinate with other countries, particularly European countries, a comprehensive, multilateral strategy to further the purposes of this Act, including, as appropriate, encouraging other countries to take measures similar to those described in this title.

SEC. 407. EXEMPTIONS.

(a) EXEMPTION FOR KOSOVO.—None of the restrictions imposed by this Act shall apply with respect to Kosovo, including with respect to governmental entities or administering authorities on the territory of Kosovo.

(b) EXEMPTION FOR MONTENEGRO.—None of the restrictions imposed by this Act shall apply with respect to Montenegro, including with respect to governmental entities, unless both the President and the Government of Montenegro, unless the President determines and so certifies to the appropriate congressional committees that
the leadership of the Government of Montenegro is not committed to, or is not taking steps to promote, democratic principles, the rule of law, or respect for internationally recognized human rights.

SEC. 406. WAIVER; TERMINATION OF MEASURES AGAINST YUGOSLAVIA.

(a) General Waiver Authority.—Except as provided in subsection (b), the President may waive any measure under this Act not withstanding any other provision of law, if the President determines and so certifies to the appropriate congressional committees that:

(1) it is important to the national interest of the United States;

(2) significant progress has been made in Yugoslavia in establishing a government based on democratic principles and the rule of law, and that respects internationally recognized human rights;

(b) Exception.—The President may implement the waiver under subsection (a) for successive periods not to exceed 12 months each without the 15 days advance notification under that subsection—

(1) if the President determines that exceptional circumstances require the implementation of such waiver; and

(2) the President immediately notifies the appropriate congressional committees of his determination.

(c) Termination of Restrictions.—The restrictions imposed by this Act shall be terminated if the President determines and certifies to the appropriate congressional committees that:

(1) the President determines and certifies to the appropriate congressional committees that the Government of Yugoslavia is a government that is committed to democratic principles and the rule of law, and that respects internationally recognized human rights.

SEC. 407. STATUTORY CONSTRUCTION.

(a) in General.—None of the restrictions or prohibitions contained in this Act shall be construed to limit humanitarian assistance (including the provision of food and medicine), or the commercial export of agricultural commodities or medicine and medical equipment, to Yugoslavia.

(b) Special Rule.—Nothing in subsection (a) shall be construed to limit the export of agricultural commodity or medicine that could contribute to the development of a chemical or biological weapon.

TITLE V. MISCELLANEOUS PROVISIONS

SEC. 501. THE INTERNATIONAL CRIMINAL TRIBUNAL FOR THE FORMER YUGOSLAVIA.

(a) Findings.—Congress finds the following:

(1) that the international judicial system, as currently structured, lacks fully effective remedies for the wrongful confiscation of property and for unjust enrichment from the use of wrongfully appropriated or confiscated property by governments and private entities at the expense of the rightful owners of the property.

(2) that the dissolution of the Socialist Federal Republic of Yugoslavia, the Government of Yugoslavia has exclusively used, and benefited from the use of, properties located in the United States that were previously owned by the Socialist Federal Republic of Yugoslavia.

(3) the Governments of Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia have been blighted by the Government of Yugoslavia from using, or benefiting from the use of, any property located in the United States that was previously owned by the Socialist Federal Republic of Yugoslavia.

(4) the continued occupation and use by officials of Yugoslavia of that property without prompt, adequate, and effective compensation is a significant obstacle to the resolution of any claim under international law to the Governments of Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia for resolution of the outstanding property issues resulting from the dissolution of the Socialist Federal Republic of Yugoslavia, including facilitating its integration into international organizations.

(b) Policy on Negotiations Regarding Properties.—It is the policy of the United States to insist that the Government of Yugoslavia assume a responsibility to wind up, actively and cooperatively engage in good faith negotiations with the Governments of Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia for resolution of the outstanding property issues resulting from the dissolution of the Socialist Federal Republic of Yugoslavia, including facilitating its integration into international organizations.

(c) Sense of Congress on Return of Properties.—It is the sense of Congress that, if the Government of Yugoslavia refuses to engage in good faith negotiations with the Governments of Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia for resolution of the outstanding property issues resulting from the dissolution of the Socialist Federal Republic of Yugoslavia, including facilitating its integration into international organizations, then it is inappropriate and inappropriate for the United States to insist that the Governments of Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia are protected in accordance with international law.

SEC. 502. TRANSITION ASSISTANCE.

(a) Sense of Congress.—It is the sense of Congress that once the regime of President Slobodan Milosevic has been replaced by a government that is committed to democratic principles and the rule of law, and that respects internationally recognized human rights, the President of the United States should support the transition to democracy in Yugoslavia by providing immediate and substantial assistance, including facilitating its integration into international organizations.

(b) Authorization of Assistance.—The President is authorized to furnish assistance to Yugoslavia if he determines, and so certifies to the appropriate congressional committees that the Government of Yugoslavia is committed to democratic principles and the rule of law, and that respects internationally recognized human rights.

(c) Report to Congress.—The President shall develop a plan for providing assistance to Yugoslavia in accordance with this section.
Such assistance would be provided at such time as the President determines that the Government of Yugoslavia is committed to democratic principles and the rule of law and respects internationally recognized human rights; and

(2) STRATEGY.—The plan developed under paragraph (1) shall include a strategy for distributing assistance to Yugoslavia under the plan.

(3) DIPLOMATIC EFFORTS.—The President shall take the necessary steps—

(A) to seek to obtain the agreement of other countries and international financial institutions and other multilateral organizations to provide assistance to Yugoslavia after the President determines that the Government of Yugoslavia is committed to democratic principles, the rule of law, and that respects internationally recognized human rights; and

(B) to work with such countries, institutions, and organizations to coordinate all such assistance programs.

(4) COMMUNICATION OF PLAN.—The President shall take the necessary steps to communicate to the people of Yugoslavia the plan for assistance developed under this section.

(5) REPORT.—Not later than 120 days after the date of enactment of this Act, the President shall transmit to the appropriate congressional committees a report describing in detail the plan required to be developed by paragraph (1).

Mr. HELMS. Mr. President, the Senate is today considering the Serbia Democratization Act, which I introduced on March 25 with eleven other Senators, and which was approved by the Foreign Relations Committee on August 5.

The purpose of the legislation is clear: to undermine and ultimately eradicate the murderous regime of the Yugoslav President, Slobodan Milosevic.

Just one day before I introduced this legislation, NATO began its air campaign against Yugoslavia in response to that country's brutal treatment of the ethnic Albanian population in Kosovo. After NATO bombs started falling, Yugoslav army, police, and paramilitary forces controlled by Mr. Milosevic slaughtered thousands more Kosovar Albanians. More than one million were forced to flee Kosovo to neighboring countries. And hundreds of thousands more Kosovars eluded Serb forces by hiding in the hills.

This brutality was conceived, directed, and carried out under the orders of Slobodan Milosevic. As you know, Mr. President, the International Criminal Tribunal for the former Yugoslavia indicted this madman as a war criminal for his activities in Kosovo. And if I might add, I have no doubt of his culpability for the ethnic cleansing and массовый murder in Bosnia during the war there.

Now that the NATO bombs have stopped falling and there is hope for a peaceful future for the people of Kosovo, we must move to the next step. A “Marshall Plan” for the Balkans has been proposed. The European Union, the United States, and other allies have negotiated a so-called “Stability Pact” for Southeastern Europe, designed to encourage cooperation between the region and target foreign assistance most effectively.

But no matter what kind of proposals put forth by the United States and our allies for this region, I am convinced that until the Balkans is rid of the dictatorial rule of Mr. Milosevic, we will be forced to confront crises that he manufactures well into the future. There is but one hope for stability in the Balkans, and that is the removal of Milosevic.

To achieve that objective is why I encourage the Senate to pass this legislation today. The United States should provide extensive support for democratic forces, including independent media, political organizations, and democratic-reformist governments in Serbia. Just as the United States did during the days of the cold war, it is in our interests to identify and give aid to those forces in Serbia that share our values and our goals. We should make clear that unless and until the government of Yugoslavia is based on democratic principles and the rule of law and respects internationally recognized human rights, the United States will maintain the sanctions regime that we instituted.

But Mr. President, when the Serbian people have a government in Belgrade based on these important principles—the government that they deserve—this legislation calls for substantial support to assist them in their transition to democracy, including by helping Yugoslavia integrate into international institutions.

I am pleased that the Clinton administration agrees with me on the importance of assisting the democratic opposition in Serbia. Let me emphasize, however, that we need to act quickly. We missed an opportunity to encourage democratic change in Serbia three years ago, when tens of thousands of Serbian citizens took to the streets, demanding political change. We must not lose another chance to help those in Serbia who are trying to help themselves.

I urge my colleagues to support the Serbia Democratization Act.

Mr. BIDEN. Mr. President, I rise today to support, along with the senior Senator from North Carolina and several other colleagues, the Serbia Democratization Act of 1999.

Mr. President, the last year has removed any lingering doubt that Slobodan Milosevic, rather than being part of the solution of the problems in the Balkans, is the problem. Milosevic has started, and lost, four wars during the 1990s, with Croatia, then with Bosnia and Herzegovina, and finally with NATO over Kosovo. I would not be surprised if he were soon to make Montenegro, with its democratic-reformist government, the fifth target of his aggression.

Earlier this year, Milosevic was indicted as a war criminal by the International Criminal Tribunal at The Hague. As my colleagues have heard me recount, I told Milosevic to his face way back in 1993 in Belgrade that he was a war criminal and should be tried at The Hague. So in one sense I am gratified that he finally has been officially charged. On the other hand, I know that as long as Milosevic remains in power in Serbia and Yugoslavia, there is no chance for lasting peace and reconstruction in the Balkans.

In short, Milosevic must be replaced by a democratic government. This is no small order. Serbia is not exactly a democracy, but it is quite willing to get rid of Milosevic himself. Milosevic runs an authoritarian state, ruthlessly suppressing dissent, threatening his opponents—even sometimes attempting to assassinate them, purging the army and police, and cynically dominating the electronic media so as to misinform the Serbian public.

Clearly it is in the national interest of the United States to use every legal means to undercut Milosevic and to assist the democratic opposition in Serbia.

With that in mind, we have introduced S. 720, the “Serbia Democratization Act of 1999.” The following are the major provisions of the legislation.

The Act supports the democratic opposition by authorizing one hundred million dollars for fiscal years 2000 and 2001 for the purpose of promoting democracy and civil society in Serbia and for assisting the Government of Montenegro. It also authorizes increased broadcasting to Yugoslavia by the Voice of America and by Radio Free Europe/Radio Liberty.

The Act offers assistance to the victims of Serbian oppression by authorizing the President to use authorities in the Foreign Assistance Act of 1961 to provide humanitarian assistance to individuals living in Kosovo and to refugees currently residing in surrounding countries.

The legislation codifies the so-called “outer wall” of sanctions against Yugoslavia by multilateral organizations, including international financial institutions.

It also authorizes other measures against Yugoslavia, including blocking Yugoslavia’s assets in the United States; prohibiting the issuance of visas and admission to the United States; and prohibiting strategic exports to Yugoslavia, loans and investment, and military-to-military cooperation.

The legislation also contains miscellaneous provisions, including requiring cooperation by Yugoslavia with the International Criminal Tribunal for the former Yugoslavia, and a sense of the Congress declaration on the owner-ship of diplomatic and consular properties in the United States.

Mr. President, a good deal has been written in recent days about possibly easing the sanctions regime against Yugoslavia out of concern for its people. I do not believe that such a move would be in the interest either of the Yugoslav people, or of the United States.
A look at the precedent set in the Republika Srpska in Bosnia and Herzegovina is instructive. After the Dayton Accords were signed in late 1995, the Congress passed legislation in which no assistance could be given to the Republika Srpska, which was then ruled by the war criminal Radovan Karadžić and his gangster clique in Pale. Meanwhile the Muslim-Croat Federation could receive assistance.

Within two years a majority of the population of the Republika Srpska had observed the modest, but real economic recovery in the Federation and realized the futility of sticking with Karadžić and company. The result was, first the presidency of Mrs. Biljana Plavšić, and later the reformist government of Prime Minister Milorad Dodik, which is still clinging to power in the new capital of Banja Luka.

I believe that if we keep up the pressure on the indicted war criminal Milošević, a similar process will eventually occur in Serbia. Conversely, if we were to loosen the legitimate sanctions on Yugoslavia, it would constitute a stunning triumph for Milošević.

Mr. President, this week a delegation of leaders of the Alliance for Change, an umbrella organization representing more than forty democratic political parties and groups in Serbia, has been visiting Washington. I met with this group. They asked only that we lift sanctions against Serbia and allow free and fair election results in Milošević's fall from power. They are confident of victory in such an election; I hope they are right.

It is in this spirit, Mr. President, that we must hold out carrots to the potential democratic successors of Milošević. Therefore, in a move to facilitate the transition to democracy, the Act authorizes the President to furnish assistance to Yugoslavia if he determines that the appropriate Congressional committees that the Government of Yugoslavia is "committed to democratic principles, the rule of law, and is committed to respect internationally recognized human rights."

The Act also contains a national interest waiver for the President. The President may also waive the Act's provisions if he certifies that "significant progress has been made in Yugoslavia in establishing a government based on democratic principles and the rule of law, and that respects internationally recognized human rights."

In the meantime, I approve of our government's political support of a pilot program run by the European Union whereby emergency heating oil shipments are made to two Serbian cities that are governed by opponents of Milošević. If the project succeeds—that is, if the oil is delivered and Milošević does not succeed in taking credit for the shipments—the United States might join in financing the program, which would be extended to other cities.

