



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 107th CONGRESS, FIRST SESSION

Vol. 147

WASHINGTON, WEDNESDAY, MAY 23, 2001

No. 72

Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable JEFF SESSIONS, a Senator from the State of Alabama.

The PRESIDING OFFICER. Today's prayer will be offered by our guest Chaplain, His Holiness Catholicos Karekin the Second, Catholicos of All Armenians, Holy Etchmiadzin, Republic of Armenia.

PRAYER

The guest Chaplain, Catholicos Karekin the Second, offered the following prayer:

Almighty God and Lord, we come together from different places, cultures, and traditions on a unique day You have created. We rejoice and are glad in it. Help us walk together in Your light.

Thank You for our diversity and the richness this brings when we share our lives. Help us understand each other through our differences and recognize what we have in common. Thank You for democracy, which gives such dignity to each person and reflects Your sense of human worth. Please nurture our democracies—America, which has grown strong over two centuries, and Armenia, a new democracy with strong hopes. In this year, when we recognize the 1700th anniversary of Armenia's conversion to Christianity, may we grow stronger in faith and remember the importance of being true to the vision You give.

We join the prayer of St. Nersess the Graceful and ask You for wisdom so we may always think, speak, and do what is good in Your sight, and to save us from evil thoughts, words, and deeds. Please give us wisdom in our decisions and dealings with each other, staff, constituents, and those seeking our help. Thank You for placing us in positions of influence. Help us make the Nation and our world better.

Holy Father, I ask You to bless the Senators, the American Government and people, and Armenian people and

nation. I pray for the unity of churches and peoples and ask You to bless the clergy of this Nation. We know that You alone are God. To You be glory, power, and honor, now and always and unto the ages of ages. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JEFF SESSIONS 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.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, May 21, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JEFF SESSIONS, a Senator from the State of Alabama, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. SESSIONS thereupon assumed the chair as Acting President pro tempore.

The ACTING PRESIDENT pro tempore. The Senator from Maryland.

Mr. SARBANES. I ask unanimous consent to proceed as in morning business for 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

GUEST CHAPLAIN KAREKIN, II

Mr. SARBANES. Mr. President, I know I speak for all of my colleagues in thanking His Holiness, Catholicos

Karekin the Second, the Supreme Patriarch and Catholicos of All Armenians, for leading the Senate in prayer this morning. His prayer, I must say, was inspiring. I hope all of us took to heart particularly his admonition that we should show wisdom in our dealings with one another.

His Holiness is the world leader of the Armenian Church, which traces its roots to the first century preaching of Jesus' Apostles, Saint Thaddeus and Saint Bartholomew. The Armenian Church is among the Orthodox churches, which, along with the Catholic and Protestant Churches, constitutes one of three branches of Christianity.

The Catholicos was elected democratically by an assembly of clergy and lay delegates from around the world in October 1999. He is the 132nd in a continuous line of catholicos. He sits in Armenia and administers the Armenian Church from the Mother See of Holy Etchmiadzin and has authority over Dioceses on five continents.

In the United States, there are well over 1 million Armenian Americans who live in all parts of our country. They have made very important contributions to all aspects of American life.

His Holiness is well known not only for his spiritual leadership but his charitable works to help the needy, his educational programs, and his management skills. He is also recognized in the international religious community, where he sought to draw churches closer together. He has met with John Paul II and will be meeting in September with Pope John Paul II when he comes to visit Armenia.

The Catholicos is visiting the United States to celebrate the 1700th anniversary of the conversion of Armenia to Christianity. He is meeting with U.S. religious leaders and the Armenian-American communities. The theme of his visit is "Walking Together in the Light of the Lord."

Mr. President, we are pleased and honored that he is here with us today.

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



Printed on recycled paper.

S5489

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Kansas is recognized.

SCHEDULE

Mr. ROBERTS. Mr. President, today the Senate will resume voting—and voting—on amendments to the reconciliation and tax relief bill, and consecutive votes will occur throughout the morning. It is hoped—hope springs eternal—that final passage on the tax relief and reconciliation bill will occur during today's session. If passage occurs as expected, the Senate will resume consideration of the education bill. There will be additional votes all throughout the day, and Senators are encouraged to stay in the Senate Chamber after the final votes on the tax bill. I thank my colleagues for their consideration and cooperation.

Mr. President, I yield the floor.

Mr. REID. Mr. President, before we hear from our friend, I wish to indicate to the Senate that we have six amendments lined up. We are confident that the two leaders can work something out during the day. We hope maybe there can be some end to the debate on this bill, but that will be up to the two leaders. We have shared the first amendment with the majority. We have five others we will give to them briefly.

We are hopeful things will move along well today, and especially, if we stick to our 10-minute voting, I think we can go through the first six amendments at an accelerated rate.

Mr. ROBERTS. I say that is splendid news.

RESTORING EARNINGS TO LIFT INDIVIDUALS AND EMPOWER FAMILIES (RELIEF) ACT OF 2002

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of H.R. 1836, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 1836) to provide the reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002.

Pending:

Collins/Warner amendment No. 675, to provide an above-the-line deduction for qualified professional development expenses of elementary and secondary school teachers and to allow a credit against income tax to elementary and secondary school teachers who provide classroom materials.

The PRESIDING OFFICER (Mr. ROBERTS). The distinguished Senator from Maine.

AMENDMENT NO. 741

Ms. SNOWE. Mr. President, I send up amendment No. 741 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maine [Ms. SNOWE], for herself, Mrs. LINCOLN, Mr. JEFFORDS, Mr. CHAFEE, Mr. DEWINE, Mr. KERRY, Mr. DODD, Mr. ROCKEFELLER, Ms. COLLINS, Mr. DOMENICI, and Mr. SMITH of Oregon, proposes an amendment numbered 741.

Ms. SNOWE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To express the sense of the Senate that the modifications to the child tax credit contained in section 201 should be part of the final tax package)

On page 18, between lines 14 and 15, insert:
SEC. 202. SENSE OF THE SENATE ON THE MODIFICATIONS TO THE CHILD TAX CREDIT.

(a) FINDINGS.—

(1) There are over 12,000,000 children in poverty in the United States—about 78 percent of these children live in working families.

(2) The child tax credit was originally designed to benefit families with children in recognition of the costs associated with raising children.

(3) There are 15,400,000 children whose families would not benefit from the doubling of the child tax credit unless it is made refundable and another 7,000,000 children live in families who will not receive an increased benefit under the bill unless the credit is made refundable.

(4) A person who earns the Federal minimum wage and works 40 hours a week for 50 weeks a year earns approximately \$10,300.

(5) The provision included in section 201 would give families with children the benefit of a partially refundable child tax credit based on 15 cents of their income for every dollar earned above \$10,000.

(6) For a family earning \$15,000 that is an additional \$750 to help make ends meet.

(7) Doubling the child tax credit to \$1,000 and making it partially refundable will benefit over 37,000,000 families with dependent children.

(8) The expansion of the child tax credit included in section 201 is a meaningful and a responsible effort on the part of the Senate to address the needs of low income working families to promote work and such an expansion would provide the benefit of a child tax credit to 10,700,000 more children than the provision passed by the House of Representatives.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the “10-15” child tax credit provision included in section 201 is a worthy start, and should be maintained as part of the final package.

Ms. SNOWE. Mr. President, I rise today to offer a sense of the Senate amendment in support of the provisions in the bill that expand and extend the child tax credit to millions of working families. I am joined in offering this amendment by Senators LINCOLN, JEFFORDS, CHAFEE, DEWINE, KERRY, DODD, ROCKEFELLER, COLLINS, DOMENICI, SMITH of Oregon, and WELLSTONE.

The RELIEF Act doubles the maximum child tax credit from \$500 to \$1,000 per child and extends it by making it partially refundable for 15 cents on every dollar earned above \$10,000. These provisions were incorporated in the bill during the Senate Finance Committee markup on a bipartisan basis and, together, these provisions will extend the benefits of the child tax credit to more than 55 million children nationally, as well as 37 million families. Without refundability, almost 16 million of these children would not be eligible for an increased benefit. The overwhelming majority of these children—almost two-thirds—live in working families.

This amendment demonstrates our commitment to the child tax credit provisions in this package. I urge support of the amendment.

The PRESIDING OFFICER. Who yields time in opposition?

Mr. REID. Mr. President, I know of no opposition to this amendment. We yield back our time.

The PRESIDING OFFICER. All time is yielded back.

Ms. SNOWE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the amendment.

The clerk will call the roll.

The senior assistant bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arizona (Mr. MCCAIN) and the Senator from North Carolina (Mr. HELMS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 94, nays 4, as follows:

[Rollcall Vote No. 159 Leg.]

YEAS—94

Akaka	Domenici	McConnell
Allard	Dorgan	Mikulski
Allen	Durbin	Miller
Baucus	Edwards	Murkowski
Bayh	Ensign	Murray
Bennett	Feingold	Nelson (FL)
Biden	Feinstein	Nelson (NE)
Bingaman	Fitzgerald	Reed
Bond	Frist	Reid
Boxer	Graham	Roberts
Breaux	Grassley	Rockefeller
Brownback	Gregg	Santorum
Bunning	Hagel	Sarbanes
Burns	Harkin	Schumer
Byrd	Hatch	Sessions
Campbell	Hollings	Shelby
Cantwell	Hutchinson	Smith (NH)
Carnahan	Hutchison	Smith (OR)
Carper	Inhofe	Snowe
Chafee	Inouye	Specter
Cleland	Jeffords	Stabenow
Clinton	Johnson	Stevens
Cochran	Kennedy	Thomas
Collins	Kerry	Thomas
Conrad	Kohl	Thompson
Corzine	Landrieu	Thurmond
Craig	Leahy	Torricelli
Crapo	Levin	Voinovich
Daschle	Lieberman	Warner
Dayton	Lincoln	Wellstone
DeWine	Lott	Wyden
Dodd	Lugar	

NAYS—4

Enzi Kyl
Gramm Nickles

NOT VOTING—2

Helms McCain

The amendment (No. 741) was agreed to.

AMENDMENT NO. 769, AS MODIFIED

Mr. NELSON of Nebraska. Mr. President, I call up my amendment No. 769 and ask unanimous consent to modify it.

The PRESIDING OFFICER. The Senator has that right. Without objection, the amendment is modified. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. NELSON] proposes an amendment numbered 769, as modified.

Mr. NELSON of Nebraska. I ask unanimous consent reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, is so ordered.

The amendment is as follows:

(Purpose: To provide a circuit breaker for tax cuts if debt levels are not reduced as provided in the budget resolution for fiscal year 2002)

At the appropriate place, insert the following:

SEC. . CIRCUIT BREAKER.

(a) IN GENERAL.—In any fiscal year beginning with fiscal year 2004, if the level of debt held by the public at the end of that fiscal year (as projected by the Office of Management and Budget sequestration update report on August 20th preceding the beginning of that fiscal year) would exceed the level of debt held by the public for that fiscal year set forth in the concurrent resolution on the budget for fiscal year 2002 (H. Con. Res. 83, 107th Congress), any Member of Congress may move to proceed to a bill that would make changes in law to reduce discretionary spending and direct spending (except for changes in Social Security, Medicare and COLA's) and increase revenues in a manner that would reduce the debt held by the public for the fiscal year to a level not exceeding the level provided in that concurrent resolution for that fiscal year.

(b) CONSIDERATION OF LEGISLATION.—A bill considered under subsection (a) shall be considered as provided in section 310(e) of the Congressional Budget Act of 1974 (2 U.S.C. 641(e)).

(c) PROCEDURE.—It shall not be in order in the Senate to consider any bill, joint resolution, motion, amendment, or conference report, pursuant to this section, that contains any provisions other than those enumerated in section 310(a)(1) and 310(a)(2) of the Congressional Budget Act of 1974. This point of order may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members duly chosen and sworn. An affirmative vote of three-fifths of the Members duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this paragraph.

Mr. NELSON of Nebraska. This amendment is a circuit breaker as opposed to a trigger. Nothing automatically kicks in as in the case of the trigger amendments that have been offered in the past but it does, in fact, create an opportunity for a privileged motion

that deals with spending or tax cuts in the event the debt reduction targets are not being met.

Mr. BAUCUS. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senator is correct. The Senate will please come to order.

