

management. Consequently, in 1943, Congress, in an effort to provide an incentive for improved forest management, passed legislation that allowed capital gains treatment under 631(b) of the IRS Code for pay-as-cut sales, leaving lump-sum sales to pay the much higher rate of income tax. It is said that President Roosevelt opposed the bill and almost vetoed it.

Today, however, Section 631(b), like so many provisions in the IRS Code, is outdated. Forest management practices are much different from what they were in 1943 and lump-sum sales are no longer associated with poor forest management. And, while there are occasional special situations where other methods may be more appropriate, most timber owners prefer this method over the "pay-as-cut" method. The reasons are simple: title to the timber is transferred upon the closing of the sale and the buyer assumes the risk of any physical loss of timber to fire, insects, disease, storms, etc. Furthermore, the price to be paid for the timber is determined and received at the time of the sale.

Unfortunately, in order for timber owners to qualify for the favorable capital gains treatment, they must market their timber on a "pay-as-cut" basis under Section 631(b) which requires timber owners to sell their timber with a "retained economic interest." This means that the timber owner, not the buyer, must bear the risk of any physical loss during the timber sale contract period and must be paid only for the timber that is actually harvested. As a result, this type of sale can be subject to fraud and abuse by the timber buyer. Since the buyer pays only for the timber that is removed and scaled, there is an incentive to waste poor quality timber by breaking the tree during the logging process, underscaling the timber, or removing the timber without scaling. But because 631(b) provides for the favorable tax treatment, many timber owners are forced into exposing themselves to unnecessary risk of loss by having to market their timber in this disadvantageous way instead of the more preferable lump-sum method.

Like many of the provisions in the tax code, Section 631(b) is outdated and prevents good forestry business management. Timber farmers, who have usually spent decades producing their timber "crop", should be able to receive equal tax treatment regardless of the method used for marketing their timber.

In the past, the Joint Committee on Taxation has studied this legislation to consider what impact it might have on the Treasury and found that it would have no real cost—only a "negligible change" according to their analysis.

The IRS has no business stepping in and dictating the kind of sales contract a landowner must choose. My legislation will provide greater consistency by removing the exclusive "retained economic interest" requirement in the

IRC Section 631(b). Reform of 631(b) is important to our nation's non-industrial, private landowners because it will improve the economic viability of their forestry investments and protect the taxpayer from unnecessary exposure to risk of loss. This in turn will benefit the entire forest products industry, the U.S. economy and especially small landowners.

SUBMITTED RESOLUTIONS

SENATE CONCURRENT RESOLUTION 26—AUTHORIZING THE ROTUNDA OF THE CAPITOL TO BE USED ON JULY 18, 2001, FOR A CEREMONY TO PRESENT CONGRESSIONAL GOLD MEDALS TO THE ORIGINAL 29 NAVAJO CODE TALKERS

Mr. BINGAMAN submitted the following concurrent resolution; which was referred to the Committee on Rules and Administration:

S. CON. RES. 26

Resolved by the Senate (the House of Representatives concurring), That the Rotunda of the Capitol is authorized to be used on July 18, 2001, for a ceremony to present Congressional Gold Medals to the original 29 Navajo Code Talkers. Physical preparations for the ceremony shall be carried out in accordance with such conditions as the Architect of the Capitol may prescribe.

AMENDMENTS SUBMITTED AND PROPOSED

SA 110. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill S. 27, to amend the Federal Election Campaign Act of 1971 to provide bipartisan campaign reform; which was ordered to lie on the table.

SA 111. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill S. 27, supra; which was ordered to lie on the table.

SA 112. Mr. DOMENICI (for himself, Mr. ENSIGN, and Mr. SESSIONS) proposed an amendment to the bill S. 27, supra.

SA 113. Mr. SPECTER submitted an amendment intended to be proposed by him to the bill S. 27, supra; which was ordered to lie on the table.

SA 114. Mr. SPECTER submitted an amendment intended to be proposed by him to the bill S. 27, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 110. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill S. 27, to amend the Federal Election Campaign Act of 1971 to provide bipartisan campaign reform; which was ordered to lie on the table; as follows:

On page 37, between lines 14 and 15, insert the following:

SEC. 305. LIMITATION ON REIMBURSEMENT FROM CAMPAIGNS FOR CONTRIBUTIONS BY SENATE CANDIDATES AND IMMEDIATE FAMILIES OF SENATE CANDIDATES.

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.), as amended

by section 101, is amended by adding at the end the following:

"SEC. 324. LIMITATION ON REIMBURSEMENT FROM CAMPAIGNS FOR CONTRIBUTIONS BY SENATE CANDIDATES AND IMMEDIATE FAMILIES OF SENATE CANDIDATES.

"(a) IN GENERAL.—The aggregate amount of contributions made during an election cycle to a candidate for the office of Senator or the candidate's authorized committees from the sources described in subsection (b) that may be reimbursed to those sources shall not exceed \$250,000.

"(b) SOURCES.—A source is described in this subsection if the source is—

"(1) personal funds of the candidate and members of the candidate's immediate family; or

"(2) personal loans incurred by the candidate and members of the candidate's immediate family.

"(c) INDEXING.—The \$250,000 amount under subsection (a) shall be increased as of the beginning of each calendar year based on the increase in the price index determined under section 315(c), except that the base period shall be calendar year 2000."

SA 111. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill S. 27, to amend the Federal Election Campaign Act of 1971 to provide bipartisan campaign reform; which was ordered to lie on the table; as follows:

On page 37, between lines 14 and 15, insert the following:

SEC. 305. EXEMPTION FOR STATE AND LOCAL POLITICAL COMMITTEES FROM NOTIFICATION AND REPORTING REQUIREMENTS IMPOSED BY PUBLIC LAW 106-230.

(a) EXEMPTION FROM NOTIFICATION REQUIREMENTS.—Paragraph (5) of section 527(i) of the Internal Revenue Code of 1986 (relating to organizations must notify Secretary that they are section 527 organizations) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by adding at the end the following new subparagraph:

"(C) which—

"(i) engages in exempt function activity solely in the attempt to influence the selection, nomination, election, or appointment of any individual to any State or local public office or office in a State or local political organization, and

"(ii) is subject to State or local contribution and expenditure reporting requirements relating to selections, nominations, elections, and appointments to such offices, and reports under such requirements are publicly available."

(b) EXEMPTION FROM REPORTING REQUIREMENTS.—Paragraph (5) of section 527(j) of such Code (relating to required disclosures of expenditures and contributions) is amended by striking "or" at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting ", or", and by adding at the end the following new subparagraph:

"(F) to any organization which—

"(i) engages in exempt function activity solely in the attempt to influence the selection, nomination, election, or appointment of any individual to any State or local public office or office in a State or local political organization, and

"(ii) is subject to State or local contribution and expenditure reporting requirements relating to selections, nominations, elections, and appointments to such offices, and reports under such requirements are publicly available."