With regard to direct, material help to the anti-Milošević forces, there are many genuine democratic organizations at the grassroots level and in the media in Serbia who could make a measurable difference if they had the means to spread their message. The United States Agency for International Development is already modestly supporting some of these organizations, and it has drawn up a list of additional potential recipients.

In addition, through the SEED Act our State Department has recently made funds available through non-governmental organizations in Slovakia—a novel and promising approach. I believe that we can also utilize the democratic government in Romania to assist the democratic opposition in Serbia.

I believe the time is ripe for simultaneously maintaining the pressure on the criminal Milošević regime, and for increasing our material support to the democratic opposition.

The Serbia Democratication Act of 1999 does just that, and I urge my colleagues to vote for its adoption.

I thank the Chair and yield the floor.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the committee amendment in the nature of a substitute be agreed to, the bill be read the third time and passed, as follows:

S. 720

S 720 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 "Serbia Democratication Act of 1999." (b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—SUPPORT FOR THE DEMOCRATIC OPPOSITION

Sec. 101. Findings and policy.

Sec. 102. Assistance to promote democracy.

Sec. 103. Authority for radio and television broadcasting.

TITLE II—ASSISTANCE TO THE VICTIMS OF SERBIAN OPPRESSION

Sec. 201. Findings.


Sec. 203. Assistance.

TITLE III—"OUTER WALL" SANCTIONS

Sec. 301. “Outer wall” sanctions.

Sec. 302. International financial institutions not in compliance with “outer wall” sanctions.

TITLE IV—OTHER MEASURES AGAINST YUGOSLAVIA

Sec. 401. Blocking Yugoslav assets in the United States.

Sec. 402. Suspension of entry into the United States.
(7) The Government of Serbia and the Government of Yugoslavia, under the direction of President Milosevic, have obstructed the efforts of the Government of Montenegro to pursue free-market policies.

(8) At great risk, the Government of Montenegro has hastened efforts by President Milosevic to interfere with its government and supplant the goals of the United States in the conflict in Kosovo.

(9) The people of Serbia who do not endorse the undemocratic actions of the Milosevic government should not be the target of criticism that is rightly directed at the Milosevic regime.

(10) It is the policy of the United States to encourage the development of a government in Yugoslavia based on democratic principles and to support the goals of the United States in the conflict in Kosovo.

(11) It is the sense of Congress that:

(A) The United States should actively support democratic institutions in Yugoslavia, including political parties and independent trade unions, to develop a legitimate and viable alternative to the Milosevic regime.

(B) All United States Government officials, including individuals from the private sector acting on behalf of the United States Government, should consult with representatives of democratic opposition organizations in Yugoslavia and minimize the probability of any direct contacts with government officials from Yugoslavia, particularly President Slobodan Milosevic, who perpetuates the undemocratic regime in Yugoslavia; and

(C) The United States should emphasize to all political leaders in Yugoslavia the importance of respecting internationally recognized human rights.

SEC. 202. SENSE OF CONGRESS.

The Congress finds the following:

(A) Beginning in February 1998 and ending in June 1999, the armed forces of Yugoslavia and the Serbian Interior Ministry police force engaged in a brutal crackdown against the ethnic Albanian population in Kosovo.

(B) As a result of the attack by Yugoslav and Serbian forces against the Albanian population of Kosovo, more than 10,000 individuals have been killed and 1,500,000 individuals were displaced from their homes.

(C) The majority of the individuals displaced by the conflict in Kosovo were homeless or forced to find temporary shelter in refugee camps located throughout the country.

(D) The activities of the Yugoslav armed forces and the police force of the Serbian Interior Ministry resulted in the widespread destruction of property, livestock, and property, as well as the poisoning of wells and water supplies, and the looting of humanitarian goods provided by the international community.

SEC. 201. FINDINGS.

It is the sense of Congress that—

(1) humanitarian assistance to the victims of the conflict should be increased; and

(2) refugees and internally displaced persons, and all assistance to rebuild damaged property in Kosovo, should be the responsibility of the Government of Yugoslavia and the Government of Serbia;

(3) the United States should actively support the development of nongovernmental organizations in Yugoslavia;

(4) the United States should emphasize to all political leaders in Yugoslavia the importance of respecting internationally recognized human rights.

SEC. 203. ASSISTANCE.

(A) AUTHORITY.—The President is authorized to furnish assistance under section 401 of the Foreign Assistance Act of 1961 (22 U.S.C. 2292) and the Migration and Refugee Assistance Act of 1960 (22 U.S.C. 2291 et seq.), as appropriate, for—

(1) relief, rehabilitation, and reconstruction in Kosovo; and

(2) refugees and persons displaced by the conflict in Kosovo.

(B) PROHIBITION.—No assistance may be provided under this section to any group that has been designated as a terrorist organization under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189).

(C) USE OF ECONOMIC SUPPORT FUNDS.—Any funds that have been allocated under chapter 4 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2346 et seq.) for assistance described in subsection (a) may be used in accordance with the authority of that section.

TITLE III—``OUTER WALL'' SANCTIONS

SEC. 301. "OUTER WALL" SANCTIONS.

(A) APPLICATION OF MEASURES.—The sanctions described in subsections (c) through (g) shall apply with respect to Yugoslavia until the President determines and so reports to the appropriate congressional committees that—

(1) the Government of Yugoslavia has made significant progress in meeting the conditions described in subsection (b); and

(2) the conditions referred to in subsection (a) are the following:

(1) Agreement on a lasting settlement in Kosovo.

(2) Compliance with the General Framework Agreement for Peace in Bosnia and Herzegovina.

(3) Implementation of internal democratic reform.

(4) Settlement of all succession issues with the other republics that emerged from the breakup of the Socialist Federal Republic of Yugoslavia.

(5) Cooperation with the International Criminal Tribunal for the former Yugoslavia, including the transfer of all indicted war criminals in Yugoslavia to the Hague.

(6) International financial institutions shall not extend assistance to the Government of Yugoslavia.

(7) THE SECRETARY OF THE TREASURY.—The Secretary shall instruct the United States executive directors of the international financial institutions to oppose and vote against, any extension of financial assistance (including any technical assistance or grant) of any kind to the Government of Yugoslavia.

(8) ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE.—The Secretary of State shall instruct the United States representative for security and cooperation in Europe (OSCE) to oppose and block any consensus to allow the participation of Yugoslavia in the OSCE or any organization affiliated with the OSCE.

(9) UNITED NATIONS.—The Secretary of State shall instruct the United States permanent representative to the United Nations to—

(1) oppose and vote against any resolution in the United Nations Security Council...
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to admit Yugoslavia to the United Nations or any organization affiliated with the United Nations; and

(2) to actively oppose and, if necessary, veto any proposed resolution to allow Yugoslavia to assume the membership of the former Socialist Federal Republic of Yugoslavia in the United Nations General Assembly or any other organization affiliated with the United Nations.

(f) NATO.—The Secretary of State shall instruct the United States Permanent Representative to the North Atlantic Council to oppose and vote against the extension of Yugoslavia of membership or participation in the Partnership for Peace program or any other organization affiliated with NATO.

(g) EU.—The Secretary of State shall instruct the United States Representative to the European Union to oppose and vote against the extension of Yugoslavia of membership or participation in the Partnership for Peace program or any other organization affiliated with NATO.

(h) ECONOMIC SANCTIONS.—The Secretary of State shall instruct the United States Trade Representative to oppose and vote against the extension of Yugoslavia of membership or participation in the Partnership for Peace program or any other organization affiliated with NATO.

(i) INTERNATIONAL FINANCIAL INSTITUTION DEFINED.—In this section, the term "international financial institution" includes the International Monetary Fund, the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency, the Export-Import Bank of the United States for Reconstruction and Development.

SEC. 402. INTERNATIONAL FINANCIAL INSTITUTIONS NOT IN COMPLIANCE WITH "OUTER WALL" SANCTIONS.

It is the sense of Congress that, if any international financial institution (as defined in section 302(i)) approves a loan or other financial assistance to the Government of Yugoslavia over opposition of the United States, then the Secretary of State should withhold from payment of the United States share of the increase in the paid-in capital of such institution an amount equal to the amount of the loan or other assistance.

TITLE IV—OTHER MEASURES AGAINST YUGOSLAVIA

SEC. 403. BLOCKING YUGOSLAVIA ASSETS IN THE UNITED STATES.

(a) BLOCKING OF ASSETS.—All property and interests in property, including all commercial, industrial, or public utility under takings or entities, of or in the name of the Government of Yugoslavia or the Government of Serbia existing in the United States, that hereafter come within the United States, or that are hereafter come within the possession or control of United States persons, in any of their overseas branches, are hereby blocked.

(b) EXERCISE OF AUTHORITY.—The Secretary of the Treasury, in consultation with the Secretary of State, shall take such actions, including the promulgation of regulations, orders, directives, rulings, instructions, and licenses, and employ all powers granted to him by the International Emergency Economic Powers Act, as may be necessary to carry out the purpose of this section, including taking such steps as may be necessary to continue in effect the measures contained in Executive Order No. 13088 of June 9, 1998, and Executive Order No. 13121 of May 1, 1999, and any rule, regulation, license, or order issued thereunder.

(c) PROHIBITED TRANSFERS.—Transfers prohibited under subsection (b) shall include the transfer of any property or any transaction involving the transfer of anything of economic value by any United States person to the Government of Yugoslavia or the Government of Serbia, or to any person or entity acting for or on behalf of, or owned or controlled, directly or indirectly, by any of those governments, persons, or entities.

(d) EXPENSES INCURRED.—All expenses incident to the blocking and maintenance of property blocked under subsection (a) shall be charged to the owners or operators of such property, which expenses shall not be met from blocked funds.

(e) PROHIBITIONS.—The following shall be prohibited as of the date of enactment of this Act:

(1) Any transaction within the United States by or on behalf of the Government of Yugoslavia or the Government of Serbia, or to any person or entity acting for or on behalf of, or owned or controlled, directly or indirectly, by any of those governments, persons, or entities.

(f) EXCEPTIONS.ÐNothing in this section prevents the issuance of licenses to ensure the safety of civil aviation and safe operation of United States-origin commercial passenger aircraft and to ensure the safety of ocean-going maritime traffic in international waters.

SEC. 404. PROHIBITION ON LOANS AND INVESTMENTS.

(a) UNITED STATES GOVERNMENT FINANCING.—No loan, credit guarantee, insurance, financing, or other similar financial assistance can be extended to the Government of Yugoslavia, the Government of Serbia, or any organization affiliated with the United Nations, including the Export-Import Bank and the Overseas Private Investment Corporation, to the Government of Yugoslavia or the Government of Serbia.

(b) TRADE AND DEVELOPMENT AGENCY.—No funds made available by law may be available for activities of the Trade and Development Agency in or for Serbia.

(c) THIRD COUNTRY ACTION.—The Secretary of State is urged to encourage all other countries, particularly European countries, to suspend any of their own programs providing support similar to that described in subsection (a) or (b) to the Government of Yugoslavia or the Government of Serbia, including by rescinding repayment of the indebtedness of either government under more favorable conditions.

(d) PROHIBITION ON PRIVATE CREDITS.Ð

(1) IN GENERAL.—Except as provided in paragraph (2), no national of the United States may make or guarantee an loan or other extension of credit, directly or indirectly, to the Government of Yugoslavia or the Government of Serbia or to any corporation, partnership, or other organization that is owned or controlled by either the Government of Yugoslavia or the Government of Serbia.

(2) EXCEPTION.—Paragraph (1) shall not apply to a loan or extension of credit for any housing, education, or humanitarian benefit to assist the victims of repression in Kosovo.

SEC. 405. PROHIBITION ON MILITARY-TO-MILITARY COOPERATION.

The United States Government (including any agency or entity of the United States) shall not provide assistance under the Foreign Assistance Act of 1961 or the Arms Export Control Act (including the provision of Foreign Military Financing under section 237 of the Arms Export Control Act) to the Government of Yugoslavia, the Government of Serbia, the Government of Montenegro, or any organization affiliated with the United Nations, including the Export-Import Bank of the United States, or to any other United States person to the Government of Yugoslavia or the Government of Serbia or to any corporation, partnership, or other organization that is owned or controlled by either the Government of Yugoslavia or the Government of Serbia.

SEC. 406. MULTILATERAL SANCTIONS.

It is the sense of Congress that the President should continue to seek to coordinate with other countries, particularly European countries, a comprehensive, multilateral...
strategy to further the purposes of this Act, including, as appropriate, encouraging other countries to take measures similar to those described in this title.

SEC. 408. WAIVER; TERMINATION OF MEASURES AGAINST YUGOSLAVIA.

(a) General Waiver Authority.—Except as provided in subsection (b), the requirement to impose any measure under this Act may be waived for successive periods not to exceed 3 months each, and the President may provide assistance in furtherance of this Act notwithstanding any other provision of law, if the President determines and so certifies to the appropriate congressional committees that the leadership of the Government of Yugoslavia is not committed to, or is not taking steps to promote, democratic principles, the rule of law, or respect for internationally recognized human rights.

(b) Exception.—The President may implement a waiver only if the President determines and so certifies to the appropriate congressional committees that the leadership of the Government of Yugoslavia is not committed to, or is not taking steps to promote, democratic principles, the rule of law, or respect for internationally recognized human rights.

SEC. 502. SENSE OF CONGRESS ON RETURN OF PROPERTIES.