Mr. NELSON of Nebraska. Mr. President, this circuit breaker does not specify any action to be taken if the midcourse review legislation is not enacted into law. What it does is it simply permits any Senator to bring up a privileged motion that deals with spending or tax cuts but exempts Social Security, Medicare, and COLA's from being subject to any potential spending cuts in the midcourse correction.

I hope my colleagues will support this amendment. I ask they do so.

Mr. GRASSLEY. Mr. President, I am not going to use my 1 minute. With this modification, I ask unanimous consent the amendment be agreed to; if not, then by voice vote.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. GRASSLEY. I do.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment (No. 769), as modified, was agreed to.

Mr. GRASSLEY. Mr. President, I move to reconsider the vote.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

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

Mr. REID. Mr. President, the list we gave to the majority lists Senator DURBIN being next but we want to flip that and have Senator GRAHAM's amendment be next in order.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ENSIGN). Without objection, it is so ordered.

AMENDMENT NO. 784

Mr. HARKIN. Mr. President, I call up amendment No. 784 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself and Mr. JOHNSON, proposes an amendment numbered 784.

Mr. HARKIN. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide a deduction for unreimbursed expenses related to certain public activities of emergency response professionals)

At the end of subtitle D of title IV, add the following:

SEC. . ABOVE-THE-LINE DEDUCTION FOR QUALIFIED EMERGENCY RESPONSE EXPENSES OF ELIGIBLE EMERGENCY RESPONSE PROFESSIONALS.

(a) DEDUCTION ALLOWED.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals), as amended by this Act, is amended by redesignating section 224 as section 225 and by inserting after section 223 the following new section:

“SEC. 224. QUALIFIED EMERGENCY RESPONSE EXPENSES.

“(a) ALLOWANCE OF DEDUCTION.—In the case of an eligible emergency response professional, there shall be allowed as a deduction an amount equal to the qualified expenses paid or incurred by the taxpayer during the taxable year.

“(b) DEFINITIONS.—For purposes of this section—

“(1) ELIGIBLE EMERGENCY RESPONSE PROFESSIONAL.—The term ‘eligible emergency response professional’ includes—

“(A) a full-time employee of any police department or fire department which is organized and operated by a governmental entity to provide police protection, firefighting service, or emergency medical services for any area within the jurisdiction of such governmental entity,

“(B) an emergency medical technician licensed by a State who is employed by a State or non-profit to provide emergency medical services, and

“(C) a member of a volunteer fire department which is organized to provide firefighting or emergency medical services for any area within the jurisdiction of a governmental entity which is not provided with any other firefighting services.

“(2) GOVERNMENTAL ENTITY.—The term ‘governmental entity’ means a State (or political subdivision thereof), Indian tribal (or political subdivision thereof), or Federal government.

“(3) QUALIFIED EXPENSES.—The term ‘qualified expenses’ means unreimbursed expenses for police and firefighter activities, as determined by the Secretary.

“(c) DENIAL OF DOUBLE BENEFIT.—

“(1) IN GENERAL.—No other deduction or credit shall be allowed under this chapter for any amount taken into account for which a deduction is allowed under this section.

“(2) COORDINATION WITH EXCLUSIONS.—A deduction shall be allowed under subsection (a) for qualified expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135, 529(c)(1), or 530(d)(2) for the taxable year.

“(d) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2006.”.

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a) (relating to adjusted gross income defined), as amended by this Act, is amended by inserting after paragraph (19) the following new paragraph:

“(20) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—The deduction allowed by section 224.”.

(C) CONFORMING AMENDMENTS.—

(1) Sections 86(b)(2), 135(c)(4), 137(b)(3), and 219(g)(3), as amended by this Act, are each amended by inserting “224,” after “221.”

(2) Section 221(b)(2)(C), as amended by this Act, is amended by inserting “224,” before “911”.

(3) Section 469(i)(3)(E), as amended by this Act, is amended by striking “and 223” and inserting “, 223, and 224”.

(4) The table of sections for part VII of subchapter B of chapter 1, as amended by this Act, is amended by striking the item relating to section 223 and inserting the following new items:

“Sec. 224. Qualified emergency response expenses.

“Sec. 225. Cross reference.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

Mr. HARKIN. First, I thank my colleagues, the chairman of the committee, Senator GRASSLEY, and the ranking member, Senator BAUCUS, for helping work out this amendment. They have done a great job. I really appreciate it. But I also believe all of our policemen and our firefighters and our volunteer firefighters are going to appreciate it even more because what happens right now is a lot of our law enforcement officers, firefighters, and volunteer firefighters spend a lot of money out of their own pockets for work-related expenses. This amendment would help cover their out-of-pocket expenses for their guns, bullet-proof vests, uniforms, some transportation costs, and equipment for volunteer firefighters.

Just to give you an example of what I am talking about, police officers in Altoona, IA, pay for their own guns, which can cost up to \$800. In Des Moines, they have to pay for their guns, ammunition, shoes and boots, and part of the cost of their \$600 bullet-proof vests. For some police, when they go to training, the training is paid for but the transportation to get there is not paid for, so they have to pay for that out of their own pocket.

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

Mr. HARKIN. I ask unanimous consent for just 30 seconds more.

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

Mr. HARKIN. For these men and women, who earn an average of \$28,000 to \$40,000 a year and have families to support, those expenses add up, especially for new officers. This amendment would help provide a deduction for these people when they pay for those expenses out of their own pocket.

Again, I thank Senator GRASSLEY and Senator BAUCUS for being willing to work out this amendment.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, this amendment is similar to one we did in another profession on another amendment that is being worked out. We accept this amendment, look favorably on it. I ask if we can have a voice vote.

I yield back my time.

The PRESIDING OFFICER. All time is yielded back.

The question occurs on agreeing to amendment No. 784.

The amendment (No. 784) was agreed to.

Mr. GRASSLEY. I move to reconsider the vote.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. STABENOW. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BUNNING). Without objection, it is so ordered.

MOTION TO RECOMMIT

Ms. STABENOW. Mr. President, I call up my motion at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Michigan (Ms. STABENOW) moves to recommit the bill H.R. 1836, as amended, to the Committee on Finance with instructions to report the same back to the Senate forthwith with an amendment that—

(1) ensures that the provisions of this bill do not result in any fiscal year in an on-budget surplus for that fiscal year that is less than the surplus for that year in the Federal Hospital Insurance Trust Fund; and

(2) establishes a 60-vote point of order prohibiting any bill, resolution, amendment, motion, or conference report that uses funds in such Trust Fund for any purpose other than for providing part A benefits under the Medicare program.

Ms. STABENOW. Mr. President, I ask my colleagues to join me in this motion to recommit and to join with Senator BOB GRAHAM, who has been such a leader in protecting Medicare, and my colleague from Minnesota, Senator DAYTON, who has been such a champion on Medicare and prescription drugs.

This is a very simple, straightforward motion. No. 1, it says we will not use the Medicare Part A trust funds in order to pay for this tax cut. We have seen in the numbers from the final conference committee on the budget that every single year Medicare trust funds are used for this tax cut. This says no to that practice. It puts into place a 60-vote point of order in the future for any other attempts to use the Medicare trust fund.

We believe strongly that we need to update Medicare. We need to provide prescription drugs and strengthen Medicare. We ought not to be using it for other purposes.

We ask colleagues to join us, to say strongly that when it comes to Medicare, we want to update it, not raid it.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, everything the Senator from Michigan

said, I agree with. I would just do it in a different way. I would do it according to the budget resolution that was adopted.

In that budget resolution, we fully protect Part A. It is a commitment on the part of this party, this Congress, and the President of the United States to only use Medicare money for Medicare, nothing else. That is what we will do.

This amendment is not needed because of the budget and the planning on this tax bill. This issue comes up every time we are trying to spread out the tax reductions over the next 10 years. It is very basic to every decision we make that we not go into the Medicare trust fund.

I ask Members not to vote for the amendment because it is not needed.

I raise a point of order on germaneness. That point of order is based upon section 305(b)(2) of the Budget Act.

Ms. STABENOW. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable sections of that act for consideration of the pending motion, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 160 Leg.]

YEAS—46

Akaka	Dorgan	Lieberman
Bayh	Durbin	Lincoln
Biden	Edwards	Mikulski
Bingaman	Feingold	Murray
Boxer	Feinstein	Nelson (FL)
Byrd	Graham	Reed
Cantwell	Harkin	Reid
Carnahan	Hollings	Rockefeller
Carper	Inouye	Sarbanes
Cleland	Johnson	Schumer
Clinton	Kennedy	Stabenow
Conrad	Kerry	Torricelli
Corzine	Kohl	Wellstone
Daschle	Landrieu	Wyden
Dayton	Leahy	
Dodd	Levin	

NAYS—54

Allard	Enzi	Miller
Allen	Fitzgerald	Murkowski
Baucus	Frist	Nelson (NE)
Bennett	Gramm	Nickles
Bond	Grassley	Roberts
Breaux	Gregg	Santorum
Brownback	Hagel	Sessions
Bunning	Hatch	Shelby
Burns	Helms	Smith (NH)
Campbell	Hutchinson	Smith (OR)
Chafee	Hutchison	Snowe
Cochran	Inhofe	Specter
Collins	Jeffords	Stevens
Craig	Kyl	Thomas
Crapo	Lott	Thompson
DeWine	Lugar	Thurmond
Domenici	McCain	Voinovich
Ensign	McConnell	Warner

The PRESIDING OFFICER. On this vote there are 46 yeas and 54 nays. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the motion falls.

The PRESIDING OFFICER. The Senator from Florida is recognized.

AMENDMENT NO. 763

(Purpose: To allow individuals a deduction for qualified long-term care insurance premiums, use of such insurance under cafeteria plans and flexible spending arrangements, and a credit for individuals with long-term care needs)

Mr. GRAHAM. Mr. President, I call up amendment No. 763.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 763.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

(The text of the amendment is located in the RECORD of Tuesday, May 22, 2001, under "Amendments Submitted and Proposed.")

Mr. GRAHAM. Mr. President, one of the dramatic announcements of the 2000 census was the fact that one of the fastest growing components of our population is Americans over the age of 80. This is just the first ripple of what will be a tidal wave of Americans over the age of 80 as we move into the 21st century.

This amendment goes to exactly that issue by first recognizing the care that is currently being given to older Americans by caregivers by providing a \$3,000 tax credit to those persons who are tending to the needs of a frail elderly member of their family, and second, to encourage Americans to purchase long-term care insurance for their own protection when they might reach the point where they require institutional care.

This is an extremely important amendment for preparation of the future of millions of Americans. I urge its adoption.

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

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, we know of the need to recognize the contribution of 22 million family caregivers in the United States. We know the need to encourage people to save for long-term care through tax credits for long-term health care.

Following a hearing I held last month on long-term care, Senator GRAHAM and I introduced legislation to do what this amendment creates. He and I worked jointly on a similar bill last year and pressed hard for its passage.

As I stated at the hearing, I am committed to addressing the pressing financial long-term care challenges that accompany the retirement of the baby boom generation. However, I cannot support the inclusion of his amendment in the bill since it raises taxes on people to pay for it.

I will be offering a second-degree amendment. I yield back my time.

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

AMENDMENT NO. 786 TO AMENDMENT NO. 763

Mr. GRASSLEY. Mr. President, I have a second-degree amendment at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 786 to amendment No. 763.

On page 1, line 2, strike all after the word "strike" through the end of page 1, line 3.

On page 20, strike lines 14 and 15 and insert the following:

"This section shall apply to policies issued after January 1st 2006."

Mr. GRASSLEY. Mr. President, this amendment, rather than raise taxes, will be paid for out of the budget surplus.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, what is the time limit for debate on second-degree amendments?

The PRESIDING OFFICER. One minute each. The Senator yielded back his time. The Senator from Florida has 1 minute.

Mr. GRAHAM. The amendment that is offered proposes to pay for this by making a 1-percent reduction in the marginal rate cut for the highest income Americans. The second-degree amendment pays for it by blowing the budget cap of \$1.35 trillion and going above that for the purposes of this very important amendment.