(a) Findings.—It is the sense of Congress that the President should—

(1) condemn harassment, threats, and intimidation against any ethnic group in Yugoslavia or other violations of human rights, including the usual precursor of violent ethnic cleansing;

(2) express deep concern over the reports on recent threats, intimidation, and even violent incidents against non-Serbian inhabitants of the province of Vojvodina;

(3) call on the Secretary of State to regularize the appropriate country of the Hungarian ethnic group in Vojvodina; and

(4) call on the NATO allies of the United States, during any negotiation on the future status of Kosovo, also to pay substantial attention to establishing satisfactory guarantees for the rights of the ethnic Hungarian community of Vojvodina, and of other ethnic minorities in the province, including consulting with elected leaders about their proposal for self-administration.

SEC. 503. OWNERSHIP AND USE OF DIPLOMATIC AND CONSULAR PROPERTIES.

(a) Findings.—Congress finds the following:

(1) The international judicial system, as currently structured, lacks effective remedies for the wrongful confiscation of property and for unjust enrichment from the use of wrongfully confiscated property by governments and private entities at the expense of the rightful owners of the property.

(2) Since the dissolution of the Socialist Federal Republic of Yugoslavia, the Governments of Yugoslavia have, either directly or indirectly, benefited from the use of properties located in the United States that were owned by the Socialist Federal Republic of Yugoslavia.

(a) Findings.—Congress finds that—

(1) the Serbian leadership deprived officials of Yugoslavia of that property without prompt, adequate, and effective compensation under the applicable principles of international law; and

(2) the Governments of Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia have been blocked by the Government of Yugoslavia from using, or benefiting from the use of, any property located in the United States that was previously owned by the Socialist Federal Republic of Yugoslavia.

(b) Sense of Congress. — It is the sense of Congress that the Government of Yugoslavia has a responsibility to, and should, actively and cooperatively engage in good faith negotiations with the Governments of Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia for resolving the outstanding property issues resulting from the dissolution of the Socialist Federal Republic of Yugoslavia, including the disposition of the following properties located in the United States:

(1) 2222 Decatur Street, NW, Washington, DC.

(2) 2410 California Street, NW, Washington, DC.

(3) 1907 Quincy Street, NW, Washington, DC.

(4) 360 Edson Drive, NW, Washington, DC.

(5) 2221 R Street, NW, Washington, DC.

(6) 854 Fifth Avenue, New York, NY.

(7) 2 Park Avenue, New York, NY.

(c) Sense of Congress on Return of Properties.—It is the sense of Congress that, if
the Government of Yugoslavia refuses to engage in good faith negotiations on the status of the properties listed in subsection (b), the President should take steps to ensure that the interests of the Governments of Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia are protected in accordance with international law.

SEC. 504. TRANSITION ASSISTANCE.

(a) SENSE OF CONGRESS.—It is the sense of Congress that once the regime of President Slobodan Milosevic has been replaced by a government committed to democratic principles and the rule of law, and that respects internationally recognized human rights, the Government of the United States should support the transition to democracy in Yugoslavia by providing immediate and substantial assistance, including facilitating its integration into international organizations.

(b) AUTHORIZATION OF ASSISTANCE.—The President is authorized to furnish assistance to Yugoslavia if he determines, and so certifies to the appropriate congressional committees that the Government of Yugoslavia is committed to democratic principles and the rule of law and respects internationally recognized human rights.

(c) REPORT TO CONGRESS.—

(1) DEVELOPMENT OF PLAN.—The President shall submit to the committees in the Senate and the House of Representatives a plan providing assistance to Yugoslavia in accordance with this section. Such assistance would be provided at the President’s discretion.

(2) APPLICABILITY.—The agencies referred to in subsection (a) are—

(A) the Department of State; (B) the Department of Commerce; (C) the Department of the Treasury; (D) the Department of Health and Human Services; (E) the Department of Housing and Urban Development; (F) the Department of Labor; (G) the Department of Defense; (H) the Department of the Interior; (I) the Environmental Protection Agency; (J) the Federal Trade Commission; (K) the National Science Foundation; (L) the General Services Administration; (M) the Small Business Administration; (N) the Export-Import Bank of the United States; (O) the Export-Import Bank of the United States; (P) the Agency for International Development; (Q) the Agency for International Development; (R) the Agency for International Development; (S) the Agency for International Development; (T) the Agency for International Development; (U) the Agency for International Development; (V) the Agency for International Development; (W) the Agency for International Development; (X) the Agency for International Development; (Y) the Agency for International Development; (Z) the Agency for International Development; (AA) the Agency for International Development; (BB) the Agency for International Development; (CC) the Agency for International Development; (DD) the Agency for International Development; (EE) the Agency for International Development; (FF) the Agency for International Development; (GG) the Agency for International Development; (HH) the Agency for International Development; (II) the Agency for International Development; (JJ) the Agency for International Development; (KK) the Agency for International Development; (LL) the Agency for International Development; (MM) the Agency for International Development; (NN) the Agency for International Development; (OO) the Agency for International Development; (PP) the Agency for International Development; (QQ) the Agency for International Development; (RR) the Agency for International Development; (SS) the Agency for International Development; (TT) the Agency for International Development; (UU) the Agency for International Development; 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According to a Farm Journal study entitled, “AgWeb 1999: Internet and e-Commerce in Production Agriculture,” farmer internet usage will have more than doubled by the end of 1999 compared to 1997. The author concluded, “the farm of the future is using the Internet to become just as unimportant as a tractor and good weather.” The bill we pass today clearly recognizes this reality. The study also notes that over two-thirds of all commercial farmers own at least one computer and these farmers spend on average two hours per week on average utilizing the internet for agricultural purposes.

Our agriculturists use computers not only for financial management and market information but for sophisticated precision agriculture management systems. These sophisticated small business owners could easily file necessary farm program paperwork from their homes and offices if only this option was available.

Farmers are often frustrated with the long lines at county USDA offices, especially during their most hectic times such as harvest season. Our nation’s farmers are clearly overburdened by government-mandated paperwork. This bill is the first step in the right direction toward regulatory reform for our U.S. food producers.

The Freedom to E-File Act has been popular among agricultural groups and within the United States Senate. The American Farm Bureau Federation, our nation’s largest farm organization, stated that while S. 777 is a simple bill, “the impact it will have on farmers and ranchers should be immense.” The bill has approximately twenty bipartisam co-sponsors, including Agriculture Committee Chairman Lugar and Minority Leader Daschle. The Secretary of Agriculture also supports the Freedom to E-File Act.

I congratulate my colleague, Congressman Ray LaHood, for championing the companion to this bill in the House of Representatives. I hope that the House will pass this important legislation prior to the end of this session, and look forward to the President’s signature. I thank the presiding officer and I yield the floor.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the amendement be agreed to, the bill be read a third time and passed, with the vote on the amendment deferred until the second day of the next session, and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the Senate Adopted the amendment.

The bill (S. 1753) was read the third time and passed, as follows:

SEC. 2. ELECTRONIC FILING AND RETRIEVAL. (a) In General.—Not later than 180 days after the date of enactment of this Act, in accordance with subsection (c), the Secretary of Agriculture (referred to in this Act as the “Secretary”) shall, to the maximum extent practicable, establish an Internet-based system that enables agricultural producers to access all forms of the agencies of the Department of Agriculture specified in subsection (b).

(b) A PPLICABILITY.—The agencies referred to in subsection (a) are—

(1) the Farm Service Agency; (2) the Rural Housing Service; (3) the Rural Development Agency; (4) the Rural Business-Cooperative Service; and (5) the Natural Resources Conservation Service.

(c) IMPLEMENTATION.—In carrying out subsection (a), the Secretary may—

(1) provide a method by which agricultural producers may—

(A) download forms from the Internet; and

(B) redesign forms of the agencies of the Department of Agriculture by incorporating into the forms electronic facsimile, mail, or similar means;

(2) provide a method by which agricultural producers may—

(A) file electronically or in paper form, at the option of the agricultural producer, all forms required by agencies of the Department specified in section 2(b); and

(B) with respect to the entities specified in section 2(b) and 2(a), ensure that—

(i) the Rural Business-Cooperative Service;

(ii) the Rural Utilities Service;

(iii) the Farm Service Agency;

(iv) the Rural and Refinance Corporation;

(v) the Rural Housing Service;

(vi) the Rural Agriculture Service;

(vii) the Rural Development Agency;

(viii) the Rural Business-Cooperative Service;

(ix) the Natural Resources Conservation Service;

(x) the Environmental Protection Agency; or

(xi) any other entity or combination of entities that the Secretary determines to be appropriate;

(3) establish a process for the Internet-based filing of all forms required by the agencies of the Department specified in section 2(b).

SEC. 3. ACCESSING INFORMATION AND FILING OVER THE INTERNET. (a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, in accordance with subsection (b), the Secretary shall establish an Internet-based system that enables agricultural producers to file electronically all paperwork required under such Act.

(b) IMPLEMENTATION.—In carrying out subsection (a), the Secretary shall ensure that—

(1) to file electronically or in paper form, at the option of the agricultural producer, all forms required by the agencies of the Department specified in section 2(b); and

(2) to file electronically or in paper form, at the option of the agricultural producer, all documentation required by agencies of the Department specified in section 2(b) and determined appropriate by the Secretary; and

(3) to access information concerning farm programs, quarterly trade, economic, and production reports, and other similar production agriculture information that is readily available to the public in paper form.

SEC. 4. FEDERAL CROP INSURANCE CORPORATION AND RISK MANAGEMENT AGENCY.

(a) IN GENERAL.—Not later than December 1, 2000, the Federal Crop Insurance Corporation and the Risk Management Agency shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a plan, that is consistent with this Act, to allow agricultural producers to—

(1) obtain, over the Internet, from approved insurance providers, all forms and, at the option of the agricultural producer, such information as is necessary to file electronically or in paper form, at the option of the agricultural producer, all forms required by such agencies; and

(2) file electronically or in paper form, at the option of the agricultural producer, all documentation required by such agencies.

(b) IMPLEMENTATION.—Not later than December 1, 2001, the Federal Crop Insurance Corporation and the Risk Management Agency shall complete implementation of the plan submitted under subsection (a).

SEC. 5. CONFIDENTIALITY. In carrying out this Act, the Secretary may not make available any information over the Internet that would otherwise not be available for release under section 552 or 552a of title 5, United States Code; and

(2) shall ensure, to the maximum extent practicable, that the confidentiality of persons is maintained.

TO AMEND THE IMMIGRATION AND NATIONALITY ACT

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now proceed to consider Calendar No. 340, S. 1753.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1753) to amend the Immigration and Nationality Act (8 U.S.C. 1101(b)(1)) is amended—

(1) by adding at the end the following:

"(b) a participant; and"

(2) in subparagraph (F) of subsection (b) of such section, by adding at the end the following:

"(ii) to the same proviso as in clause (i), a child who is a natural sibling of a child described in clause (i) or subparagraph (F); and"

"(D) the location where agricultural producers can electronically file their paper-"

(2) the location where agricultural producers can electronically file their paper-
of a child described in clause (i) or subparagraph (E)(i); (ii) has been adopted abroad, or is coming to the United States for adoption, by the adoptive parent (or prospective adoptive parent) of the sibling described in such clause or subparagraph; and (iii) is otherwise described in clause (i), except that the child is under the age of eighteen at the time of adoption is filed in his or her behalf to accord a classification as an immediate relative under section 201(b).”.

(b) CONFORMING AMENDMENTS RELATING TO NATURALIZATION.

(1) DEFINITION OF CHILD.—Section 101(c)(1) of the Immigration and Nationality Act (8 U.S.C. 1101(c)) is amended by striking “sixteen years” and inserting “sixteen years (except to the extent that the child is described in subparagraph (E)(i) or (F)(ii) of section 101(b)(1)).”

(2) CERTIFICATE OF CITIZENSHIP.—Section 322(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1433(a)(4)) is amended—

(A) by striking “subparagraph (E) or (F) of section 101(b)(1))”, and

(B) by striking “subparagraph (E) or (F) of section 101(b)(1))”, and inserting “either of such subparagraphs.”.

RECOGNIZING AND COMMENDING THE PERSONNEL OF EGLIN AIR FORCE BASE, FLORIDA

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Armed Services Committee be discharged from consideration of and the Senate proceed to the immediate consideration of S. Res. 185, recognizing and commending the personnel of Eglin Air Force Base.

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

The clerk will report the resolution by title.

The legislative clerk reads as follows:

A resolution (S. Res. 185) recognizing and commending the personnel of Eglin Air Force Base, Florida, for their participation and efforts in support of the North Atlantic Treaty Organization’s (NATO) Operation Allied Force in the Balkan Region.

There being no objection, the Senate proceeded to consider the resolution.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 357, bill S. 1455.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk reads the following:

A bill (S. 1455) to enhance protections against fraud in the offering of financial assistance for college education, and for other purposes.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on the Judiciary, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “College Scholarship Fraud Prevention Act of 1999”.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) A substantial amount of fraud occurs in the offering of college education financial assistance services to consumers. (2) Such fraud includes the following:

(A) Misrepresentations regarding the provision of sources from which consumers may obtain financial assistance (including scholarships, grants, loans, tuition, awards, and other assistance) for purposes of financing a college education.

(B) Misrepresentations regarding the provision of information about such assistance tailored to the needs of specific consumers.

(C) Misrepresentations regarding the pre-selection of students as eligible to receive such assistance.

(D) Misrepresentations that such assistance will be provided to consumers who purchase specified services from specified entities.

(E) Misrepresentations regarding the business relationships between particular entities and entities that award or may award such assistance.

(F) Misrepresentations regarding refunds of processing fees if consumers are not provided specified amounts of such assistance, and other misrepresentations regarding refunds.

(3) In 1996, the Federal Trade Commission launched “Project Schol scram,” a joint law enforcement and consumer education campaign directed at fraudulent purveyors of so-called “college scholarship services.” (4) Despite the efforts of the Federal Trade Commission, colleges and universities, and non-governmental organizations, the continued lack of awareness about scholarship fraud and permits a significant amount of fraudulent activity to occur.

SEC. 3. SENTENCING ENHANCEMENT FOR HIGH-ER EDUCATION FINANCIAL ASSISTANCE FRAUD.

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 order to provide for enhanced penalties for any offense involving fraud or misrepresentation in connection with the obtaining or providing of, or the furnishing of information to a consumer on, any scholarship, grant, loan, tuition, discount, award, or other financial assistance for purposes of financing an education at an institution of higher education, such that those penalties are comparable to the base offense level for misrepresentation that the defendant was acting on behalf of a charitable, educational, religious, or political organization, or a government agency.

SEC. 4. EXCLUSION OF DEBTS RELATING TO COL-LEGE EDUCATION FINANCIAL ASSISTANCE FRAUD.

A certificate of citizenship shall permit the offering of financial assistance for purposes of financing an education at an institution of higher education (as that term is defined in section 101 of the Higher Education Act of 1954 (20 U.S.C. 1001)).

SEC. 5. SCHOLARSHIP FRAUD ASSESSMENT AND AWARENESS ACTIVITIES.

(a) ANNUAL REPORT ON SCHOLARSHIP FRAUD.—

(1) REQUIREMENT.—The Attorney General and the Secretary of Education, in conjunction with the Federal Trade Commission, shall jointly submit to Congress each year a report on fraud in the offering of financial assistance for purposes of financing an education at an institution of higher education. Each report shall contain an assessment of the nature and quantity of incidents of such fraud during the one-year period ending on the date of such report.

(2) INITIAL REPORT.—The first report under paragraph (1) shall be submitted not later than 18 months after the date of the enactment of this Act.

(b) NATIONAL AWARENESS ACTIVITIES.—The Secretary of Education shall, in conjunction with the Federal Trade Commission, maintain a scholarship fraud awareness web site of the Department of Education. The scholarship fraud awareness site may include the following:

(1) Appropriate materials from the Project Scholarscam awareness campaign of the Commission, including examples of common fraudulent schemes.

(2) A list of companies and individuals who have been convicted of scholarship fraud in Federal or State court.

(3) An Internet-based message board to provide a forum for public complaints and experiences with scholarship fraud.

(4) An electronic comment form for individuals who have experienced scholarship fraud and have questions about scholarship fraud, with appropriate mechanisms for the transfer of comments.
received through such forms to the Department and the Commission.
(5) Internet links to other sources of information on scholarship fraud, including Internet web sites of non-governmental organizations, colleges and universities, and government agencies.
(6) An Internet link to the Better Business Bureau in order to assist individuals in assuring the business practices of other persons and entities.
(7) Information on means of communicating with the Federal Student Aid Information Center, including telephone and internet contact information.

Mr. LEAHY. Mr. President, one of the singular most important issues fac- ing us today is education. Affordable higher education is an opportunity that must be made available to all of our young people. To that end, public and private scholarships, grants and loans have long assisted our nation’s students in pursuing college degrees.

Phony scholarship offerings, scams and frauds do great harm to our na- tion’s students. No student seeking to attend a college or university should have to worry about whether a scholar- ship offering is legitimate or wonder whether the steps they take to protect themselves are effective. This bill would permit the Secretary of Education to develop a scholarship fraud awareness site on the Internet to assist students.

I commented at a Judiciary Com- mittee hearing on this bill earlier this month that the goals of this legislation are laudable. We need to do more to combat scholarship scams and promote the dissemination of information about legitimate sources of higher education funding. Nevertheless, I raised ques- tions about whether the original bill reflected the most effective way to pur- sue the goals we all share. I am pleased to join as a cosponsor of the substitute amendment that addresses the con- cerns I raised.

For instance, the original bill pro- posed raising the long-standing statu- tory maximum punishment of five years for mail and wire fraud to ten years in cases of scholarship scams. In light of the fact that scholarship scams often involve more than one victim and may result in multiple charges, raising the statutory penalties may not be necessary to effectuate punishment goals. I suggested that a more appropri- ate solution to ensure adequate punishment may be to direct the Sentencing Commission to consider a guideline enhancement for cases in- volving fraudulent scholarship offer- ings. The substitute amendment makes this change and directs the Sentencing Commission to amend the sentencing guidelines to provide enhanced pen- alties for any offenses involving scholar- ship scams such that those penalties are comparable to the base offense level for misrepresentation that the defendant was acting on behalf of a chari- table, educational, religious, or politi- cal organization, or a government agency. In effect, this amendment di- rects the Sentencing Commission to in- crease the guideline offense levels by 2 levels.

The substitute amendment is an im- provement since it avoids complicating the wire and mail fraud statutes with different penalties depending on the nature of the underlying fraud.

The substitute amendment directs the Attorney General and the Sec- retary of Education, in consultation with the Federal Trade Commission to report to Congress on the nature and quantity of the underlying fraud.

The substitute amendment makes this change and directs the Sentencing Commission to provide enhanced pen- alties for cases in- volving fraudulent scholarship offer- ings. The substitute amendment makes similar improvements in the original bill, and I urge the Congress to pass this legislation promptly.

Mr. GRASSLEY. I ask unanimous consent that the committee amendment be agreed to, the bill be considered read the third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The committee amendment in the nature of a substitute was agreed to.

The bill (S. 1455) as amended, was read the third time and passed, as follows:

S. 1455

Be it enacted by the Senate and House of Rep- resentatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE. This Act may be cited as the “College Scholarship Fraud Prevention Act of 1999”.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) A substantial amount of fraud occurs in the offering of college education financial assistance to consumers.

(2) Such fraud includes the following:

(A) Misrepresentations regarding the pro- vision of services from which consumers may receive certain financial assistance to students, such as scholarships, grants, loans, tuition, awards, and other assistance.

(B) Misrepresentations regarding the pro- vision of financial assistance to students.

(C) Misrepresentations regarding the pre- tention of students as eligible to receive such assistance.

(D) Misrepresentations that such assist- ance will be provided to consumers who pur- chase specified services from specified enti- ties.

(E) Misrepresentations regarding the busi- ness relationships between particular enti- ties and entities that award or may award such assistance.

(F) Misrepresentations regarding the process of processing fees if consumers are not pro- vided specified amounts of such assistance, and other misrepresentations regarding re- funds.

(3) In 1996, the Federal Trade Commission launched the “Project Scholarscam” initiative to combat scholarship scams.

(4) Despite the efforts of the Federal Trade Commission, colleges and universities, and non-governmental organizations, the contin- ued lack of awareness about scholarship fraud permits a significant amount of fraudulent activity to occur.

SEC. 3. SENTENCING ENHANCEMENT FOR HIGH- ER EDUCATION FINANCIAL ASSIST- ANCE FRAUD.

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 order to provide for enhanced penalties for any offense involving fraud or misrepresen- tation in connection with the obtaining or providing of, or the furnishing of information to a consumer on, any scholarship, loan, tuition, discount, award, or financial assistance for purposes of fi- nancing an education at an institution of higher education, such that those penalties are comparable to the base offense level for misrepresentation that the defendant was acting on behalf of a charitable, educational, religious, or political organization, or a go- vernment agency.

SEC. 4. EXCLUSION OF DEBTS RELATING TO COL- LEGE FINANCIAL ASSISTANCE SERV- ICES FRAUD FROM PERMISSIBLE EX- EMPTIONS FROM BANKRUPTCY.

Section 522(c) of title 11, United States Code, is amended—

(1) by striking “or” at the end of paragraph (2); and

(2) by striking the period at the end of paragraph (3) and inserting “; or”;

and

by adding at the end of paragraph (3) the following:

(a) a debt in connection with fraud in the obtaining or providing of any scholarship, grant, loan, tuition, discount, award, or other financial assistance for purposes of fi- nancing an education at an institution of higher education (as that term is defined in section 101 of the Higher Education Act of 1954 (20 U.S.C. 1001)).

SEC. 5. SCHOLARSHIP FRAUD ASSESSMENT AND AWARENESS ACTIVITIES.

(a) ANNUAL REPORT ON SCHOLARSHIP FRAUD.

(1) REQUIREMENT. The Attorney General and the Secretary of Education, in conjunc- tion with the Federal Trade Commission, shall jointly submit to Congress each year a report on fraud in the offering of financial assistance for purposes of financing an education at an institution of higher education. Each report shall contain an assessment of the magnitude and extent of such fraud during the one-year period ending on the date of such report.

(2) INITIAL REPORT. The first report under paragraph (1) shall be submitted not later than 18 months after the date of the enact- ment of this Act.

(b) NATIONAL AWARENESS ACTIVITIES. The Secretary of Education shall, in conjunction with the Federal Trade Commission, main- tain a scholarship fraud awareness site on the Internet web site of the Department of Education. The scholarship fraud awareness site may include the following:

(1) Appropriate materials from the Project Scholarscam awareness campaign of the Commission, including examples of common fraudulent schemes.

(2) A list of companies and individuals who have been convicted of scholarship fraud in Federal or State court.

(3) An Internet-based message board to provide a forum for public complaints and experiences with scholarship fraud.

The electronic comment form for indi- viduals who have experienced scholarship fraud or have questions about scholarship fraud, with appropriate mechanisms for the transfer of comments received through such forms to the Department and the Commis-
(5) Internet links to other sources of information on scholarship fraud, including Internet web sites of appropriate nongovernmental organizations, colleges and universities, and government agencies.

(6) An Internet link to the Better Business Bureau in order to assist individuals in assessing the business practices of other persons and entities.

(7) Information on means of communicating with the Federal Student Aid Information Center, including telephone and Internet contact information.

TO PERMIT ENROLLMENT IN HOUSE OF REPRESENTATIVES CHILD CARE CENTER OF CHILDREN OF FEDERAL EMPLOYEES

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Rules Committee be discharged from further consideration of H.R. 3122, and that the Senate then proceed to the immediate consideration of H.R. 3122.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 3122) to permit the enrollment in the House of Representatives Child Care Center of children of Federal employees who are not employees of the legislative branch.

There being no objection, the Senate proceeded to consider the bill.

Mr. GRASSLEY. I ask unanimous consent that the bill be read three times, passed, and the motion to reconsider be laid upon the table with no intervening action, and that any statements relating thereto be printed in the RECORD.

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

The bill (H.R. 3122) was read the third time and passed.

ORDERS FOR FRIDAY, NOVEMBER 5, 1999

Mr. GRASSLEY. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 9:30 a.m. on Friday, November 5. I further ask consent that on Friday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then resume consideration of S. 625, the bankruptcy reform bill.

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

The bill (H.R. 3122) was read the third time and passed.

PROGRAM

Mr. GRASSLEY. For the information of all Senators, at 9:30 a.m. on Friday, the Senate will immediately resume debate on the bankruptcy reform legislation. As under the agreement, first-degree amendments to the bill must be relevant and filed by 5 p.m. tomorrow. Senators who have amendments are encouraged to work with the bill managers on a time to come to the floor to offer and debate those amendments. The leader has announced that votes could occur tomorrow on amendments or any appropriations bills that become available.

The leader also announces that votes will occur on Monday at 5:30 p.m. and on Tuesday morning at 10:30. The votes on Tuesday will be on the minimum wage issue and the business cost amendment.

As a reminder, the Senate passed the continuing resolution to continue Government funding until November 10. It is hoped that all Senators will give their full cooperation as the final days of the first session of the 106th Congress come to a close.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. GRASSLEY. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 8:15 p.m., adjourned until Friday, November 5, 1999, at 9:30 a.m.
EXPRESSIONS OF APPRECIATION

EXPRESSION OF APPRECIATION

Mr. Speaker, on behalf of Senators Ben Nighthorse Campbell and Wayne Allard, and Representatives Joel Hefley, Bob Schaffer, Diane DeGette, Mark Udall, and Thomas Tancredo, I would like to honor the life of a dear friend, loyal civic servant and one of Colorado’s leading ladies, Jan Duckworth. Tragically, the world lost Jan earlier this week when her plane, bound for Cairo, Egypt, crashed just off the coast of Massachusetts.

But even as we mourn her tragic and untimely passing, everyone who has had the privilege of knowing Jan can take comfort in the memory of her remarkable life.

Since 1978, Jan worked diligently and with great distinction in the Colorado House of Representatives. In the beginning, she was responsible for the distribution of bills and their related documents to members and their staff in the Capitol. It was not long thereafter that Jan’s good work was recognized by her superiors who, in turn, promoted her through the ranks of the House administrative staff. At the time of her death, Jan was serving as the House’s Chief Assignable Clerk. In addition to attending to the important business of the Colorado House, Jan also took tremendous pride in training new staff on the legislative process and new member training and orientation.

Of the many accolades bestowed upon Jan during her time in the Colorado House of Representatives, none could ever fully capture the breadth of her service to this esteemed body.

As our country prepares to celebrate Veterans Day, I would like to congratulate Mr. Painter for his military service and for a job well done. Mr. Painter and other veterans certainly have the undying gratitude of the United States of America.

Mr. Painter fought heroically on the battlefront in France during World War I and France defeat its enemies.