I believe strongly in this amendment, but I also believe in fiscal discipline. I am afraid the course being suggested by the second-degree amendment is the course that is going to be suggested for the remaining months of this session of Congress; that is, every time we have a new tax idea, let's do it by increasing the total amount of tax and not be faithful to the commitment we have made to limit the total tax authority to \$1.35 trillion.

Mr. President, on policy grounds, I strongly oppose the second-degree amendment. I raise a point of order.

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

Mr. GRAHAM. Mr. President, I raise the point of order that the pending second-degree amendment violates section 311(a)(2)(B) of the Congressional Budget Act of 1974.

Mr. GRASSLEY. Mr. President, I move to waive the Budget Act and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

The yeas and nays resulted—yeas 49, nays 51, as follows:

[Rollcall Vote No. 161 Leg.]

YEAS—49

Allard	Fitzgerald	Nickles
Allen	Frist	Roberts
Bennett	Gramm	Santorum
Bond	Grassley	Sessions
Brownback	Gregg	Shelby
Bunning	Hagel	Smith (NH)
Burns	Hatch	Smith (OR)
Campbell	Helms	Snowe
Chafee	Hutchinson	Specter
Cochran	Hutchison	Stevens
Collins	Inhofe	Thomas
Craig	Jeffords	Thompson
Crapo	Kyl	Thurmond
DeWine	Lott	Voivovich
Domenici	Lugar	Warner
Ensign	McConnell	
Enzi	Murkowski	

NAYS—51

Akaka	Dodd	Lieberman
Baucus	Dorgan	Lincoln
Bayh	Durbin	McCain
Biden	Edwards	Mikulski
Bingaman	Feingold	Miller
Boxer	Feinstein	Murray
Breaux	Graham	Nelson (FL)
Byrd	Harkin	Nelson (NE)
Cantwell	Hollings	Reed
Carnahan	Inouye	Reid
Carper	Johnson	Rockefeller
Cleland	Kennedy	Sarbanes
Clinton	Kerry	Schumer
Conrad	Kohl	Stabenow
Corzine	Landrieu	Torricelli
Daschle	Leahy	Wellstone
Dayton	Levin	Wydén

The PRESIDING OFFICER. On this vote the yeas are 49, the nays are 51. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, am I correct the second-degree amendment has failed?

The PRESIDING OFFICER. It failed.

Mr. GRAHAM. By virtue of the waiver of the point of order not having received 60 votes, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. GRASSLEY. Mr. President, I have a point of order that the pending amendment is not germane to the provisions of the reconciliation bill. I make that under section 305(b)(2) of the Budget Act.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I ask the budget point of order be waived. I will ask for the yeas and nays, but before doing so I would like to use my 1 minute to speak against the motion.

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

Mr. GRAHAM. Mr. President, what we have raised in this one amendment are two of the most basic questions that this overall tax bill raises. One is fiscal discipline. We had a vote, and I am pleased more than a majority of Senators voted not to break the \$1.35 trillion cap. That was what we were being asked to do, to add \$50 billion beyond the current tax cut authority through the amendment that was offered by the Senator from Iowa.

The second issue we are now facing is one of priorities. Upon which do you

put the higher priority, assisting Americans prepare for their old age, helping families who are providing care for a frail, elderly family member through a \$3,000 tax credit—is that a higher priority than delaying the 1-percent decrease for the highest income-tax payers in America, the rate reduction which is in this underlying bill? Those are the choices. Which is more important to you? What are your priorities?

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I ask unanimous consent for equal time.

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

Mr. GRASSLEY. Mr. President, I rise to support my point of order and to say I agree on the need for long-term care insurance, a need to encourage family care giving through tax credits. The Senator and I have introduced legislation to accomplish that. Also, people need to remember that senior citizens who pay income taxes are going to benefit from our tax reduction as well.

The second and last point I will make is: This, again, is one more time of, I will bet, dozens of times over the last 4 days that we have had amendments from the other side to break up the rate structure, the bipartisan compromise in this bill. I ask we vote against waiving the point of order.

Mr. GRAHAM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is sufficient second. The question is on agreeing to the motion. The clerk will call the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 47, nays 53, as follows:

[Rollcall Vote No. 162 Leg.]

YEAS—47

Akaka	Dorgan	Lieberman
Bayh	Durbin	Lincoln
Biden	Edwards	Mikulski
Bingaman	Feingold	Murray
Boxer	Feinstein	Nelson (FL)
Byrd	Graham	Reed
Cantwell	Harkin	Reid
Carnahan	Hollings	Rockefeller
Carper	Inouye	Sarbanes
Cleland	Johnson	Schumer
Clinton	Kennedy	Specter
Conrad	Kerry	Stabenow
Corzine	Kohl	Torricelli
Daschle	Landrieu	Wellstone
Dayton	Leahy	Wyden
Dodd	Levin	

NAYS—53

Allard	Domenici	Lott
Allen	Ensign	Lugar
Baucus	Enzi	McCain
Bennett	Fitzgerald	McConnell
Bond	Frist	Miller
Breaux	Gramm	Murkowski
Brownback	Grassley	Nelson (NE)
Bunning	Gregg	Nickles
Burns	Hagel	Roberts
Campbell	Hatch	Santorum
Chafee	Helms	Sessions
Cochran	Hutchinson	Shelby
Collins	Hutchison	Smith (NH)
Craig	Inhofe	Smith (OR)
Crapo	Jeffords	Snowe
DeWine	Kyl	

Stevens	Thompson	Voinovich
Thomas	Thurmond	Warner

The PRESIDING OFFICER. On this vote the yeas are 47, the nays are 53. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

Mr. SCHUMER addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 777

Mr. SCHUMER. Mr. President, I call up amendment No. 777, the good luck amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. SCHUMER] proposes an amendment numbered 777.

Mr. SCHUMER. I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide alternative minimum tax relief for individuals, extend certain expiring tax provisions, and to provide an offset for revenue loss)

On page 314, after line 21, add the following:

SEC. —. INDIVIDUAL ALTERNATIVE MINIMUM TAX INDEXING; EXTENSION OF CERTAIN EXPIRING PROVISIONS.

(a) ALTERNATIVE MINIMUM TAX RELIEF.—Section 701(a) of this Act is amended to read as follows:

(a) IN GENERAL.—Section 55(d) (relating to exemption amount) is amended by adding at the end the following new paragraph:

“(4) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of any taxable year beginning after 2000, the dollar amounts referred to in paragraph (1) shall each be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section (1)(f)(3) for the calendar year in which the taxable year begins, by substituting ‘1999’ for ‘1992’.

“(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of \$50, such amount shall be rounded to the nearest multiple of \$50.”.

(b) ONE-YEAR EXTENSION OF CERTAIN EXPIRING PROVISIONS.—

(1) ADOPTION CREDITS.—

(A) CHILDREN WITHOUT SPECIAL NEEDS.—Section 23(d)(2)(B) (defining eligible child) is amended by striking “2001” and inserting “2002”.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(f) (relating to termination) is amended by striking “2001” and inserting “2002”.

(2) NONREFUNDABLE PERSONAL CREDITS UNDER AMT.—So much of section 26(a)(2) as precedes subparagraph (A) is amended to read as follows:

“(2) SPECIAL RULE FOR 2000, 2001, AND 2002.—For purposes of any taxable year beginning during 2000, 2001, or 2002, the aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the sum of—”.

(3) WORK OPPORTUNITY CREDIT.—

(A) TEMPORARY EXTENSION.—Section 51(c)(4)(B) (relating to termination) is amended by striking “2001” and inserting “2002”.

(B) EFFECTIVE DATE.—The amendment made by this paragraph shall apply to individuals who begin work for the employer after December 31, 2001.

(4) WELFARE-TO-WORK CREDIT.—

(A) TEMPORARY EXTENSION.—Section 51A(f) (relating to termination) is amended by striking “2001” and inserting “2002”.

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to individuals who begin work for the employer after December 31, 2001.

(5) ELECTRICITY FROM CERTAIN RENEWABLE RESOURCES.—Subparagraphs (A), (B), and (C) of section 45(c)(3) (defining qualified facility) are each amended by striking “2002” and inserting “2003”.

(6) DELAY IN EFFECTIVE DATE OF REQUIREMENT FOR APPROVED DIESEL OR KEROSENE TERMINALS.—Paragraph (2) of section 1032(f) of the Taxpayer Relief Act of 1997 is amended by striking “January 1, 2002” and inserting “January 1, 2003”.

(7) QUALIFIED ZONE ACADEMY BOND PROGRAM.—Section 1397E(e)(1) (relating to national limitation) is amended by striking “and 2001” and inserting “2001, and 2002”.

(8) EMPLOYER PROVIDED EDUCATIONAL ASSISTANCE.—Section 127(d) (relating to termination) is amended by striking “2001” and inserting “2002”.

(9) INCOME LIMIT FOR PERCENTAGE DEPLETION.—Subparagraph (H) of section 613A(c)(6) is amended by striking “January 1, 2002” and inserting “January 1, 2003”.

(10) SUBPART F EXEMPTION.—

(A) TEMPORARY EXTENSION.—Section 953(e)(10) is amended—

(i) by striking “January 1, 2002” and inserting “January 1, 2003”, and

(ii) by striking “December 31, 2001” and inserting “December 31, 2002”.

(B) CONFORMING AMENDMENT.—Section 954(h)(9) is amended by striking “January 1, 2002” and inserting “January 1, 2003”.

(11) PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.—

(A) TEMPORARY EXTENSION.—Subsection (f) of section 9812 is amended by striking “on or after September 30, 2001” and inserting “after September 30, 2002”.

(B) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to benefits for services furnished after September 30, 2001.

(12) PHASEOUT OF DEDUCTION FOR CLEAN-FUEL VEHICLES AND CERTAIN REFUELING PROPERTY.—

(A) TEMPORARY EXTENSION OF PHASEOUT.—Subsection (b)(1)(B) of section 179A is amended—

(i) in the matter preceding clause (i), by striking “December 31, 2001” and inserting “December 31, 2002”,

(ii) in clause (i), by striking “2002” and inserting “2003”,

(iii) in clause (ii), by striking “2003” and inserting “2004”, and

(iv) in clause (iii), by striking “2004” and inserting “2005”.

(B) EXTENSION OF TERMINATION DATE.—Section 179A(f) is amended by striking “December 31, 2004” and inserting “December 31, 2005”.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to property placed in service after December 31, 2001.

(13) PHASEOUT OF CREDIT FOR ELECTRIC VEHICLES.—

(A) TEMPORARY EXTENSION OF PHASE OUT.—Section 30(b)(2) is amended—

(i) in the matter preceding subparagraph (A), by striking “December 31, 2001” and inserting “December 31, 2002”,

(ii) in subparagraph (A), by striking “2002” and inserting “2003”,

(iii) in subparagraph (B), by striking “2003” and inserting “2004”, and

(iv) in subparagraph (C), by striking "2004" and inserting "2005".

(B) EXTENSION OF TERMINATION DATE.—Section 30(e) is amended by striking "December 31, 2004" and inserting "December 31, 2005".

(C) EFFECTIVE DATE.—The amendment made by this paragraph shall apply to property placed in service after December 31, 2001.

(14) GENERALIZED SYSTEM OF PREFERENCES.—Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking "September 30, 2001" and inserting "December 31, 2002".

(15) ANDEAN TRADE PREFERENCE.—Section 208(b) of the Andean Trade Preference Act (19 U.S.C. 3206(b)) is amended to read as follows: "(b) TERMINATION OF DUTY-FREE TREATMENT.—No duty-free treatment extended to beneficiary countries under this title shall remain in effect after December 31, 2002."

(16) TEMPORARY INCREASE IN AMOUNT OF RUM EXCISE TAX COVERED OVER TO PUERTO RICO AND VIRGIN ISLANDS.—Section 7652(f)(1) (relating to limitation on cover over of tax on distilled spirits) is amended to read as follows:

"(1) \$10.50 (\$13.25 in the case of distilled spirits brought into the United States after June 30, 1999, and before January 1, 2003), or".

(c) EFFECTIVE DATE.—Except as otherwise provided in this section, the amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(d) REVENUE OFFSET.—The Secretary of the Treasury shall adjust the reduction in the highest marginal tax rate in the table contained in section 1(i)(2) of the Internal Revenue Code of 1986, as added by section 101(a) of this Act, as necessary to offset the decrease in revenues to the Treasury for each fiscal year resulting from the amendments made by this section.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 minute.

Mr. SCHUMER. Mr. President, this is a simple amendment. We have had two worries mainly about this tax bill. One is that the dollars go too much to the wealthiest people and not enough to the middle class, and we have had a lot of amendments thereon. The second is that it breaks fiscal discipline. This amendment deals with that second category.

What is missing in this tax bill bothers me as much as what is in it, maybe more. We do not do any of the tax extenders which we know we will do later this year. We do not change the alternative minimum tax hardly at all, which will catch 39 million people by the time this 10-year bill is finished.

This amendment includes both of those so we do not have to come back and do them and break the \$1.35 trillion that we said we will keep and lowers the top rate to make room for those.

It is a fiscally responsible amendment. I would challenge anyone who wants to vote against it to make a pledge that they will not vote at a later time outside the budget cap for these two issues.

I thank you, Mr. President. The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Texas.

Mr. GRAMM. Mr. President, this amendment raises the whole extender

question, something the Finance Committee will be looking at later this year. The bipartisan bill before us does not address this issue.

This amendment is nongermane to the bill, and I raise a point of order that it is nongermane.

Mr. SCHUMER. Mr. President, I move to waive the point of order and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second. The question is on agreeing to the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER (Mr. BURNS). Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 46, nays 54, as follows:

[Rollcall Vote No. 163 Leg.]

YEAS—46

Akaka	Dorgan	Lieberman
Bayh	Durbin	Lincoln
Biden	Edwards	Mikulski
Bingaman	Feingold	Murray
Boxer	Feinstein	Nelson (FL)
Byrd	Graham	Reed
Cantwell	Harkin	Reid
Carnahan	Hollings	Rockefeller
Carper	Inouye	Sarbanes
Cleland	Johnson	Schumer
Clinton	Kennedy	Stabenow
Conrad	Kerry	Torricelli
Corzine	Kohl	Wellstone
Daschle	Landrieu	Wyden
Dayton	Leahy	
Dodd	Levin	

NAYS—54

Allard	Enzi	Miller
Allen	Fitzgerald	Murkowski
Baucus	Frist	Nelson (NE)
Bennett	Gramm	Nickles
Bond	Grassley	Roberts
Breaux	Gregg	Santorum
Brownback	Hagel	Sessions
Bunning	Hatch	Shelby
Burns	Helms	Smith (NH)
Campbell	Hutchinson	Smith (OR)
Chafee	Hutchison	Snowe
Cochran	Inhofe	Specter
Collins	Jeffords	Stevens
Craig	Kyl	Thomas
Crapo	Lott	Thompson
DeWine	Lugar	Thurmond
Domenici	McCain	Voinovich
Ensign	McConnell	Warner

The PRESIDING OFFICER. On this vote the yeas are 46, the nays are 54. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The point of order is sustained and the amendment falls.

RECESS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now stand in recess until 1:30.

The PRESIDING OFFICER. Is there objection?

Mr. WARNER. Mr. President, may I inquire of the distinguished floor leaders, the Collins-Warner amendment has been pending. We have been very deferential to the leadership. Can we get an idea of when that might be disposed?

Mr. GRASSLEY. Let me be perfectly candid with the Senator from Virginia. If the Senator from Virginia and the

Senator from Maine still want a rollcall on their amendment, we will do that at 1:30.

Mr. REID. Mr. President, reserving the right to object, I have worked hard over here today with people wanting to offer amendments. Some have been on file since last week. I hope this doesn't start another string of amendments.

Mr. WARNER. I am not hearing the soft, wonderful voice of my great friend. Can he raise it a bit?

Mr. REID. We have about 40 amendments over here that have been filed. Through various means, the amendments are not going to be brought up. I hope the managers can work something out as to the amendment of the Senator from Virginia without another rollcall vote. I am afraid this may start a series of rollcall votes.

Mr. WARNER. Mr. President, might I say to the distinguished Democratic leader and the managers of the bill that there has been an ongoing negotiation with regard to this amendment, and my distinguished colleague from Maine and I have been very forthcoming with our managers. Our bill was up and we got the yeas and nays when this matter first hit the floor. We have acceded to their requests day after day to delay it. We think the time has come now.

I assure the Senator we were in the front of the queue. Amendment after amendment has been filed at the desk subsequent to ours. We were here day 1, hour 1. We have cooperated with our distinguished managers to this point. I hope our distinguished Democratic whip will allow us to bring up this amendment.

Mr. REID. Senator BAUCUS and I will work to see that we have no more rollcall votes. If you have to have this one, I guess you do. But I hope we don't have to have another one also. We will do our best to see that there will not be any more.

Ms. COLLINS. Mr. President, if the Senator will yield, I point out to the Senator that the yeas and nays were ordered on the Collins-Warner amendment last Thursday night when it was first debated for a half hour on the Senate floor. This isn't a new amendment or a new request. The yeas and nays were, in fact, ordered last week. I wanted to clarify that for the record.

Mr. WARNER. Mr. President, I advise our distinguished Democratic leader that Senators MIKULSKI, DODD, and HARKIN have worked with us right along, so it is a bipartisan effort. I am sure if they were present, they would join us in this request.

Mr. REID. That is my point. It sounds as if you have a good bipartisan amendment. I can't understand why we need a rollcall vote.

Mr. WARNER. I say to my good friend, I guess I reached down in the 23 years of experience in managing many bills and being in many conferences. There is a certain feeling about this legislation. It is for teachers. It is simple—

Mr. REID. If the Senator will withhold, if the managers will agree, we will work to see what needs to be done.

Mr. GRASSLEY. I believe Senator BAUCUS would agree with me. I have been asked now if we can do it this way. We will recess until 1:30, but we would vote on the amendment by the Senator from Virginia and the Senator from Maine just prior to final passage. So we would have this rollecall vote and then final passage.

The PRESIDING OFFICER. The Chair asks the Senator from Iowa, is he making that part of his unanimous consent request?

Mr. WARNER. I so request, Mr. President.

Mr. GRASSLEY. Mr. President, I make that as part of my unanimous consent request.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Reserving the right to object, will the Senator from Iowa allow the recess to end at 1:40?

Mr. GRASSLEY. Mr. President, I change my unanimous consent request that the Senate stand in recess now until the hour of 1:40.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Thereupon, the Senate, at 12:38 p.m., recessed until 1:40 p.m. and reassembled when called to order by the Presiding Officer (Ms. STABENOW).

RESTORING EARNINGS TO LIFT INDIVIDUALS AND EMPOWER FAMILIES (RELIEF) ACT OF 2001—Continued

AMENDMENT NO. 789

Mr. GRASSLEY. Madam President, I send a managers' amendment to the desk. It has been agreed to by the two managers. I ask unanimous consent the amendment be agreed to, the motion to reconsider be laid upon the table, and any statements regarding these amendments be printed in the RECORD.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], for himself and Mr. BAUCUS, proposes an amendment numbered 789.

Mr. GRASSLEY. I ask unanimous consent that further 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 and Proposed.")

Mr. LEAHY. Madam President, I am pleased the managers' amendment includes language identical to S. 694, the Artist-Museum Partnership Act, I introduced with Senator BENNETT earlier this year. I would like to thank Senator BENNETT for his leadership on this issue and also would like to thank Sen-

ators BINGAMAN, COCHRAN, DASCHLE, DODD, DOMENICI, JEFFORDS, JOHNSON, KENNEDY, LIEBERMAN, LINCOLN, REID, and WARNER for cosponsoring this bill.

This bipartisan legislation will enable our country to keep cherished art works in the United States and preserve them in our public institutions, while erasing an inequity in our Tax Code that currently serves as a disincentive for artists to donate their works to museums and libraries. Our bill would allow artists, writers and composers who donate works to museums and libraries to take a tax deduction equal to the fair market value of the work. This is something that collectors who make similar donations are already able to do.

There is an inequality in the current tax law where artists who donate self-created works are only able to deduct the cost of supplies such as canvas, pen, paper, ink. This is unfair to artists and it hurts museums and libraries, large and small, that are dedicated to preserving works for posterity.

In my State of Vermont, we are incredibly proud of the great works produced by hundreds of local artists who choose to live and work in the Green Mountain State. Displaying their creations in museums and libraries helps develop a sense of pride among Vermonters and strengthens a bond with Vermont, its landscape, its beauty and its cultural heritage. Anyone who has gazed at a painting in a museum or examined an original manuscript or composition, and has gained a greater understanding of both the artist and the subject as a result, knows the tremendous value of these works. I would like to see more of them, not fewer, preserved in Vermont and across the country.

I thank the Chairman and ranking member of the Finance Committee for including this legislation in the managers package. I hope that the provision will be retained by the Conference Committee.

Mr. NELSON of Florida. Madam President, the Boxer-Nelson of Florida amendment seeks to safeguard public health and improve our nation's drinking water by aiding water companies to secure tax-exempt bond to comply with the 10 parts per billion arsenic drinking water standard.

Ironically, we offer this amendment today, May 23, 2001, one day after Environmental Protection Agency finalized its decision to delay implementation of a new arsenic standard until February 22, 2002.

Thus, the 1942 arsenic standard of 50 parts per billion, a standard put in place before arsenic was known to cause cancer, remains the standard for our nation's drinking water.

This is true despite the scientific data which shows that the 50 parts per billion standard could result in one additional case of cancer for every 100 people consuming drinking water.

The EPA knows arsenic is dangerous. In fact, the EPA has found another danger associated with arsenic in addition to cancer: genetic alteration of our DNA. In April of this year, a team of EPA scientists published a report in "Chemical Research Toxicology" that demonstrates that in addition to causing cancer, arsenic can induce genetic alterations to human DNA.

The risks associated with arsenic are widely known not just in this country, but throughout the world. For that reason, the European Union and the World Health Organization have endorsed the 10 parts per billion standard.

Costs did not prevent the European Union or the World Health Organization from protecting their citizenry from the risks associated with arsenic. Costs should not prevent the United States either.

Mr. CRAIG. Mr. President, I am very pleased that the tax reconciliation package we have passed today contains an amendment that I offered along with Senator LANDRIEU. That amendment is the text of the Hope for Children Act, which we introduced back in January as S. 148.

I greatly appreciate the consideration this amendment has received from Chairman GRASSLEY, who has long been a leader in the area of adoption and foster care. He and Senator BAUCUS, along with the staff of the Finance Committee, have been extremely responsive to me and my staff as we worked through this amendment, and I thank them for their support of America's adopting families.

As my colleagues know, this legislation will continue and improve on two current tax provisions that are helping so many Americans who seek to form families through adoption: the adoption tax credit and the exclusion for employer-provided adoption benefits. These provisions are due to expire at the end of this year, and the Hope for Children Act will remove that sunset. It will also double the basic tax credit and exclusion, to \$10,000. For a family adopting a child with special needs, the current credit of \$6,000 will rise to \$10,000; perhaps more important to these families, their credit will no longer be tied to cumbersome and inflexible IRS regulations that exclude a wide range of legitimate adoption expenses related to children with special needs. Our legislation will also make it possible for more families to qualify for the full credit and exclusion, by lifting the cap on income eligibility.

These are sound, necessary measures that truly help families. The Senate should be proud they are a part of our tax reconciliation package, and I hope they will be preserved in the upcoming conference with the House of Representatives. It is important to note that just last week, the House unanimously passed its version of the Hope for Children Act, H.R. 622. While that

action suggests there is a consensus supporting the adoption tax credit, I strongly believe the Senate's version of that language is preferable, and I encourage the Senate's conferees to work to keep the Senate language intact.

Mr. President, there are still hundreds of thousands of children in this country and around the world who are waiting for permanent, safe, loving families. It is these children who are the focus of the Hope for Children Act, and it is on behalf of these children that I thank all my colleagues for supporting an amendment that will help make the promise of adoption a reality. I look forward to seeing this language preserved by the conference, adopted by the House and Senate, and sent to President Bush to be signed into law.

Mr. GRASSLEY. I renew my request, Madam President.

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

The amendment (No. 789) was agreed to.