Mr. Painter was also presented France’s prestigious Order of the Legion of Honor. He was also presented France’s prestigious Order of the Legion of Honor for his role in helping France defeat its enemies.

It was not long thereafter that Jan’s good work was recognized by her superiors who, in turn, promoted her through the ranks of the House administrative staff. At the time of her death, Jan was serving as the House’s Chief Assignable Clerk. In addition to attending to the important business of the Colorado House, Jan also took tremendous pride in training new staff on the legislative process and new member training and orientation.

Of the many accolades bestowed upon Jan during her time in the Colorado House of Representatives, none could ever fully capture the breadth of her service to this esteemed body.

For Jan’s service extended far beyond the dictates of any job description: she worked the chamber, telling a joke to those weary of debate; disarming the embattled with her quick wit; adding an element of warmth and hospitality to a place that, at times, could be cool with confrontation. These are the memories of Jan that colleagues, friends, and family will cling to during this difficult time and throughout the rest of our lives.

Although her professional accomplishments will long be remembered and admired, those who knew Jan well will remember her, above all, as our country prepares to celebrate Veterans Day, I would like to congratulate Mr. Painter for his military service and for a job well done. Mr. Painter and other veterans certainly have the undying gratitude of the United States of America.
all else, as a friend. It is clear that the multitude of those who have come to know and love Jan will be worse off in her absence. However, Mr. Speaker, I am confident that, in spite of this profound loss, Jan’s co-workers, family and friends can take solace in the knowledge that each is a better person for having known Jan.

But even as we mourn her passing, those who knew and loved Jan should find peace in the rich legacy that she has left behind in her son, William Duckworth, her daughter, Mary Lynn Mimouna, and her granddaughter Wardalynn Mimouna. I know that these and other members of her family—including her sisters Avi, Karen and Meredith Larson—will long carry the torch of honor, compassion, integrity and goodwill that defined Jan Duckworth’s time on this earth.

CONGRATULATIONS TO THE APPLING COUNTY LADY PIRATES GIRLS SOFTBALL TEAM, 1999 AA STATE CHAMPIONS

HON. SAXBY CHAMBLISS
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mr. CHAMBLISS. Mr. Speaker, I want to congratulate the Lady Pirates Girls Softball Team of Appling County High School in Baxley, GA, for recently capturing the AA State Championship title in girls softball. This fine group of young women and their coaches from Georgia’s 8th district deserve great recognition for their hard work and success.

The Lady Pirates have a long history of victories, having won eight region championships under the strong leadership of Head Coach Kathy Warren. Coach Warren began coaching Lady Pirate Softball in 1981, and under her leadership, the Lady Pirates have 326 wins. Over the course of her coaching career, Kathy Warren has been named the Georgia Athletic Coaches Association (GACA) Coach of the Year nine times, and she was selected as the GACA State AAA Coach of the Year in 1993.

I also want to congratulate Assistant Coach Janice Sellers, who has coached the team for 18 years, and Assistant Coach Tonya Long, who has coached the team for 8 years. Coaches spend every day of their lives building character, integrity, and determination in our young people. I want to commend Coaches Warren, Sellers, and Long for their commitment and service.

The Lady Pirates have had numerous accomplishments over the years of which to be proud. The team placed first seed in the South Sectionals over the past 3 years. They placed 4th in the State in 1991 and 1993. They placed 3d in the State in 1981 and 1995. And in 1992, 1997, and 1998, the Lady Pirates were the State Runners-up, moving on to capture the Championship this year.

These young women are not just exceptional athletes; they are also exceptional students. During the first 6 weeks grading period of the 1999–2000 school year, 14 of the Lady Pirate Softball Team members were listed on the school’s honor roll for academic achievement. Not only have they demonstrated hard work on the field, but they have proven to be hard workers in the classroom as well, demonstrating the ability to take on many achievements at once.

I want to take this time to recognize the Lady Pirates individually. The 1999 players are seniors: Lindsey Baxley, Sarah Carter, Jana Lamb, Bridgett Lasseter, Contessa Smith, Sarah Warren, Alissa Winn, Samantha Wright. Juniors: Candace Carter, Hanna Glenn, Amy Johnson, Ashley Winn. Sophomores: Cookie Alderman, Vicki Edenfield, Billie Jean Gibson, Alisha Tillman, Jodi Whitly, Lindsey Worthington. Freshmen: Carmen Chauncey, Tiffany Griffin, Sheena Hayes, Shafla Kent, Jessica Lindsey, Kylie Rees, Lam, and Candacy Sellers. This is an outstanding group of athletes.

Mr. Speaker, victory cannot be achieved without the hard work, talent, and perseverance of every single athlete and the strong leadership and direction of the coaches. This team knows that, as their team motto is “Be The Team.” They truly are a team to be proud of, and it is an honor for me to represent Appling County, GA, in the People’s House. I look forward to many more victories from the Lady Pirates in the years to come.

PERSONAL EXPLANATION

HON. KENNY C. HULSHOF
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mr. HULSHOF. Mr. Speaker, due to the birth of my daughter Casey Elizabeth Hulshof, I was not present for rollcall votes 550 through 564. Had I been present, I would have voted “yea” on rollcall vote 550, “yea” on rollcall vote 551, “yea” on rollcall vote 552, “yea” on rollcall vote 553, “yea” on rollcall vote 554, “yea” on rollcall vote 555, “yea” on rollcall vote 556, “yea” on rollcall vote 557, “aye” on rollcall vote 558, “no” on rollcall vote 559, “aye” on rollcall vote 560, “yea” on rollcall vote 561, “yea” on rollcall vote 562, and “aye” on rollcall vote 563.

CONGRATULATING KEITH GIBSON, OF SIKESTON, MISSOURI, ON HIS RECOGNITION BY THE “DAUGHTERS OF SUNSET”

HON. JO ANN EMERSON
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mrs. EMERSON. Mr. Speaker, on Saturday, November 13, 1999, Keith Gibson is being honored by the Sikeston, MO “Daughters of Sunset” at their 15th Annual Recognition Program. I would like to extend my congratulations to Keith who is being recognized on this day for his community involvement.

Keith was born in Chicago, IL. He is the son of Samuel and Annette Gibson of Sikeston, MO and Barbara and Gerald Nathan of St. Louis, MO. He is the 1974 graduate of McKinley High School in St. Louis, MO. On Thanksgiving Day in 1986, Keith moved to Sikeston, MO. He is the father of two sons, Keith Jr. and Tevin, and he has been employed with Sikeston Public Schools as a bus driver since February 1990.

One day, Keith had an idea to have a simple picnic for his boys and their friends. His idea became so popular that it became an annual event which is now called “Gibson’s Day in the Park.” In 1994, Keith started with a picnic for 15 to 20 kids. Over the years, as many as 135 kids take part in the “Gibson Day in the Park” — and Keith expects more kids to participate next year. Keith asks the “Gibson Day” participants to bring hot dogs, juice, cookies and/or chips depending on the size of the family. Most large families spend about $50.00 on the event.

In the past years, different local businesses have helped by donating items for “Gibson Day in the Park.” Keith offers special thanks to Bunny Bread, McDonald’s Restaurant, and Sikeston Public Schools for their contributions. The city of Sikeston, MO allows Keith to use their vans, and several parents help out with the activities.

Keith says that he loves kids, and that they give him the strength to go on. Keith’s plans for the future include starting a day care center and bringing kids camping and to the zoo. People have asked Keith how he does it. He tells them, “Just look at the kids’ faces when they’re happy, and you tell me why I do it.” In fact, Keith often says that he’s just a big kid himself. Keith believes that the “Gibson Day in the Park” picnic shows kids that we can all get along together. The day helps kids develop organizational skills and a sense of responsibility. And the fact of knowing that someone out there cares about them other than their parents, makes the kids feel good.

Congratulations, Keith, on your recognition by the “Daughters of Sunset.” Your dedication to the children of Sikeston, MO is both inspiring and heartwarming. May many more kids have the opportunity to benefit from you, your “Gibson’s Day in the Park,” and your future hope and plans for their future.

HONORING THE BRAVERY OF WORLD WAR I VETERAN GEORGE DECKARD

HON. BART GORDON
OF TENNESSEE
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mr. GORDON. Mr. Speaker, I rise today to honor one of the Nation’s last surviving World War I veterans, Mr. George William Deckard, a 102-year-old native of Macon County, TN.

Mr. Deckard fought heroically on the battlefields of France as a member of the U.S. Army during a horrible war. His actions earned him honorary membership in the American Society of the French Legion of Honor. He was also presented France’s prestigious Order of the Legion of Honor for his role in helping France defeat its enemies.

As our country prepares to celebrate Veteran’s Day, I would like to congratulate Mr. Deckard for his military service and for a job well done. Mr. Deckard and other veterans certainly have the undying gratitude of the United States of America.
CONGRATULATIONS TO THE TELFAIR COUNTY LADY TROJANS GIRLS SOFTBALL TEAM, 1999 CLASS A STATE CHAMPIONS

HON. SAXBY CHAMBLISS
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mr. CHAMBLISS. Mr. Speaker, I want to congratulate the Lady Trojans Girls Softball Team of Telfair County High School in McRae, GA for recently capturing the Class A State Championship title in girls softball. This fine group of young women and their coaches from Georgia’s 8th district deserve great recognition for their hard work and success.

This is not only a victory for these fine young women, but for their school as well, as it is the first State Championship for Telfair County in over 30 years and the first ever in softball. The Lady Trojans have won four straight area titles and have advanced to the playoffs three times in the last 4 years.

I want to congratulate Telfair County Head Coach Colby Taylor, Coach Becky Hamilton, and Coach Randy Pope for their leadership and dedication to the team. Coaches spend every day of their lives building character, integrity, and determination in our young people and I want to commend each of them for their commitment and service.

I also want to take this time to recognize the Lady Trojans individually. The 1999 players are Falon Wooten, Kamika Collins, Haley Clarke, Cameo Cooper, Karla Hamilton, Jodi Burrell, Heather McGowan, Davitta Jones, Kaycee Pope, Judy McRae, Sam Wilmouth, Danyelle Williams, Melanie Wilcox, Latoria Mathis, and Paige Froug. This is an outstanding group of athletes.

Mr. Speaker, victory cannot be achieved without the hard work, talent, and perseverance of every single athlete and the strong leadership and direction of the coaches. The Lady Trojans truly are a team to be proud of, and it is an honor for me to represent Telfair County, GA in the People’s House. The Lady Trojans made history this year, and I look forward to many more victories from this outstanding team in the years to come.

PERSONAL EXPLANATION
HON. RONNIE SHOWS
OF MISSISSIPPI
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mr. SHOWS. Mr. Speaker, I was away from the floor of the House on Tuesday, November 2, 1999, on official business and was unable to cast recorded votes on rollcalls 553, 554, 555 and 556.

Had I been present for rollcall 553, I would have voted “yea” to suspend the rules and agree H. Con. Res. 213, a concurrent resolution expressing the sense of the House of Representatives that the United States remains committed to the North Atlantic Treaty Organization (NATO).

On rollcall 555, I would have voted “yea” to suspend the rules and pass H.R. 3164, a bill to provide for the imposition of economic sanctions on certain foreign persons engaging in, or otherwise involved in, international narcotics trafficking.

On rollcall 556, I would have voted “yea” to suspend the rules and agree to H. Res. 349, a resolution expressing the sense of the House of Representatives that the President should immediately transmit to Congress the President’s recommendations for emergency response actions, including appropriate offsets, to provide relief and assistance to the victims of Hurricane Floyd.

COMMENDING ROBERT GRANATO FOR HIS SERVICE TO STONINGTON, CT

HON. SAM GEJDENSON
OF CONNECTICUT
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mr. GEJDENSON. Mr. Speaker, I rise today to commend Robert Granato for his years of service to citizens in Stonington, CT. Bob’s life-long dedication to public service is a model for all Americans.

Bob Granato began serving his country and community in the Army during the Korean War. After graduating from Boston University, Bob began a career as a counselor at Thames Valley Technical College in Norwich, CT. Over the next two decades, Bob helped thousands of students of all ages to determine their career path and to improve their skills in order to remain competitive in a changing economy.

After his retirement in 1989, Bob was appointed to the Planning and Zoning Commission in Stonington. For the next eight and one-half years, Bob served the community as a member and Chairman of the Commission. During this period, he helped the community to address and, ultimately overcome, significant economic changes which gripped all of southeastern Connecticut as the defense industry down-sized after the cold war. In a recent article in the Westerly Sun, Bob spoke about the challenges and responsibilities associated with leadership as Chairman of the Commission. He spoke of the mundane, but essential responsibility of maintaining order during a crowded hearing as well as the more weighty issue of bearing ultimate responsibility for the Commission’s decisions. Bob recognized these responsibilities and confronted them head on.

Over the years, Bob and his wife, Carol, have been strong supporters of the Pawcatuck Neighborhood Center, a multi-faceted social service agency that provides humanitarian services to residents of the region. This effort is another example of Bob’s commitment to the community.

Mr. Speaker, Bob Granato is a public servant in every sense of the world. I know he will continue to serve long after his recent “retirement.”

CONGRATULATING MAUDE HARRIS, OF SIKESTON, MISSOURI, ON HER RECOGNITION BY THE “DAUGHTERS OF SUNSET”

HON. JO ANN EMERSON
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mrs. EMERSON. Mr. Speaker, on Saturday, November 13, 1999, Maude Harris is being honored by the Sikeston, MO “Daughters of Sunset” at their 15th Annual Recognition Program. I would like to extend my congratulations to Maude who is being recognized on this day for her involvement in her community.

Maude is the daughter of Mr. and Mrs. Bankhead of Wyatt, MO. Maude has six brothers and a sister. Maude attended Charleston Elementary School and graduated from Charleston High School.

Maude’s educational achievements include a bachelors degree of science from Southeast Missouri State University in Cape Girardeau, MO as well as a master of arts in home economics-option II (food and nutrition emphasis). Maude published her masters program thesis, “Nutrition Practices of Rural Elderly Scott County African Americans in the Missouri Bootheel.”

Maude is very active in her church, Cornerstone Baptist, working as church announcer and chairperson of the Church Newsletter. Her community activities include memberships with Daughters of Sunset, Historian, Altrusa International, Inc. of Sikeston—Astra Advisors, Sikeston Community Credit Union-supervisory chairperson, past Girl Scout leader Troop 158, board member of Regional Arthritis Center at St. Francis Hospital and the Missouri Department of Health-Diabetes Control Project Advisory Committee, Bootheel Healthy Start Consortium Secretary, Southeast Missouri Cancer Control Coalition, past secretary and member of Southeastern Minority Health Alliance, and is the current president of Scott County Interagency Council.

Maude is employed with University Outreach and Extension as a nutrition/health specialist. She is married to Reverend Michael K. Harris, Sr., associate minister of Cornerstone Baptist Church. They are the parents of three children, Brenda, Sloan, and Kellar.

Congratulations, Maude, on your recognition by the “Daughters of Sunset.” Your dedication to family, church and community is truly inspiring. May the people of Sikeston continue to be blessed with your thoughtful contributions.

IN HONOR OF THE OHIO ENVIRONMENTAL COUNCIL
HON. DENNIS J. KUCINICH
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mr. KUCINICH. Mr. Speaker, I rise today in honor of the Ohio Environmental Council on their 30th Anniversary. I am honored to join them in their anniversary celebration being held on December 4, 1999.

The Ohio Environmental Council is a nonprofit advocacy organization committed to solving the ecological problems in the state of Ohio. They have dedicated the last 30 years
to advocating for clean air, safe water and conservation of our natural resources in Ohio. They have truly carried out their mission “to inform, unite and empower all Ohio citizens to protect the environment and conserve natural resources.”

The OEC has made tremendous efforts to be a leader in some recent environmental issues. The organization is helping the effort to correct a terrible situation of a public school that was built upon a toxic-laced former Army dump. Several graduates have leukemia and others have been diagnosed with other forms of cancer. The state health department acknowledged that the number of graduates with leukemia was statistically significant. The Ohio Environmental Council most recently has led the effort to save the Wayne National Forest and the plethora of benefits it offers.

The OEC has spent the last 30 years involving communities about environmental threats and uniting them around opportunities to help protect Ohio’s natural environment. They have made tremendous improvements to improve the air we breathe and water we drink. They are working hard to help protect Ohio’s natural environment.

PERSONAL EXPLANATION

HON. FRANK MASCARA
OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 4, 1999

Mr. MASCARA. Mr. Speaker, from October 25 to October 29, 1999 I was unavoidably absent and missed rollcall votes numbered 533–549. For the record I would have voted “aye” on the following rollcall votes numbers 533 and 545, Journal votes; number 534, H.R. 754, the Made in America Information Act; number 535, H.R. 2303, the History of the House Awareness and Preservation Act to which I am a cosponsor; number 536, H.R. 2303, the History of the House Awareness and Preservation Act; number 537, H.R. 190, urging the United States to seek a global consensus supporting a moratorium on tariffs; number 538, H. Con. Res. 208, expressing the sense of the Congress against tax increases in order to fund additional government spending; number 539, H. Con. Res. 102, celebrating the 50th anniversary of the Geneva Conventions; number 540, H. Con. Res. 188, commending Greece and Turkey for their response to the recent earthquakes in those countries; number 541, H.R. 1175, to locate and secure the return of Zachary Baumel; number 544, H.R. 2260, the Pain Relief Promotion Act, to which I am a cosponsor; and number 546, H.J. Res. 73, the Continuing Resolution.

For the record, I would have voted “no” on the following rollcall votes; number 542, the Scott Amendment to H.R. 2260; number 543, the Johnson of Connecticut Amendment to H.R. 2260; number 547, H. Res. 345, waiving points of order against the D.C. Appropriations Conference Report; number 548, the motion to recommit the D.C. Appropriations Act, 2000; and number 549, on agreeing to the Conference Report for the D.C. Appropriations Act, 2000.

HOLOCAUST REMEMBRANCE CEREMONY AT CRESSKILL JUNIOR-SENIOR HIGH SCHOOL

HON. MARGE ROUKEMA
OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 4, 1999

Mrs. ROUKEMA. Mr. Speaker, I rise to call attention to a Holocaust remembrance ceremony that will take place tomorrow at Cresskill Junior-Senior High School in Cresskill, NJ, and to commend those involved in organizing this event.

Definitely, the Holocaust was one of the darkest chapters in the history of our world. However, words cannot begin to express the horror and inhumanity of this unforgivable crime against humanity. It is vitally important that we remember the Holocaust, no matter how painful and horrifying those memories may be. Remembering the Holocaust is the best way to ensure that it never happens again. To quote Dr. Eugene S. Santayana, “Those who cannot remember the past are condemned to repeat it.”

At Cresskill Junior-Senior High School tomorrow, students and faculty will gather to remember the Holocaust, passing on the memories to a new generation who will, in turn, pass them on to their children and grandchildren. This will not be a mere academic exercise or a lesson in distant history; however, approximately 20 survivors of the Nazi Holocaust—along with survivors of some more recent genocides around the world—will be on hand to tell their stories. Tomorrow’s event was organized at the urging of Lara Pomerantz, a 15-year-old sophomore at Cresskill. Lara is an outstanding young woman who led the efforts that resulted in Governor Whitman declaring the first week of November as Holocaust Education Week in New Jersey. She then worked with former principal Henry McNally and current principal Wayne Merckling to organize the school event.

Why does a 15-year-old from New Jersey have such a strong interest in events that occurred half a world away 40 years before she was born? Lara has a close personal link to the Holocaust and good reason to remember. As Jews in Nazi-occupied Poland, her maternal grandparents—Abraham and Regina Tauber—narrowly escaped the Holocaust. After spending the war years on the run, in hiding and as members of the Resistance, they returned to their hometown of Chodel, Poland, to find only 11 Jewish members of that entire community alive—11 individuals out of 957. Mr. and Mrs. Tauber will be at Cresskill Junior-Senior High tomorrow to support their granddaughter and tell their story to her classmates. In a letter to me, Lara said, “My life is a living testament to their will to survive.” No words could be more inspiring to each generation—present and future.

By telling their stories to this gathering of teenagers, the Taubers and other Holocaust survivors will keep the memory alive for another generation—not just as words on a textbook page but as the story of someone these young people have actually met. Their efforts will show another generation that the victims of the Holocaust were not just abstract numbers or strangers—they are members of our families, the parents and grandparents of our friends.

We all know the famous words of Martin Niemöller, the Lutheran minister who resisted Hitler. “I didn’t speak up because I wasn’t a Communist . . . I wasn’t a Jew . . . I wasn’t a trade unionist.” If the world forgets to remember the Holocaust, there could come a time for each of us when we would be faced with Reverend Niemöller’s final line: “Then they came for me and no one was left to speak up for me.”

I ask my colleagues in the House of Representatives to join me in congratulating the students and faculty of Cresskill Junior-Senior High School—and the Holocaust survivors who are joining them—on this effort to see that history does not repeat itself.

CONGRATULATING DAVID SPAINHOUR

HON. LOIS CAPPs
OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 4, 1999

Mrs. CAPPS. Mr. Speaker, today I rise to bring to the attention of my colleagues the outstanding work of David W. Spainhour. On Sunday, November 7, David will receive the Distinguished Community Service Award from the Anti-Defamation League and the Santa Barbara B’nai Brith Lodge.

As someone who has worked closely with the ADL in its efforts to promote tolerance and stand against hatred and prejudice, I am pleased that this prominent organization has chosen to honor David. They could not have made a wiser selection.

David is one of Santa Barbara’s preeminent business leaders. He serves as President of Capital Bancorp and Chairman of the Board of Santa Barbara Bank & Trust. Throughout his thirty-three-year career at the Bank, David has dedicated himself to improving all facets of life in our community.

David has worked tirelessly in the areas of education, business development, health care, and assisting the neediest in our society. Among other positions, he serves on the boards of Westmont College, Santa Barbara Industry Education Council, and the United Way of Santa Barbara County. David and his wife Carolyn are shining examples of individuals who believe passionately in serving the common good. I am proud of their accomplishments and I am pleased to announce David’s award on the floor of the House.

CONGRATULATING MINISTER ARTHUR E. CASELLE, OF SIKESTON, MO, ON HIS RECOGNITION BY THE “DAUGHTERS OF SUNSET”

HON. JO ANN EMERSON
OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 4, 1999

Mrs. EMERSON. Mr. Speaker, on Saturday, November 13, 1999, Minister Arthur E. Cassell was honored by the Sikeston, MO “Daughters of Sunset” at their 15th Annual Recognition Program. I would like to extend my congratulations to Minister Cassell who is
being recognized on this day for his community involvement.

Minister Cassell is an associate minister at the Opportunity Church of God and Christ in Charleston, MO, and has been employed as a letter carrier at the Sikeston, Missouri Post Office since 1980. He is married to Lucille (Richardson) Cassell who is president of their diaper company. The Cassells are the parents of four sons.

Minister Cassell is a former marine who has been an active worker in the Southeast Missouri area since his discharge. He is the president of the Charleston Branch of the NAACP, chairman of the Weed & Seed Steering Committee in Charleston; has served as an executive board member of Southeast Missouri Legal Services since 1989, and served on the Community Outreach Center board in Sikeston, MO.

Minister Cassell also has cosponsored job preparedness classes, youth services, and activities. In his own words, “Through helping others and trying to meet people’s needs, I have found that even more needs to be done.” Cassell’s philosophy is, “If you’re going to do it, go all out.”

Congratulations, Minister Cassell, on your recognition by the “Daughters of Sunset.” By “going all out” for your family, church and community, you have touched the lives of so many others, and have helped them discover the possibility of brighter futures.

IN HONOR OF JOHNIE JOHNSON

HON. DENNIS J. KUCINICH
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

MR. KUCINICH. Mr. Speaker, I rise today to honor the beloved rock and roller, Johnnie Johnson, for his monumental contributions he has made to American music over the past half-century. The rock and roll community will recognize him for his accomplishments by naming December 1, 1999 “Johnnie Johnson Day” at the Rock and Roll Hall of Fame in Cleveland, Ohio.

It all began on New Year’s Eve 1952. The saxophonist for the Johnnie Johnson Trio fell ill and could not perform. Johnnie knew of a local guitar player named Chuck Berry, who agreed to sit in for the occasion. The evening was a smashing success and Berry instantly became a member of the Johnnie Johnson Trio. As their popularity grew, they were introduced to the world of blues music, and the band continued to gain success.

In 1956, Johnnie Johnson formed his own band, the Johnnie Johnson Trio. They recorded their first album, “Maybellene,” in 1955, which was a hit. Their music moved us time and again.

IN HONOR OF JOHNIE JOHNSON

HON. JIM McCRERY
OF LOUISIANA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mr. McCrery. Mr. Speaker, today my friend from Louisiana, Mr. Jefferson and I are introducing comprehensive legislation to address provisions of the tax code that have led to the decline of our domestic maritime industry.

The last fifty years have seen a steady erosion of the size and capacity of the U.S.-flag merchant marine. In 1947, more than 2,300 ships flew the Stars and Stripes. That figure has shrunk by nearly 90% since then. Amazingly, there are now seventeen countries with larger merchant marine fleets. For those who have followed the decline of the U.S.-flag, it will come as no surprise that we have been eclipsed by such nations as Panama, Liberia, Cyprus, and Saint Vincent.

Our nations do not have enormous merchant marines because of their exports or imports. I am convinced that favorable tax treatment in these countries is directly responsible for the decline of our own merchant marine and the growth we have seen elsewhere in the world.

This is a critical matter of both national security and economic growth. Unless we as a country respond quickly and effectively to this situation our United States-flag merchant marine—the nation’s fourth arm of defense—will in all likelihood be unable to fulfill its historic mission of responding in times of war or other international emergencies.

As I remarked earlier this year, as recently as the Persian Gulf War and the conflict in Bosnia, United States-flag commercial vessels and United States citizen crews respond quickly, effectively, and efficiently to our nation’s call, providing the sealift sustainment capability necessary to support America’s armed forces and to help protect America’s interests.

In 1992, Congressman [Chairman of the Joint Chiefs of Staff, told the graduating class of the United States Merchant Marine Academy at Kings Point that:] “Since I became Chairman of the Joint Chiefs of Staff, I have come to appreciate first-hand why our merchant marine has long been called the nation’s fourth arm of defense... The war in the Persian Gulf is over but the merchant marine’s contribution to our nation continues. In war, merchant seamen have long served with valor and distinction, carrying critical supplies and equipment to our troops in far away lands. In peacetime, the merchant marine has another vital role—contributing to our economic security by linking us to our trading partners around the world and providing the foundation for our ocean commerce.”

The maritime industry is not only important to our nation’s economic and military security. It is also of particular importance to my State of Louisiana. A recent report concludes that “The ports of Louisiana and the entire industry are crucial parts of the Louisiana economy.” It calculates that in 1997, Louisiana realized a “total economic impact of $28.1 billion” from the activities of its State’s ports, steamship and tug and barge companies, firms providing shore side services, and other entities engaged in the maritime, transportation and related service and supply industries.