UNANIMOUS-CONSENT AGREEMENT

Mr. GRASSLEY. Madam President, I ask unanimous consent no additional amendments to the pending reconciliation bill be in order other than consideration of the Collins-Warner amendment. I ask further consent that, following the disposition of the amendment described above, the bill be advanced to third reading, and a vote occur on passage, all without any intervening action, motion, or debate.

Finally, I ask, following the vote, the Senate insist on its amendments, request a conference with the House, and the Chair be authorized to appoint conferees on the part of the Senate, those conferees being: Senators GRASSLEY, HATCH, MURKOWSKI, NICKLES, GRAMM, BAUCUS, ROCKEFELLER, DASCHLE, and BREAUX.

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

UNANIMOUS CONSENT AGREEMENT

Mr. GRASSLEY. I have one more unanimous consent request, Madam President. I ask unanimous consent that, following that, on Wednesday, following the passage of H.R. 1836, there be 1 hour of morning business equally divided between the two leaders or their designees. I further ask consent that, following that time, the Senate then proceed to executive session and the Committee on Foreign Relations be discharged from further consideration of the nomination of Senator Howard Baker to be Ambassador to Japan. I further ask consent that the Senate then proceed to its consideration and there then be up to 2 hours for debate on the nomination, to be equally divided between the chairman and ranking member of the committee.

Finally, following the use or yielding back of time, that the Senate proceed to a vote on the nomination and, following that vote, the motion to reconsider be laid upon the table, the President be immediately notified of the Senate's action, and that the Senate then resume legislative session.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Madam President, reserving the right to object.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Did I understand the last request to be that the nomination of Howard Baker to be Ambassador to Japan take place tomorrow?

Mr. GRASSLEY. Today.

Mr. BYRD. Very well, I was going to make the recommendation it be done today.

I thank the Senator.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

There are now 2 minutes evenly divided on the Collins-Warner amendment No. 675.

Who yields time?

The Senator from Maine.

AMENDMENT NO. 675, AS MODIFIED

Ms. COLLINS. Madam President, on behalf of Senator WARNER and myself, I send a modification of amendment No. 675 to the desk.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

Amendment No. 675, as modified, is as follows:

(Purpose: To provide an above-the-line deduction for qualified professional development expenses of elementary and secondary school teachers and to allow a credit against income tax to elementary and secondary school teachers who provide classroom materials)

At the end of title IV, add the following:

Subtitle E—Miscellaneous Education Provisions

SEC. 441. SHORT TITLE.

This subtitle may be cited as the "Teacher Relief Act of 2001".

SEC. 442. ABOVE-THE-LINE DEDUCTION FOR QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) DEDUCTION ALLOWED.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals), as amended by section 431(a), is amended by redesignating section 223 as section 224 and by inserting after section 222 the following new section:

"SEC. 223. QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an eligible educator, there shall be allowed as a deduction an amount equal to the qualified professional development expenses paid or incurred by the taxpayer during the taxable year.

"(b) MAXIMUM DEDUCTION.—The deduction allowed under subsection (a) for any taxable year shall not exceed \$500.

"(c) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELIGIBLE EDUCATORS.—For purposes of this section—

"(1) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—

"(A) IN GENERAL.—The term 'qualified professional development expenses' means expenses for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction.

"(B) QUALIFIED COURSE OF INSTRUCTION.—The term 'qualified course of instruction' means a course of instruction which—

"(i) is—

"(I) directly related to the curriculum and academic subjects in which an eligible educator provides instruction,

"(II) designed to enhance the ability of an eligible educator to understand and use State standards for the academic subjects in which such educator provides instruction,

"(III) designed to provide instruction in how to teach children with different learning styles, particularly children with disabilities and children with special learning needs (including children who are gifted and talented), or

"(IV) designed to provide instruction in how best to discipline children in the classroom and identify early and appropriate interventions to help children described in subclause (III) to learn,

"(ii) is tied to—

"(I) challenging State or local content standards and student performance standards, or

"(II) strategies and programs that demonstrate effectiveness in increasing student academic achievement and student performance, or substantially increasing the knowledge and teaching skills of an eligible educator,

"(iii) is of sufficient intensity and duration to have a positive and lasting impact on the performance of an eligible educator in the classroom (which shall not include 1-day or short-term workshops and conferences), except that this clause shall not apply to an activity if such activity is 1 component described in a long-term comprehensive professional development plan established by an eligible educator and the educator's supervisor based upon an assessment of the needs of the educator, the students of the educator, and the local educational agency involved, and

"(iv) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the goals of the preceding clauses.

"(C) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as in effect on the date of the enactment of this section.

"(2) ELIGIBLE EDUCATOR.—

"(A) IN GENERAL.—The term 'eligible educator' means an individual who is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in an elementary or secondary school for at least 900 hours during a school year.

"(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect.

"(d) DENIAL OF DOUBLE BENEFIT.—

"(1) IN GENERAL.—No other deduction or credit shall be allowed under this chapter for any amount taken into account for which a deduction is allowed under this section.

"(2) COORDINATION WITH EXCLUSIONS.—A deduction shall be allowed under subsection (a) for qualified professional development expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135, 529(c)(1), or 530(d)(2) for the taxable year."

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a), as amended by section 431(b), is amended by inserting after paragraph (18) the following new paragraph:

"(19) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—The deduction allowed by section 223."

(c) CONFORMING AMENDMENTS.—

(1) Sections 86(b)(2), 135(c)(4), 137(b)(3), and 219(g)(3) are each amended by inserting "223," after "221,".

(2) Section 221(b)(2)(C) is amended by inserting "223," before "911".

(3) Section 469(i)(3)(E) is amended by striking "and 221" and inserting ", 221, and 223".

(4) The table of sections for part VII of subchapter B of chapter 1, as amended by section 431(c), is amended by striking the item relating to section 223 and inserting the following new items:

"Sec. 223. Qualified professional development expenses.

"Sec. 224. Cross reference."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001, and shall expire on December 31, 2005.

SEC. 442. CREDIT TO ELEMENTARY AND SECONDARY SCHOOL TEACHERS WHO PROVIDE CLASSROOM MATERIALS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

"SEC. 30B. CREDIT TO ELEMENTARY AND SECONDARY SCHOOL TEACHERS WHO PROVIDE CLASSROOM MATERIALS.

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible educator, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the qualified elementary and secondary education expenses which are paid or incurred by the taxpayer during such taxable year.

"(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) for any taxable year shall not exceed \$250.

"(c) DEFINITIONS.—

"(1) ELIGIBLE EDUCATOR.—The term 'eligible educator' has the same meaning given such term in section 223(c).

"(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—The term 'qualified elementary and secondary education expenses' means expenses for books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by an eligible educator in the classroom.

"(3) ELEMENTARY OR SECONDARY SCHOOL.—The term 'elementary or secondary school' means any school which provides elementary education or secondary education (through grade 12), as determined under State law.

"(d) SPECIAL RULES.—

"(1) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any expense for which credit is allowed under this section.

"(2) APPLICATION WITH OTHER CREDITS.—The credit allowable under subsection (a) for any taxable year shall not exceed the excess (if any) of—

"(A) the regular tax for the taxable year, reduced by the sum of the credits allowable under subpart A and the preceding sections of this subpart, over

"(B) the tentative minimum tax for the taxable year.

"(e) ELECTION TO HAVE CREDIT NOT APPLY.—A taxpayer may elect to have this section not apply for any taxable year."

(b) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 30B. Credit to elementary and secondary school teachers who provide classroom materials."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable

years beginning after December 31, 2001, and shall expire on December 31, 2005.

Ms. COLLINS. The modifications have been agreed to by the amendment sponsors and the Chair and ranking member of the Committee on Finance, whom we thank for their valuable assistance. I understand there are now 2 minutes divided?

The PRESIDING OFFICER. The Senator is correct.

Ms. COLLINS. I would appreciate being notified when I have used 30 seconds, so Senator WARNER, the coauthor of this amendment, can have the remaining 30 seconds.

The PRESIDING OFFICER. The Senator will be notified.

Ms. COLLINS. Mr. President, the Collins/Warner teacher relief amendment would support the expenditures of teachers who strive for excellence beyond the constraints of what their schools can provide. Our amendment enjoys the bipartisan support of several of our colleagues, including Senators LANDRIEU, COCHRAN, ALLEN, GORDON SMITH, HARKIN, MIKULSKI, JACK REED, DEWINE, HUTCHINSON, DODD, and ENZI as well as the endorsement of the National Education Association, American Federation of Teachers, American Association of School Administrators, National School Boards Association, National Association of State Boards of Education, Council for Exceptional Children, National Center for Learning Disabilities, and the National Board for Professional Teaching Standards support the Collins/Warner Teacher Relief Amendment of 2001. I ask unanimous consent these support letters be printed in the RECORD.

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

NATIONAL EDUCATION ASSOCIATION,
Washington, DC, May 16, 2001.

Senator SUSAN COLLINS,
U.S. Senate,
Washington, DC.

DEAR SENATOR COLLINS: On behalf of the National Education Association's (NEA) 2.6 million members, we would like to express our support for your amendment to the Senate tax bill to provide tax benefits for educators' professional development and classroom supply expenses.

As you know, teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to ensure that teachers stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century. Your proposed tax deduction for professional development expenses will make a critical difference in helping educators access quality training.

We are also very pleased that your amendment would provide a tax credit for educators who reach into their own pockets to pay for necessary classroom materials, including books, pencils, paper, and art supplies. A 1996 NEA study found that the average K-12 teacher spent over \$400 a year out of personal funds for classroom supplies. For teachers earning modest salaries, the purchase of classroom supplies represents a considerable expense for which they often must sacrifice other personal needs.

We thank you for your leadership in introducing this important amendment and look

forward to continuing to work with you to support our nation's educators.

Sincerely,
MARY ELIZABETH TEASLEY,
Director of Government Relations.

NATIONAL BOARD FOR PROFESSIONAL
TEACHING STANDARDS™,
Arlington, VA, May 21, 2001.

Hon. SUSAN COLLINS,
U.S. Senate,
Washington, DC.

DEAR SENATOR COLLINS: The National Board for Professional Teaching Standards (NBPTS) is pleased to lend its support to the Teacher Relief Act of 2001 as an amendment to H.R. 1836, the Tax Reconciliation Bill. As you know, National Board Certification is one of the most demanding and prestigious voluntary professional development programs available to our nation's teachers. The tax deductions proposed in the Teacher Support Act of 2001 would provide much needed financial relief to teachers seeking to improve their teaching practice.

National Board Certified Teachers (NBCTs) are the best example of quality teaching and National Board Certification reflects the highest standards in professional development and assessment. Allowing teachers to deduct professional development expenses, such as those associated with National Board Certification, is an important supplement to the policies and programs of states and school districts that support the mission of the NBPTS to establish high and rigorous standards for what accomplished teachers should know and be able to do.

We look forward to continuing our work with you in promoting the vital link between high quality professional development and higher student achievement.

Sincerely,
BETTY CASTOR,
President.

NATIONAL ASSOCIATION OF STATE
BOARDS OF EDUCATION,
Alexandria, VA, May 21, 2001.

Hon. SUSAN COLLINS,
U.S. Senate,
Washington, DC.

DEAR SENATOR COLLINS: We are writing to applaud your efforts to provide tax benefits for elementary and secondary school teachers through the Teacher Relief Act, which will be offered as an amendment to S. 1, the Better Education for Students and Teachers Act (BEST). Teachers are the most influential school-based factor in a student's academic success. Your legislation will not only facilitate better trained teachers, but reward teachers for their classroom investments.

Quality professional development activities can significantly increase student learning and improve teaching practice. Allowing K-12 teachers a \$500 annual tax deduction for professional development expenses is a straightforward solution to help promote ongoing teacher training that is individually directed and designed. It is one important element in realizing the ultimate goal of effective and comprehensive professional development programs.

In addition to their time, teachers also pay for a significant amount of their classroom and instructional materials out of their own pockets. Because these expenses are frequently not reimbursed, they constitute an educational donation that is too often overlooked. Your proposal addresses this fact by providing teachers with a 50% tax credit (up to \$250 annually) for out of pocket classroom expenses that will financially reimburse teachers and enrich students' classroom settings.

We appreciate your efforts and attention to address this critical situation. NASBE

looks forward to working with your office to enact federal initiatives benefiting the instructional needs of America's teachers.

Sincerely,

DAVID GRIFFITH,
Director of Governmental Affairs.

AMERICAN ASSOCIATION
OF SCHOOL ADMINISTRATORS,
May 17, 2001.

Senator SUSAN COLLINS,
Russell Senate Office Building, Washington,
DC.

DEAR SENATOR COLLINS: On behalf of the American Association of School Administrators, representing more than 14,000 public school superintendents and school system leaders, we would like to express our strong support for the Collins/Warner/Landrieu teacher tax credit amendment (amendment #675).

Passage of the Teacher Relief Act would provide teachers with two well-deserved benefits: a tax deduction for professional development and a tax credit for out-of-pocket classroom expenses. Together with Senators John Warner and Mary Landrieu you have outlined a solution to a critical problem facing teachers and educational professionals: the lack of reimbursement for excess expenses incurred by teachers. All too often schools lack the funds to provide teachers with adequate classroom supplies or continuing education. Dedicated teachers frequently opt to pay for books, paper, supplies, and professional development with their own money. Ideally we should not be asking our teachers to make such a burdensome financial sacrifice; the least we can do is make sure that those teachers are partially reimbursed for their expenses.

The Collins/Warner/Landrieu amendment should not be thought of as a tax benefit for teachers; it should be thought of as educational reform. The Teacher Relief Act helps guarantee that America's children are taught by qualified professionals in well-equipped classrooms. Thank you for your continuing support of public education.

Sincerely,

JORDAN CROSS,
Legislative Specialist.

In fact, the tax deductions proposed in the Teacher Support Act of 2001 would provide much-needed financial relief to teachers seeking to improve their teaching practice through advanced course work, and assist those teachers seeking advanced certification, such as the National Board or additional educational endorsements.

In the midst of the education and tax debates, we are asking our colleagues in the Senate now to overlook the selfless efforts of teachers and the financial sacrifices they make to improve their instructional skills and the classrooms in which they teach.

Senator WARNER deserves enormous credit for focusing the Senate's attention, through a sense-of-the-Senate resolution to the education bill, on the need to provide tax relief for our teachers.

Senator WARNER's sense-of-the-Senate resolution which I was proud to cosponsor, passed by a vote of 95-3.

Our amendment would first allow teachers, teacher's aides, principals, and counselors to take an above-the-line tax deduction for their professional development expenses.

Second, the bill would grant educators a tax credit of up to \$250 for

books, supplies, and equipment they purchase for their students. The tax credit would be established at 50 percent of such expenditures, so for every dollar in supplies a teacher spent, the teacher would receive 50 cents of tax relief.

I greatly admire the many educators who have voluntarily reached deep into their pockets to pay for additional training and course work for themselves, and also to finance additional supplies and materials for their students. By enacting these modest changes to our Tax Code, we can encourage educators to continue to take the formal course work in the subject matter which they teach and to avail themselves of other professional development opportunities.

The relief that our Tax Code now provides to teachers is simply not sufficient. By and large, most teachers do not benefit from the current provisions that allow for limited deductibility of professional development and classroom expenses. Teachers, out of their own generosity, are reaching deep into their pockets to improve their teaching.

Now, under the current law, the problem is that teachers do not reach a sufficient level to be able to deduct the costs of their professional development and classroom supplies. By allowing teachers to take the above-the-line deduction for professional development expenses and a credit for classroom expenses paid out of pocket, our amendment takes a fair, progressive approach that will provide a modicum of relief to our Nation's schoolteachers.

I should note that most of our colleagues have already voted for very similar legislation. Last year, Senator KYL, Senator Coverdell, and I offered a similar amendment to the Affordable Education Act, which was adopted unanimously.

President Bush has eloquently stated: "Teachers sometimes lead with their hearts and pay with their wallets."

Our amendment makes it a priority to reimburse educators for just a small part of what they invest in the futures of our children.

I hope our colleagues will join us in support of this important legislation.

The PRESIDING OFFICER (Mr. CARPER). The Senator from Virginia.

Mr. WARNER. I join my distinguished colleague from Maine in a bipartisan effort with Senators DODD, MIKULSKI, HARKIN, and others. They have joined with us. This is not political. This is an amendment done for persons who teach our children. They simply take dollars out of their pocket and expend them for necessities in the classroom. All we are doing—it is not tax relief, a tax break—is returning those dollars to their pockets.

The education of our children can be no stronger than those to whom we entrust that educational responsibility. Let us recognize them with this very simple yet, I think, straightforward and heartfelt expression of the Senate.

I thank the managers. I believe they are about to say they are accepting the amendment. Could we have a rollcall vote for it?

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

Mr. GRASSLEY. Mr. President, Senators have modified their amendment considerably from its original language. We urge Members on both sides of the aisle to vote aye.

I yield the remainder of my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment. The yeas and nays are ordered. The clerk will call the roll.

The result was announced—yeas 98, nays 2, as follows:

[Rollcall Vote No. 164 Leg.]

YEAS—98

Akaka	Dorgan	Lugar
Allard	Durbin	McCain
Allen	Edwards	McConnell
Baucus	Ensign	Mikulski
Bayh	Enzi	Miller
Bennett	Feinstein	Murkowski
Biden	Fitzgerald	Murray
Bingaman	Frist	Nelson (FL)
Bond	Graham	Nelson (NE)
Boxer	Gramm	Reed
Breaux	Grassley	Reid
Brownback	Gregg	Roberts
Bunning	Hagel	Rockefeller
Burns	Harkin	Santorum
Byrd	Hatch	Sarbanes
Campbell	Helms	Schumer
Cantwell	Hollings	Sessions
Carnahan	Hutchinson	Shelby
Carper	Hutchison	Smith (NH)
Chafee	Inhofe	Smith (OR)
Cleland	Inouye	Snowe
Clinton	Jeffords	Specter
Cochran	Johnson	Stabenow
Collins	Kennedy	Stevens
Conrad	Kerry	Thomas
Corzine	Kohl	Thompson
Craig	Kyl	Thurmond
Crapo	Landrieu	Torricelli
Daschle	Leahy	Voinovich
Dayton	Levin	Warner
DeWine	Lieberman	Wellstone
Dodd	Lincoln	Wyden
Domenici	Lott	

NAYS—2

Feingold Nickles

The amendment (No. 675), as modified, was agreed to.

Mr. BAUCUS. Mr. President, I move to reconsider the vote.

Mr. ENZI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. WARNER). The Senator from Montana is recognized.

AMENDMENT NO. 787

Mr. BAUCUS. Mr. President, on behalf of Senator KERRY, I offer amendment No. 787. We neglected to put it in the package. It promotes tax simplification by expanding the current IRS demonstration project which combines State and Federal employment tax for reporting on a single form.

I ask unanimous consent that the amendment be taken up and adopted.

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

The clerk will report.

The legislative clerk read as follows: The Senator from Montana [Mr. BAUCUS], for Mr. KERRY, proposes an amendment numbered 787.

Mr. BAUCUS. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To permit the disclosure of certain tax information by the Secretary of the Treasury to facilitate combined Federal and State employment tax reporting, and for other purposes)

On page 314, after line 21, add the following:

SEC. ____ DISCLOSURE OF TAX INFORMATION TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.

Section 6103(d)(5) is amended to read as follows:

“(5) DISCLOSURE FOR COMBINED EMPLOYMENT TAX REPORTING.—The Secretary may disclose taxpayer identity information and signatures to any agency, body, or commission of any State for the purpose of carrying out with such agency, body, or commission a combined Federal and State employment tax reporting program approved by the Secretary. Subsections (a)(2) and (p)(4) and sections 7213 and 7213A shall not apply with respect to disclosures or inspections made pursuant to this paragraph.”.

THE PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 787) was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

THE EITC

Mrs. LINCOLN. Mr. President, I rise to engage the chairman of the Finance Committee in a colloquy regarding the earned income tax credit otherwise known as the EITC. I thank the Chairman for including my provisions expanding the EITC in the tax bill. It has come to my attention, however, that the EITC has a detrimental impact on the small U.S. Territories that are subject to tax laws that automatically mirror our Federal tax laws. As a result, these small Territories, like the U.S. Virgin Islands, end up absorbing the entire cost of the EITC, which they can ill afford. The burden of this unfunded Federal mandate is exacerbated because these small Territories will also lose needed revenues as a result of the mirror effect of the income tax rate reductions mandated by this bill.

However, the problem can be mitigated by an agreement between the Treasury Department and the interested territorial governments to permit these governments to require that employers advance 60 percent of EITC payments to employees as currently permitted under Section 3507 of the Internal Revenue Code and the allow the employer to deduct these advance payments from FICA taxes the employer currently remits to the U.S. Treasury, as permitted by Section 3507, not from withholding taxes the employer remits to the territorial government. The re-

maintaining 40 percent of the EITC payments would continue to be paid by the territorial governments upon filing of an eligible employee's tax return. I believe that no substantive amendment to the Internal Revenue Code is necessary to allow for such an agreement.

I would like the chairman of the Finance Committee to include report language in the final tax conference report that directs the Treasury Department to enter into such an agreement with any territorial government that would like to do so.

Mr. GRASSLEY. I understand the concerns raised by the Senator from Arkansas and will attempt to address this issue in conference.

TAXATION OF SPECIAL NEEDS TRUSTS FOR THE DISABLED

Mr. FRIST. Mr. President, I had intended to introduce an amendment to modify the taxation of so-called “special needs trusts” for disabled persons. The problem that cries out for change was first brought to my attention by a Tennessee constituent who has been contributing funds annually to a special trust for a disabled child. Under current law, the income from such trusts is taxed at very high rates because the tax writers were concerned about possible abusive use of such trusts. After discussion with the two managers of the bill, I am persuaded that we can work together to craft a better solution to this problem than the one I was prepared to propose. Therefore, with the understanding that we can work together in coming months to develop a better answer, I will not seek a vote on my amendment at this time.

Mr. GRASSLEY. Mr. President, I thank the Senator from Tennessee for his willingness to work with us to craft a solution to a very real problem. He shares with the Ranking Member and I a long history of concern for American taxpayers struggling with the overwhelming expense and other demands of severely disabled relatives. As the Senator knows, Special Needs Trusts, also known as Supplemental Needs Trusts, are a common estate planning tool for assisting in the planning for the long-term financial needs of the disabled.

The Senator and others have helped bring to our attention the fact that these trusts are unduly burdened by the current trust tax requirements of Section 1(e) of the Internal Revenue Code. We recognize that these Special Needs Trusts will receive some relief under the Relief Act of 2001, but that more help is necessary. Therefore, I commit myself to the Senator from Tennessee to work with him and others to craft a solution to reduce the income tax burden imposed on special needs trusts and, simultaneously, to improve the lot of affected disabled Americans.

Mr. BAUCUS. Mr. President, I look forward to joining my colleagues from Tennessee and Iowa in working on this matter. I also hope our effort will give

us an opportunity to address the problem of structured settlements, which are also funding mechanisms for the disabled. As the chairman knows, I have been trying to fix the structured settlement problem for a long time, and I welcome this chance to fix the two matters together.

HIGH SPEED RAIL

Mr. BIDEN. Mr. President, amendment 676 is essentially the High Speed Rail Investment Act I introduced with Senator HUTCHISON earlier this year, that has 57 cosponsors, including the Majority and Minority leaders. Indeed, a majority of the Finance Committee supports this bill, as well.

Both of the leaders have given us their public commitments to move this legislation this year, commitments to finish a job that was started in the last Congress.

As the Administration introduces its proposal for a new energy policy, as we read daily about increasing congestion on our highways and at our airports, we simply must make safe, clean, high-speed passenger rail a key component of our nation's transportation system.

I say that this is essentially the same as the legislation that I introduced with Senator HUTCHISON and others earlier this year. Actually, the amendment we are offering today is an improved version, that addresses two key concerns of many of our colleagues.

At the insistence of Senator BAUCUS, and with his cooperation, we have included new language with an unambiguous prohibition on the use of the Highway Trust Fund by States in meeting their matching requirements under this legislation. That is something that has always been important to him, and I am glad to say that we have reached an agreement on that issue.