We should not allow these economic benefits to be lost to Louisiana, any other State or to our nation as a whole.

I remain convinced that the best way to ensure that our nation continues to have the militarily-useful commercial vessels and trained and loyal citizen crews we need to support our interests around the world is to pursue policies enabling our maritime industry to flourish in peacetime. The place to start, without question, is the tax code.

A review of foreign tax laws demonstrates that the decline in our merchant marine can be traced to the favorable tax breaks offered by other countries. In 1995, United States-flag vessel carriers presented testimony to the Congress which summarized the impact American tax laws have on American vessels and...
described, in terms as true today as they were then, how these laws favor foreign shipping operations:

“U.S.-based liner companies are subject to significantly higher taxes than their foreign-based counterparts . . . [As a result of shipping to foreign-owned ships and utilizing foreign repair facilities], many of our foreign competitors pay virtually no income taxes [and] neither do their crews under many foreign tax regimes. Yet here at home, even in our unprofitable years, we are subject to the Alternative Minimum Tax. Consequently, U.S.-flag operators must earn more in the United States than their competitors in order to earn the same amount for reinvestment or distribution to shareholders.”

Strengthening the economic viability and competitiveness of United States-flag vessel operations requires us to adopt the tax regime governing our merchant marine to the realities of today’s international shipping environment.

Earlier this year, I introduced H.R. 2159, which is intended to assist American vessel owners to accumulate the private capital necessary to build modern, efficient and economical commercial vessels in United States shipyards. It would do so by amending the existing merchant marine Capital Construction Fund (CCF) program. The existing program allows an American citizen to deposit the earnings from the operation of United States-built United States-flag vessels into a tax deferred CCF to be used solely to build vessels in American shipyards. The deferred tax is recouped by the Treasury through reduced depreciation because the tax basis of vessels built with CCF monies is reduced on a dollar-for-dollar basis.

The provisions of H.R. 2159 are incorporated into the legislation we are introducing today. It will, among other things, allow earnings from the operation of United States- and foreign-built commercial vessels, and the amount of the duty arising from foreign ship repairs, to be deposited into a Capital Construction Fund in order to increase the amount of capital available to build vessels in our country. Equally important, my legislation will allow CCF monies to be withdrawn to build, in the United States, a vessel to be operated in the oceangoing domestic trades in order to further enhance the modernization and growth of this important segment of our maritime industry. It will further allow these funds to be used to acquire containers or trailers for use on a United States-flag vessel, and allows these monies to be used in conjunction with the lease of a United States-built vessel, or trailer or container, in order to better reflect the realities of current ship financing arrangements. Finally, in order to ensure that the full intention of these changes and the Capital Construction Fund are realized, our legislation removes the Capital Construction Fund as an alternative minimum tax adjustment item.

In addition, this bill will increase international competitiveness by allowing the owner of any United States-flag vessel engaged in the foreign trades to elect to fully expense United States-flag vessels in the year in which they acquired and documented under the United States-flag. Today, the United States has a ten-year depreciation schedule while foreign nations have much more aggressive depreciation schedules. In addition, countries such as the Bahamas, Cyprus, Liberia and Panama which register a significant percent-
Justin’s role model is one of Sikeston, MO’s greatest players, James Wilder. After graduating, Justin plans to attend the University of Arkansas to play football and run track. He would like to earn a degree in physical education. One of Justin’s greatest ambitions is to play professional football, but he plans to return to Sikeston, MO to share his accomplishments with all those who have supported and loved him.

Justin often says that without his mother’s love and faith in him, it’s hard to say where he might be. Justin offers this advice to his peers, “Stay in school and be the best you can be, and make sure to always listen to your parents.”

Congratulations, Justin, on your recognition by the “Daughters of Sunset.” Your achievements as an athlete and as a faithful son make you a true role model for your friends and peers in Sikeston. Your dedication to being the best that you can be will take you a long way in realizing all of your hopes and dreams for the future.

CONGRATULATING JERI EIGNER
HON. LOIS CAPPS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 4, 1999

Mrs. CAPPS. Mr. Speaker, today I rise to bring to the attention of my colleagues the outstanding work of Jeri Eigner. On Sunday, November 7, Jeri will receive the Distinguished Community Service Award from the Anti-Defamation League and the Santa Barbara B’nai Brith Lodge.

As someone who has worked closely with the ADL in its efforts to promote tolerance and combat hatred and prejudice, I am pleased that this prominent organization has chosen to honor Jeri. They could not have made a wiser selection.

For nearly twenty years, Jeri has distinguished herself as a tireless community activist in a wide range of critical issues. Among other positions, Jeri has served on the board of Planned Parenthood and as a volunteer at the clinic. She has also worked as a docent at the Santa Barbara Museum of Art and as a member of the Hope Ranch Board.

Perhaps Jeri’s most glowing accomplishment is her leadership efforts to open the beautiful new Jewish Community Center, which has become a treasured resource for the entire Santa Barbara community. As Campaign Chair and past president of the Santa Barbara Jewish Federation, Jeri was a driving force behind the Center and is responsible for developing many of its dynamic programs and services.

Jeri and her husband Stan are shining examples of individuals who believe passionately in serving the common good. I am proud of their accomplishments and I am pleased to announce Jeri’s award on the floor of the House.
Thursday, November 4, 1999

Daily Digest

HIGHLIGHTS

Senate agreed to the Financial Services Modernization Act Conference Report.

Senate and House passed H.J. Res. 75, Continuing Appropriations.

House agreed to the conference report on S. 900, Gramm, Leach, Bliley Act—clearing the measure for the President.

Senate

Chamber Action

Routine Proceedings, pages S13871-S14049

Measures Introduced: Sixteen bills and two resolutions were introduced, as follows: S. 1851-1866, S.J. Res. 37, and S. Res. 220.

Measures Reported: Reports were made as follows:


H.R. 197, to designate the facility of the United States Postal Service at 410 North 6th Street in Garden City, Kansas, as the “Clifford R. Hope Post Office”.

H.R. 915, to authorize a cost of living adjustment in the pay of administrative law judges.


H.R. 1251, to designate the United States Postal Service building located at 8850 South 700 East, Sandy, Utah, as the “Noal Cushing Bateman Post Office Building”.

H.R. 1327, to designate the United States Postal Service building located at 34480 Highway 101 South in Cloverdale, Oregon, as the “Maurine B. Nueberger United States Post Office”.

H.R. 1377, to designate the facility of the United States Postal Service at 13234 South Baltimore Avenue in Chicago, Illinois, as the “John J. Buchanan Post Office Building”, with an amendment in the nature of a substitute.

H.J. Res. 54, granting the consent of Congress to the Missouri-Nebraska Boundary Compact.

H. Con. Res. 141, celebrating One America.

S. Res. 118, designating December 12, 1999, as “National Children’s Memorial Day”.

S. 276, for the relief of Sergio Lozano, Faurico Lozano and Ana Lozano, with an amendment in the nature of a substitute.

S. 302, for the relief of Kerantha Poole-Christian.

S. 1019, for the relief of Regine Beatie Edwards.

S. 1295, to designate the United States Postal Office located at 3813 Main Street in East Chicago, Indiana, as the “Lance Corporal Harold Gomez Post Office”.

S. 1418, to provide for the holding of court at Natchez, Mississippi in the same manner as court is held at Vicksburg, Mississippi.

S. 1809, to improve service systems for individuals with developmental disabilities, with an amendment in the nature of a substitute.

Measures Passed:

Continuing Appropriations: Senate passed H.J. Res. 75, making further continuing appropriations for the fiscal year 2000, clearing the measure for the President.

John H. Chafee Coastal Barrier Resources System: Senate passed S. 1866, to redesignate the Coastal Barrier Resources System as the “John H. Chafee Coastal Barrier Resources System”.

Denying Safe Havens to International and War Criminals Act: Senate passed S. 1754, entitled the “Denying Safe Havens to International and War Criminals Act of 1999”, after agreeing to the committee amendment in the nature of a substitute, and the following amendment proposed thereto:

Grassley (for Leahy/Hatch) Amendment No. 2510, to make certain technical amendments.

Pages S13968

Pages S13925

Pages S14005-07

Pages S14007-13

Pages S14009-11
Native Hawaiian Housing Assistance: Senate passed S. 225, to provide Federal housing assistance to Native Hawaiians, after agreeing to the committee amendment in the nature of a substitute, and the following amendment proposed thereto:

Grassley (for Inouye) Amendment No. 2511, to make certain revisions.

American Indian Education Foundation: Senate passed S. 1290, to amend title 36 of the United States Code to establish the American Indian Education Foundation.

Indian Water Rights: Senate passed S. 438, to provide for the settlement of the water rights claims of the Chippewa Cree Tribe of the Rocky Boy's Reservation, after agreeing to the following amendment proposed thereto:

Grassley (for Burns/Baucus) Amendment No. 2512, in the nature of a substitute.

Serbia Democratization Act: Senate passed S. 720, to promote the development of a government in the Federal Republic of Yugoslavia (Serbia and Montenegro) based on democratic principles and the rule of law, and that respects internationally recognized human rights, to assist the victims of Serbian oppression, to apply measures against the Federal Republic of Yugoslavia, after agreeing to the committee amendment in the nature of a substitute.

Freedom to E-File Act: Committee on Agriculture, Nutrition, and Forestry was discharged from further consideration of S. 777, to require the Department of Agriculture to establish an electronic filing and retrieval system to enable the public to file all required paperwork electronically with the Department and to have access to public information on farm programs, quarterly trade, economic, and production reports, and other similar information, and the bill was then passed after agreeing to the following amendment proposed thereto:

Grassley (for Fitzgerald) Amendment No. 2513, in the nature of a substitute.

Immigration and Nationality Act Amendment: Senate passed S. 1753, to amend the Immigration and Nationality Act to provide that an adopted alien who is less than 18 years of age may be considered a child under such Act if adopted with or after a sibling who is a child under such Act.

American Indian Education Foundation: Senate passed S. 1455, to enhance protections against fraud in the offering of financial assistance for college education, after agreeing to the committee amendment in the nature of a substitute.

College Scholarship Fraud Prevention Act: Senate passed S. 1455, to enhance protections against fraud in the offering of financial assistance for college education, after agreeing to the committee amendment in the nature of a substitute.

House Child Care Center Enrollment: Committee on Rules and Administration was discharged from further consideration of H.R. 3122, to permit the enrollment in the House of Representatives Child Care Center of children of Federal employees who are not employees of the legislative branch, and the bill was then passed, clearing the measure for the President.

Bankruptcy Reform Act: Senate considered S. 625, to amend title 11, United States Code, agreeing to committee amendments by unanimous consent.

A unanimous-consent agreement was reached providing for consideration of the bill and amendments to be proposed thereto.

A further unanimous-consent agreement was reached providing that following the disposition of all amendments, the bill be advanced to third reading, that the Senate proceed to H.R. 833, House companion measure, that the Senate strike all after the enacting clause and insert in lieu thereof the text of S. 625, as amended, and the House bill, as amended, be read for a third time and passed, that the Senate insist on its amendment, request a conference with the House thereon, and S. 625 be placed back on the Senate calendar.

A unanimous-consent agreement was reached providing for further consideration of the bill on Friday, November 5, 1999.

Financial Services Modernization Conference Report: By 90 yeas to 8 nays, 1 responding present (Vote No. 354), Senate agreed to the conference report on S. 900, to enhance competition in the financial services industry by providing a prudential framework for the affiliation of banks, securities firms, and other financial service providers.

Swearing In of Senator Chafee: Senator Lincoln D. Chafee, of Rhode Island, was sworn in to fill the unexpired term, ending January 3, 2001, caused by the death of Senator John H. Chafee.
Federal Financial Assistance Management Improvement Act: Senate concurred in the amendment of the House to S. 468, 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. Pages S14013–14

Messages From the House: Page S13967

Communications: Pages S13967–68

Executive Reports of Committees: Pages S13968–71

Statements on Introduced Bills: Pages S13972–84

Additional Cosponsors: Pages S13984–85

Amendments Submitted: Pages S13986–90

Authority for Committees: Pages S13990–91

Additional Statements: Pages S13991–94

Text of S. 976, as Previously Passed: Pages S13994–S14005

Record Votes: One record vote was taken today. (Total—354) Page S13917

Adjournment: Senate convened at 9:30 a.m., and adjourned at 8:18 p.m., until 9:30 a.m., on Friday, November 5, 1999. (For Senate's program, see the remarks of the Acting Majority Leader in today's Record on page S14049.)

**Committee Meetings**

(Committees not listed did not meet)

STEM CELL RESEARCH

Committee on Appropriations: Subcommittee on Labor, Health and Human Services, and Education concluded hearings to examine stem cell research funding issues, focusing on the National Bioethics Advisory Commission report "Ethical Issues in Human Stem Cell Research", after receiving testimony from Senator Thurmond; Representative Dickey; Frank E. Young, Reformed Theological Seminary, Washington, D.C., former Commissioner, Food and Drug Administration; and James F. Childress, University of Virginia, Charlottesville, on behalf of the National Bioethics Advisory Commission.

NOMINATIONS

Committee on Armed Services: Committee concluded hearings on the nominations of Alphonso Maldon, Jr., of Virginia, to be Assistant Secretary for Force Management Policy, and John K. Veroneau, of Virginia, to be Assistant Secretary for Legislative Affairs, both of the Department of Defense, after the nominees testified and answered questions in their own behalf. Mr. Maldon was introduced by Senator Robb, and Mr. Veroneau was introduced by Senator Snowe.