Just as important, we have also added new language on the question of State and local taxation of the improvements that will come from upgrading rail lines around the country to carry high-speed passenger trains. I know that was a concern of Senator GRASSLEY, along with many other Senators.

As Senator BAUCUS knows, with this change the bill now has the support of the National League of Cities, the National Conference of State Legislatures, the United States Conference of Mayors, the National Association of Counties, and the Council of State Governments.

So, with the help of Senator BAUCUS, from now forward we have an improved version of the bill. This is the version we hope will move in the Finance Committee soon.

While supporters of this legislation are a majority in both the Finance Committee and here on the Senate floor, I will respect the wishes of Senator BAUCUS that we not ask for a vote today.

I am grateful that he is not only willing to sign on to this amendment, with the improvements he was seeking, but

he is committed to helping us move this legislation through the Finance Committee and on to the floor as soon as we can.

This is an important move forward, and an important step toward fulfilling the commitments Senate leaders have made to move the High Speed Rail Investment Act this year.

I thank Senator BAUCUS for his help in this matter.

Mr. BAUCUS. Mr. President, I rise to make a commitment regarding the High Speed Rail Investment Act.

I support passenger rail in the United States and I support Amtrak. The State of Montana relies on Amtrak in the north and hopes to secure passenger rail in the south. Last Congress, I worked with Senators Lautenberg, Moynihan and Roth to protect the Highway Trust Fund from a raid by Amtrak. I have been working with Senator BIDEN this Congress to ensure a similar protection of the Highway Trust Fund.

I am extremely concerned about Amtrak "Double Dipping," by raiding the Highway Trust Fund in addition to selling bonds. I was so concerned that I withdrew my name as a cosponsor of the bill.

I am pleased to say that since then, I have worked with Senator BIDEN on acceptable language to protect the trust fund. However, this language has not been added to the current High Speed Rail Investment Act, S. 250. It has been included in an amendment that Senator TORRICELLI filed during the markup of this tax package in the Finance Committee and that Senator BIDEN offered and withdrew today. I can support the language in this amendment.

I know that Senators TORRICELLI and Biden and others wanted to offer this amendment today. I appreciate that they withdrew this amendment, because I don't think that this language belongs on this tax bill. I feel very strongly that we need to examine this bill further before we include it in any package.

As ranking Democrat on this Committee, with the changes included in this amendment, it is my intention to go through the official Committee process of mark-up and hearings, before we let this amendment be voted on. I would like to hold a hearing within a month after the completion of this tax package.

Mr. TORRICELLI. Mr. President, I rise to bring my colleagues' attention to an important issue which affects the men and women who are charged with enforcing our nation's tax laws. While I am withdrawing my amendment to the tax reconciliation bill which affects Section 1203 of the IRS Restructuring and Reform Act, I hope that bringing this issue to the attention of the Senate, will allow us to address this important issue at a later time.

Section 1203 of the IRS Restructuring and Reform Act outlines 10 infractions for which IRS employees must be removed from employment. These areas

of misconduct have become known as the "Ten Deadly Sins". As of last year, a total of 109 violations of any of the ten infractions outlined in Section 1203 had been substantiated. Of those 109 infractions, 102 were of Section 1203(b)(8), which subjects employees to mandatory termination for failure to file their federal tax return on time.

I believe that all IRS employees should be required to file their tax returns on time and abide by the IRS Rules of Conduct. I also strongly believe that those who do not abide by the Rules of Conduct should be held accountable for their actions. However, it would seem that mandatory dismissal, rather than supervisory discretion in applying penalties for these infractions, is unduly harsh. This point becomes clear when we learn that IRS employees have been and continue to face the loss of their jobs for filing their income tax returns late, even when they have a tax refund coming to them. There are no other taxpayers who are subject to any penalty for the late filing of a tax return with a refund due.

Close to a thousand charges have been filed against IRS employees under section 1203(b)(6), which subjects employees to mandatory terminations for "harassment of, or retaliations against, a taxpayer. The latest data available shows that of the 830 investigations of these charges completed by the Inspector General for Tax Administration, none have been substantiated. Yet even though it appears that the overwhelming majority of these charges filed have been unfounded, the employees themselves must live under the constant fear of losing their jobs for sometimes more than a year, while the investigation of these charges goes on.

It would not be an overstatement to say that Section 1203 is having a chilling effect on the ability of employees at the IRS to perform their jobs. This notion is reflected in the fact that there has been a steadily declining audit-rate of non-compliant taxpayers. Making a minor change in the current law, as my amendment does, will do much to enable the overwhelming majority of honest, hardworking IRS agents to perform their duties in an efficient and professional manner.

I believe that my proposal strikes a reasonable balance which will permit IRS employees to do their jobs better, but will also maintain termination as a punishment for an employee who willfully harasses a taxpayer. As we continue to debate this reconciliation bill, which will make hundreds of changes to the tax code, I hope that we will make sure that the employees who we entrust to enforce these new laws are given the tools to do what they need to do.

While I now withdraw my amendment, I hope that this issue can be discussed by this chamber in the very near future.

Mr. FEINGOLD. Mr. President, I regret that I opposed a number of amend-

ments to this legislation that I might otherwise support because they are not adequately offset.

The legislation before us already puts us at risk of raiding the Medicare and Social Security Trust Funds. We spent much of the past 8 years working to climb out of a deficit ditch, and this bill steers us right back toward it.

This is not authorizing legislation subject to the further scrutiny of an appropriations process. Unlike other measures that come before us, this bill and the amendments to it have a direct and immediate impact on our budget.

A number of amendments have been offered to this measure that, while laudatory in their goals, further aggravate the fiscal position in which the underlying bill puts us. Without language offsetting the cost of the proposal, the amendments only add to the already fiscally irresponsible cost of the bill.

For that reason, I have opposed many otherwise worthy amendments.

Mr. LIEBERMAN. Mr. President, I was pleased to cosponsor Senator SCHUMER's amendment which was offered last week to help families with the cost of college tuition. Although the amendment did not pass, I wanted to state for the record the reasons for my support.

The decisions we make today must reflect the enduring values we hold as a society. Two of those values are the ideas of opportunity and equality for every citizen. In today's complicated society, opportunity and equality depend in large part upon the level of a person's education. In other words, the more and the better an education one gets, the greater the chances that person will succeed economically. The College Board tells us that "while the cost of college may be imposing to many families, the cost associated with not going to college is likely to be much greater." Indeed, over a lifetime, the gap in earning potential between a high school diploma and a college degree exceeds \$1 million.

In addition, higher education is absolutely central to our ability to maintain our nation's global competitiveness. Highly trained, skilled workers making good wages are the engine that powers our economy, both because of the work they do and the revenue they generate as buyers and sellers of goods and services.

Yet, the cost of higher education is an increasing burden for American families. Since 1980, tuition at both public and private four-year colleges has increased on average more than 115 percent over inflation. A middle-income family spends an average of 17 percent of its annual income to send a child to a four-year public college today. If the family sends a child to a private college, the cost increases to an average of 44 percent of the family's income.

A family's financial status should not be the determining factor in whether a young person joins society

with the advantages of higher education or not. Yet, families are understandably anxious about whether they will be able to provide their children with that educational advantage. They are similarly anxious about the debt burden their children may have to bear after graduation to pay off student loans.

America's families need help. This is why I introduced S. 888, the College Tuition Assistance Act of 2001, which is designed to provide tax relief to middle and lower income families who are struggling to pay these costs, both while a student is in school and after graduation when student loans come due.

Senator SCHUMER's amendment is an important step toward providing families with this type of help compared to what is now in the Finance Committee's bill. It increases the size of the tax deduction families may take to offset the burden of tuition payments. Senator SCHUMER's amendment also provides a larger tax credit for graduates paying interest on their student loans. Although the amendment failed, it recognized a critical issue.

Educational costs are difficult to bear, even for families who make a decent living. My bill would provide more relief to middle income families and would also extend a hand to lower income families, whose needs are far greater than the aid they receive to put their children through college. My bill also would provide relief sooner. So, I was pleased to support Senator SCHUMER's amendment and I intend to continue to fight for these provisions which would make a real difference for America's families.

Mr. NELSON of Florida. Mr. President, we have been down this road before. As a Congressman in 1981, I supported the Reagan tax cuts that were promoted as a cure-all for the economic ailments of that era. Instead, they led to year after year of increasing deficits, exploding national debt, and a series of tax increases enacted to stem the tide of red ink.

With fiscal discipline and a growing economy, we reversed that tide just 3 years ago. Since 1998, we have enjoyed surpluses instead of deficits. And we have been paying down the debt, reducing the massive interest costs that have burdened America's taxpayers.

But now the Government is about to dig into our pockets, pull out our credit cards again, and go stumbling down that road toward economic calamity. And—with smoke and mirrors—some are trying to hide the costs we'll incur along the way. By manipulating the starting and phase-in dates for the various tax cuts—and setting unlikely expiration dates on some of them—this bill is jury-rigged to fit within the \$1.35 trillion allotted for tax cuts over 11 years in the Senate's budget resolution.

But, the fact is, it won't fit once we consider other tax breaks already in the pipeline and spending priorities

such as defense, education and prescription drug benefits. And this bill does not guarantee to pay down the national debt.

Every Senator in this Chamber believes we will enact additional tax relief, and provide for our Nation's most pressing needs over the next decade. The additional untold story of this legislation is that—even if that were possible—the cost of this tax plan would triple in the next decade. Unless you believe we are simply going to take back the tax cuts we are promising today, you are talking about a price tag exceeding \$4 trillion in the decade from 2012 to 2022—when the baby boomers will all be retired.

Is that how we are going to provide for prescription drugs under Medicare and shore up Social Security? By raiding their trust funds?

Is that how we are going to protect our environment, improve our Nation's schools and strengthen our military? By giving them fewer resources, instead of more, in the years to come?

And is that how we are going to keep our economy growing and prospering? By returning to deficit spending, ever-increasing national debt, and costly interest payments on that debt?

That is the road we are headed down. I have been down it before, and I'm convinced it's the wrong road. I am choosing instead to take the conservative road of fiscal responsibility.

I strongly support responsible tax cuts of nearly \$1 trillion that would give Americans the relief they deserve. I voted for such cuts as some of us tried to amend both this bill and the earlier budget resolution. Specifically, I support tax cuts that meet four criteria—tax cuts that (1) do not raid Social Security; (2) do not raid Medicare; and (3) provide relief from the marriage tax penalty now, not later; and (4) pay down the national debt.

Instead we are left with a tax package that is fiscally irresponsible.

With all due respect to Senators GRASSLEY and BAUCUS, we are about to vote on a tax bill that largely promises future relief based on future surpluses that may not materialize. It poses a serious threat to our economy because it will use up what surplus there is so we cannot pay down the national debt. And it seriously threatens our Medicare and Social Security trust funds—not only in 2012 but beginning next year.

I promised the people of Florida I would do everything in my power to enact a substantial tax cut, which is balanced, in order to protect those trust funds and to continue paying down the national debt. I promised I would fight for a prescription drug benefit, and that I would work for better schools, a clean environment and a strong defense. I intend to keep those promises, and I must vote against this bill.

Ms. MIKULSKI. Mr. President, I rise today in opposition to the tax bill currently being debated on the floor

today. Everybody agrees that we need tax relief. But we must do it in a way that is affordable, responsible, and ensures that we are on sound fiscal footing. Unfortunately, the Republican tax cut does none of these things. I will vote against this tax cut for three reasons: It is irresponsible, premature, and it does not meet the compelling needs of our Nation.

The Republican tax cut is irresponsible because it mortgages our future for lavish tax cuts. It is premature, there is no way to guarantee that the Republican tax cut will be here today and that the American people can count on it tomorrow.

Unfortunately, the size of this tax cut will put an extra strain on this country's cashflow just when we will need it the most, when baby boomers will retire.

Finally, this tax bill makes it impossible to meet the compelling needs of our Nation. It does not have an economic stimulus in 2001; the size of the tax cut will make it difficult to make balloon payments coming due on Social Security and Medicare; and it will be extremely unlikely that the money will be there to create a meaningful and reliable Medicare prescription drug benefit.