LOCAL PHONE COMPETITION

Committee on Commerce, Science, and Transportation: Committee concluded hearings on local voice and data marketplace competition, examining how to increase consumer choice in local telephone markets, after receiving testimony from Royce J. Holland, Allegiance Telecom, Inc, Dallas, Texas; Charles S. Houser, TriVergent Communications, Inc, Greenville, South Carolina; Roy Neel, United States Telecom Association, Washington, D.C.; Daniel O. Pegg, Leap Wireless International, Inc, San Diego, California; and Rick Tidwell, Birch Telecom, Inc, Emporia, Kansas.

CHECHNYA CONFLICT

Committee on Foreign Relations: Committee concluded hearings on the conflict in Chechnya and its implications for United States relations with Russia, after receiving testimony from Stephen R. Sestanovich, Ambassador at Large and Special Advisor to the Secretary of State for the New Independent States; Elena Bonner, Andrei Sakharov Foundation, Brookline, Massachusetts; and Paul A, Goble, Radio Free Europe/Radio Liberty, Washington, D.C.

U.S./NIGERIA RELATIONS

Committee on Foreign Relations: Committee concluded hearings on United States relations with Nigeria, focusing on Nigeria's transition to civilian rule, democracy, and human rights, after receiving testimony from Thomas Pickering, Under Secretary of State for Political Affairs; Jean Herskovits, State University of New York at Purchase, New York; Adotei Akwei, Amnesty International, Washington, D.C.

BUSINESS MEETING

Committee on the Judiciary: Committee ordered favorably reported the following business items:

- S. 276, for the relief of Sergio Lozano, Faurico Lozano and Ana Lozano, with an amendment in the nature of a substitute;
- S. 302, for the relief of Kerantha Poole-Christian;
- S. 1019, for the relief of Regine Beatie Edwards;
- H. Con. Res. 141, celebrating One America;
- S. Res. 118, designating December 12, 1999, as "National Children's Memorial Day";
- H.J. Res. 54, granting the consent of Congress to the Missouri-Nebraska Boundary Compact;
- S. 1418, to provide for the holding of court at Natchez, Mississippi in the same manner as court is held at Vicksburg, Mississippi; and

**MCI WORLDCOM/SPRINT MERGER**

Committee on the Judiciary: Committee concluded hearings to examine the possible affects the proposed merger of MCI WorldCom and Sprint would have on competition and consumer choice in the telecommunications industry, and S.1854, to reform the Hart-Scott-Rodino Antitrust Improvements Act of 1976, after receiving testimony from Bernard J. Ebbers, MCI WorldCom, Clinton, Mississippi; William T. Esrey, Sprint Corporation, Westwood, Kansas; James F. Rill, Collier, Shannon, Rill and Scott, and Gene Kimmelman, Consumers Union, both of Washington, D.C.; and Tod A. Jacobs, Sanford C. Bernstein and Company, Inc., New York, New York.

**NURSING HOME CARE**

Special Committee on Aging: Committee concluded hearings on certain initiatives to improve nursing home quality of care, focusing on the Health Care Financing Administration’s regional offices and their ability to oversee state agencies they contract with to ensure that nursing homes comply with federal quality standards, after receiving testimony from William J. Scanlon, Director, Health Financing and Public Health Issues, Health, Education, and Human Services Division, General Accounting Office; Michael Hash, Deputy Administrator, Health Care Financing Administration, Department of Health and Human Services; and Steve White, Raleigh, North Carolina, on behalf of the Association of Health Facility Survey Agencies.
agreed to a conference. Appointed as conferees: Chairman Young of Florida and Representatives Lewis of California and Obey.

Considered pursuant to a previous order of the House. Earlier, Representative Goss asked unanimous consent that it be in order for a motion to disagree to the Senate amendment and agree to a conference.

Question of Privilege: Representative Visconti rose to a point of privilege, offered a resolution previously noted, and asked for its immediate consideration. The form of the resolution called on the President to abstain from renegotiating international agreements governing antidumping and countervailing measures. The Chair ruled that the resolution did not constitute a question of privilege, and Representative Visconti moved to appeal the ruling of the chair. Subsequently, the House agreed to the LaHood motion to table that appeal by a yeas and nay vote of 218 yeas to 204 nays, Roll No. 566.

Question of Privilege: Representative Wise rose to a point of privilege, offered a resolution previously noted, and asked for its immediate consideration. The form of the resolution called on the President to abstain from renegotiating international agreements governing antidumping and countervailing measures. The Chair ruled that the resolution did not constitute a question of privilege, and Representative Wise moved to appeal the ruling of the chair. Subsequently, the House agreed to the Kildebreth motion to table that appeal by a yeas and nay vote of 216 yeas to 201 nays, Roll No. 567.

Question of Privilege: Representative Kucinich rose to a point of privilege, offered a resolution previously noted, and asked for its immediate consideration. The form of the resolution called on the President to abstain from renegotiating international agreements governing antidumping and countervailing measures. The Chair ruled that the resolution did not constitute a question of privilege, and Representative Kucinich moved to appeal the ruling of the chair. Subsequently, the House agreed to the Kildebreth motion to table that appeal by a yeas and nay vote of 214 yeas to 204 nays, Roll No. 568.

Rules Laid on the Table: H. Res. 358 and H. Res. 360 were laid on the table.

Recess: The House recessed at 7:40 p.m. and reconvened at 12:53 a.m. on Friday, Nov. 6.

EPA's Brownfields Cleanup

Committee on Commerce: Subcommittee on Oversight and Investigations held a hearing on Problems with EPA's Brownfields Cleanup Revolving Loan Fund Program. Testimony was heard from Timothy Fields, Assistant Administrator, Office of Solid Waste and Emergency Response, EPA; Darsi Foss, Brownfields Section Chief, Bureau for Remediation and Redevelopment, Department of Natural Resources, State of Wisconsin; Dannel P. Malloy, Mayor, Stamford, Connecticut; and Thomas Ahern, Senior Project Manager, Brownfields and Industrial Development, Redevelopment Authority, Boston, Massachusetts.
WTO 2000
Committee on Commerce: Subcommittee on Telecommunications, Trade, and Consumer Protection held a hearing on WTO 2000: The Next Round. Testimony was heard from Joseph Papovich, Assistant U.S. Trade Representative, Services, Investment and Intellectual Property, Office of the U.S. Trade Representative; and public witnesses.

PROJECT EXILE
Committee on Government Reform: Subcommittee on Criminal Justice, Drug Policy and Human Resources held a hearing on Project Exile: A Case Study in Successful Enforcement. Testimony was heard from Helen Fahey, U.S. Attorney, Eastern District of Virginia; Mark Earley, Attorney General, State of Virginia; and public witnesses.

MISCELLANEOUS MEASURES
Committee on Government Reform: Subcommittee on Government Management, Information, and Technology approved for full Committee action, as amended, H.R. 2376, to require agencies to establish expedited review procedures for granting a waiver to a State under a grant program administered by the agency if another State has already been granted a similar waiver by the agency under such program.

AMERICAN PRISONERS—TORTURE BY CUBAN AGENTS
Committee on International Relations: Held a hearing on The Cuban Program: Torture of American Prisoners by Cuban Agents. Testimony was heard from the following officials of the Department of Defense: Robert L. Jones, Deputy Assistant Secretary, Prisoner of War and Missing Personnel Affairs; and Robert Destatte, Chief Analyst, POW/Missing Personnel Office; and public witnesses.

IMMIGRATION REORGANIZATION AND IMPROVEMENT ACT
Committee on the Judiciary: Subcommittee on Immigration and Claims approved for full Committee action, as amended, H.R. 2528, Immigration Reorganization and Improvement Act of 1999.

MISCELLANEOUS MEASURES
Committee on Resources: Subcommittee on National Parks and Public Lands held a hearing on the following bills: S. 548, Fallen Timbers Battlefield and Fort Miamis National Historic Site Act of 1999; H.R. 1668, Loess Hills Preservation Study Act of 1999; and H.R. 2278, to require the National Park Service to conduct a feasibility study regarding options for the protection and expanded visitor enjoyment of nationally significant natural and cultural resources at Fort Hunter Liggett, California. Testimony was heard from Senator DeWine; Representatives Kaptur, Ganske and Farr of California; Katherine Stevenson, Associate Director, Cultural Resources, Stewardship and Partnerships, National Park Service, Department of the Interior; and public witnesses.

FOREIGN OPERATIONS APPROPRIATIONS ACT, 2000
Committee on Rules: Granted by voice vote, a structured rule on H.R. 3196, making Appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 2000, providing one hour of debate in the House equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. The rule provides that the bill shall be considered as read for amendment. The rule provides that the amendment printed in the report of the Committee on Rules shall be in order without intervention of any point of order or demand for a division of the question, shall be considered as read, and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent. The rule provides one motion to recommit, with or without instructions. Finally, the rule provides that upon the adoption of the resolution, House Resolution 359 is laid on the table.

Y2K MYTHS AND REALITIES
Committee on Science: Subcommittee on Technology, and the Subcommittee on Government Management, Information and Technology of the Committee on Government Reform held a joint hearing on Y2K Myths and Realities: Responding to the Questions of the American Public with 50 Days Remaining Until January 1, 2000. Testimony was heard from John A. Koskinen, Special Assistant to the President, Chairman, Y2K Conversion Council; Joel Willemssen, Director, Civilian Agencies Information Systems, GAO; and public witnesses.

DEFENSE CONTRACT BUNDLING POLICY
Committee on Small Business: Held a hearing on Defense Contract Bundling Policy. Testimony was heard from David R. Oliver, Principal Deputy Under Secretary, Acquisition and Technology, Department of Defense; and public witnesses.

NEWARK AIRPORT—STRAIGHT OUT DEPARTURES
Committee on Transportation and Infrastructure Subcommittee on Aviation held a hearing on Straight Out Departures at Newark Airport. Testimony was heard from Representatives Fossella and Franks of
New Jersey; Arlene B. Feldman, Regional Administrator, Eastern Region, FAA, Department of Transportation; Chris Bollwage, Mayor, Elizabeth, New Jersey; Susan M. Baer, General Manager, New Jersey Airports, The Port Authority of New York and New Jersey; and public witnesses.

**EPA GRANTS MANAGEMENT**

Committee on Transportation and Infrastructure Subcommittee on Oversight, Investigations, and Emergency Management held a hearing on EPA Grants Management. Testimony was heard from the following officials of the EPA: Nikki L. Tinsley, Inspector General; and Romulo L. Diaz, Jr., Assistant Administrator, Administration and Management; and public witnesses.

**BRIEFING—NORTH KOREAN STRATEGIC THINKING**

Permanent Select Committee on Intelligence met in executive session to receive a briefing on North Korean Strategic Thinking: One Analyst’s View. The Committee was briefed by departmental officials.

**Joint Meetings**

**INDIAN LAND OWNERSHIP AND LEASING**

Joint Hearing: Committee on Indian Affairs concluded joint hearings with the House Committee on Resources on S. 1586, to reduce the fractionated ownership of Indian Lands, and S. 1315, to permit the leasing of oil and gas rights on certain lands held in trust for the Navajo Nation or allotted to a member of the Navajo Nation, in any case in which there is consent from a specified percentage interest in the parcel of land under consideration for lease, after receiving testimony from Senator Bingaman; Kevin Gover, Assistant Secretary of the Interior for Indian Affairs; Ross Racine, Intertribal Agriculture Council, Billings, Montana; Delmar Bigby, Indian Land Working Group, Harlem, Montana; Roxane J. Poupart, Lac du Flambeau Band of Lake Superior Chippewa Indians, Lac du Flambeau, Wisconsin; Ben Black Bear, Jr., Rosebud Sioux Tribal Land Enterprise, Rosebud, South Dakota; and Shenan R. Atcitty, Nordhaus, Haltom, Taylor, Taradash and Frye, Washington, D.C., on behalf of the Shii Shi Keyah Association.

**COMMITTEE MEETINGS FOR FRIDAY, NOVEMBER 5, 1999**

(Committee meetings are open unless otherwise indicated)

**Senate**

Committee on Banking, Housing, and Urban Affairs: to hold hearings on the nomination of Gregory A. Baer, of Virginia, to be an Assistant Secretary of the Treasury; and the nomination of Susan M. Wachter, of Pennsylvania, to be an Assistant Secretary of Housing and Urban Development, 10 a.m., SD-538.

Committee on Foreign Relations: to hold hearings to examine issues relating to the International Monetary Fund, focusing on lessons learned from the Asian financial crisis, 11 a.m., SD-419.

Full Committee, to hold hearings on the nomination of Carol Moseley-Braun, of Illinois, to be Ambassador to New Zealand, 1 p.m., SD-419.

**House**

Committee on Resources Subcommittee on Fisheries Conservation, Wildlife and Oceans, oversight hearing to examine the affects on living marine resources from dredged material disposal or placement in the New York Bight, 10 a.m., 1324 Longworth.
Next Meeting of the SENATE
9:30 a.m., Friday, November 5

Senate Chamber
Program for Friday: Senate will continue consideration of S. 625, Bankruptcy Reform.

Next Meeting of the HOUSE OF REPRESENTATIVES
9 a.m., Friday, November 5

House Chamber
Program for Friday: Consideration of H.R. 3196, Foreign Operations Appropriations Act, 2000 (structured rule, one hour of general debate).

Extensions of Remarks, as inserted in this issue

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