I support the Democratic alternative because it ensures that we are meeting the day to day needs of our constituents and the long range needs of our country. What does the democratic alternative provide? First, Democrats want to put \$300 in your checkbook right away, today, this year. Or \$600 per family. This would provide an immediate economic stimulus and help all Americans who are struggling to pay for skyrocketing gasoline and energy prices.

Democrats would also provide tax cuts for all income taxpayers by reducing the 15 percent tax bracket to 10 percent on the first \$6,000 income. Additionally, we include significant marriage penalty and estate tax relief, we raise IRA and 401(k) contribution limits, double the child tax credit, make college tuition tax deductible and provide resources to schools and communities modernize and build new facilities. I am also pleased that our bill includes an extension of the adoption tax credit and makes permanent the Research and Development tax credit. The democratic plan is balanced, fiscally prudent, and leaves resources so we can continue to pay down our debt, and make the balloon payments coming due on Social Security and Medicare.

Unfortunately, the Republican tax plan papers over the fiscal realities of our country. We need to get back to basics, to save lives, save communities, and save America. What do I mean by this? Well, while we are in the midst of debating bloated tax cuts, we have Marines who are on food stamps. I don't see how we can meet our national security commitment, do a \$1.35 trillion tax cut, and have Marines on food stamps.

The Marines say "semper fi," "always faithful." They are faithful to the United States and we have to be always faithful to the Marine Corps and to the military. That's why we must ensure that we have the resources to invest in core infrastructure programs, like the military, that will pay dividends in the future.

Democrats want to put money in people's pocketbooks, but we want to do it in a way that it is here today and in people's checkbooks tomorrow. We believe we're on the side of people who are middle class and those who are working their heart out to be able to get there.

I hope that my colleagues will join me in opposing the Republican tax cut. We should do what's responsible, honest, and allows us to meet the compelling human need in our nation today. The democratic alternative will put us on the right track to doing just that.

Mr. JOHNSON. Mr. President, I had intended to offer an amendment to H.R. 1836, the Reconciliation Tax Act, that would have called for a \$1.7 billion increase in veterans health care funding. Senators BINGAMAN, WELLSTONE, DURBIN, and DORGAN supported my amendment. While I will refrain from offering my amendment today, I will nonetheless continue to fight for improved health care for our Nation's heroes.

In a few short days, Members of Congress will return home to participate in Memorial Day services around the country. There is no shortage of rhetoric to go around Congress in support of veterans benefits and veterans health care.

However, when the time comes for real decisions to be made on the prioritization of veterans issues in the budget, too many Members of this body are missing in action. A case in point occurred during debate of the budget resolution. Despite bipartisan support for increased funding for veterans health care in both the House and the Senate, the budget conference report include funding levels below that proposed by the administration.

Last week, I spoke with veterans from South Dakota who expressed their concern that the current level of funding in the budget conference report could mean long waits for appointments and reductions or cuts in vital services. These situations are not unique to my State and affect every VA hospital and clinic in the country.

When the current level of funding in the budget conference, the VA could be forced to delay and even deny needed care and slash vital programs. Long term care and other provisions authorized under the Millennium Health Care Act must be fully funded in order to be carried out. The VA is faced with salary increases and inflation which alone consume over \$1 billion of health care dollars.

The Paralyzed Veterans of America, PVA, noted that the budget conference report "pays a grave disservice to the

sacrifice of the men and women who have served this Nation. By providing fewer resources than was provided in the House-passed version, or the Senate-passed version, the conference report breaks faith with veterans. By providing fewer dollars than even the Administration's inadequate request for health care and benefits delivery programs, the conference report calls into question the commitment of this Congress to sick and disabled veterans."

The Veterans of Foreign Wars, VFW, described the budget conference report as "sadly inadequate" and unable to cover "uncontrollable expenses such as health-care cost inflation, implementation of the congressionally mandated Millennium Health Care Act and other pressing initiatives." The Disabled American Veterans, DAV, and AMVETS noted that an additional \$1.7 billion would provide necessary resources to meet the needs of the men and women who have served our nation and rely upon the VA for the health care they need.

With an additional \$1.7 billion, we will have the resources for a VA veterans health care budget that can adequately offset years of underfunding, the higher costs of medical care caused by consumer inflation, medical care inflation, wage increases, and legislation passed by Congress. Only with this additional funding will the VA be unable to address the treatment of Hepatitis C, emergency medical services, increased cost due to medical inflation, and long-term care initiatives.

The Independent Budget, coauthored by AMVETS, the DAV, PVA, and the VFW, highlights the need to increase funding in a number of important health care initiatives including: an additional \$523 million needed for mental health care; and additional \$848 million necessary for long-term care; and additional \$25 million needed to restore the Spinal Cord Injury program; and an additional \$75 million to help homeless veterans.

The budget conference report is clearly inadequate to meet the needs of sick and disabled veterans. It is unacceptable that while the House provided an increase, and the Senate truly met the needs of the VA, we are left with a figure that is below the amount found in either resolution, below the amount recommended by the Senate Committee on Veterans' Affairs, below the amount initially requested by VA Secretary Principi, and far below the amount recommended by the Independent Budget.

The amount in the conference report fails to meet mandatory salary increases due to inflation, fails to meet medical care inflation, and returns us to the days of inadequate budgets to meet the needs of veterans. Our country's heroes deserve better, and I encourage my colleagues to honor their service by supporting increased funding for veterans health care.

I ask unanimous consent that letters of support for increased veterans health care be printed in the RECORD.

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

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, DC, May 17, 2001.

Hon. TIM JOHNSON,
U.S. Senate,
Washington, DC.

DEAR SENATOR JOHNSON: It is my understanding that you will be offering an amendment to secure an additional \$1.7 billion in funding for Department of Veterans Affairs' Medical Programs. On behalf of the 2.7 million members of the Veterans of Foreign Wars and our Ladies Auxiliary, I would like to take this opportunity to express our support for your amendment.

In partnership with other major Veterans Service Organizations, we produced the annual Independent Budget for VA where have identified the need for a minimum increase of \$2.6 billion in VA's medical care account over FY 2001. The budget resolution for FY 2002 adopted by Congress has seen fit to prescribe a sadly inadequate \$1 billion increase. If allowed to stand the VA medical care account would not even be able to cover uncontrollable expenses such as health-care cost inflation, implementation of the congressionally mandated Millennium Health Care Act and other pressing initiatives.

Your amendment would allow the VA to carry out its mission of providing timely access to quality healthy care for America's sick and disabled veterans.

We of the VFW, thank you for efforts on behalf of our nation's veterans.

Sincerely,

ROBERT E. WALLACE,
Executive Director.

DISABLED AMERICAN VETERANS,
Washington, DC May 17, 2001.

Hon. TIM JOHNSON,
U.S. Senate, Hart Senate Office Building,
Washington, DC.

DEAR SENATOR JOHNSON: On behalf of the more than one million members of the Disabled American Veterans (DAV), I am writing to you to express our support for your amendment that would increase Department of Veterans Affairs (VA) health care funding to the level recommended by the Independent Budget (IB) for fiscal year (FY) 2002.

The Congressional Budget Resolution, H. Con. Res. 83, provides a discretionary spending increase of \$1 billion. This recommended amount would not even cover the costs of mandated salary increases and the effects of inflation. The IB has identified an increase for VA health care of \$2.6 billion over the amount provided in FY 2001. This recommended increase would provide the resources necessary for the VA to meet the needs of the men and women who have served our nation, and rely upon the VA for the health care they need.

Thank you for your efforts on behalf of our nation's sick and disabled veterans. Again, we strongly support your amendment to increase the amount available for VA health care up to the level recommended in the IB.

Sincerely,

ARMANDO C. ALBARRAN,
National Commander.

AMERICAN VETERANS,
Lanham, MD, May 18, 2001.

Hon. TIM JOHNSON,
U.S. Senate,
Washington, DC.

DEAR SENATOR JOHNSON: AMVETS fully supports your proposed amendment to increase funding for veterans hospital care and medical services.

Your proposed amendment would increase the budget for veterans health care by \$1.7 billion above the Fiscal Year 2002 Budget proposed by the administration. It meets the level of funding suggested by The Independent Budget as necessary for the VA to live up to our country's commitment to veterans and their families.

Without an increase in VA health care, resources will be insufficient to meet the needs of the men and women who have served our Nation, and reply upon the VA for the health care they need.

Thank you for your continuing efforts to support our nation's veterans. We believe the price is not too great for the value received.

Sincerely,

DAVID E. WOODBURY,
Executive Director.

PARALYZED VETERANS OF AMERICA,
Washington, DC, May 18, 2001.

Hon. TIM JOHNSON,
U.S. Senate,
Washington, DC.

DEAR SENATOR JOHNSON: On behalf of the Paralyzed Veterans of America (PVA) I am writing to offer our support of your amendment to H.R. 1836 that would add \$1.7 billion for veterans' health care. This amount, when added to the \$1 billion provided in discretionary funding in the recently passed budget resolution, would bring veterans' funding close to the \$2.7 billion recommended by the Independent Budget, which is co-authored by PVA.

The health care requirements of veterans were not met in the budget resolution. After realizing increases above the Administration's request in the House of Representatives, and achieving increases in the Senate that would have matched the Independent Budget's request, veterans' funding was cut back down to the level advocated by the Administration. This amount is simply not enough to meet the health care needs of sick and disabled veterans.

That is why your amendment is so essential—it would begin the process of meeting the true needs of the health care system dedicated to veterans. Again, PVA thanks you for offering this important amendment.

Sincerely,

JOSEPH L. FOX, Sr.,
National President.

Mr. REED. Mr. President, I am in strong opposition to the tax cut bill that the Senate has been considering over the past few days. I am sorry to say that this legislation fails the basic tests of responsible government. It is fiscally irresponsible to use \$1.35 trillion of the surpluses projected over the next 10 years to pay for a tax cut, since these estimated surpluses may never materialize. Even the Congressional Budget Office, CBO, acknowledges that there is considerable uncertainty in their forecasts. In fact, within the CBO's estimates, they suggest that even a 1 percent per year slower growth in GDP would reduce the 10-year surplus by \$2.4 trillion. With that much uncertainty, this tax cut is too large and risks squandering the fiscal discipline that has been so hard fought

and earned over the past several years. With these excessive revenue losses, we will certainly sacrifice our ability to adequately provide for critical programs in the areas of health care, education, the environment, transportation infrastructure, defense and further paying down of the national debt. Now, many of the supporters of this legislation also tout the theory that government should be run like a business. However, no chief executive of a corporation would allow dividends to be locked in for 10 years, when earnings forecasts are so unclear. In addition, no corporation would ever submit a budget that would have critical elements missing, such as is the case with defense spending in this budget.

The tax cut also fails the test of responsible budgeting. The bill before the Senate is so backloaded that the full costs don't appear in the 10-year estimates provided by the Senate Finance Committee. Analysis by the CBO and the General Accounting Office, GAO, shows that the retirement of the baby boom generation will put enormous pressure on the budget starting a little over a decade from now. This is at the exact time when the full cost of the tax cut will be felt and will almost surely aggravate the deficits that many analysts expect to emerge at that point. Simply put, this bill is far more expensive than it appears. For example, 60 percent of the costs in the legislation don't occur until the second half of this decade. Some of the most expensive provisions, such as the full repeal of the estate tax, don't appear until the last year, so their real costs are truly masked. Other provisions expire in 5 years, such as Alternative Minimum Tax relief and tuition tax deduction, so their full cost is hidden. The effect of these sunset provisions also ensure that these issues will have to be considered again by a future Congress. Some analysts have also suggested that if all of the provisions in the bill were effective immediately, the full cost over ten years would likely be over \$2 trillion, while the costs in the next ten years could exceed \$4 trillion. Lastly, this legislation is a sham as it purports to include a complete tax package for the next decade, when realistically, many more tax items that are expiring shortly, otherwise known as "extenders," will have to be added down the road. Again, far too much money is in play here while budgetary gimmicks and tricks are dictating the process.

This tax cut is also markedly unfair. Cuts in marginal tax rates above the 15 percent bracket and repeal of the estate tax benefit a small group of taxpayers who have experienced remarkable growth in income and wealth over the past five years. However, the legislation appears to neglect one important group of people: those taxpayers in the 15 percent bracket. Although the proponents of this bill would suggest that most taxpayers are in the 28 percent bracket or higher, the facts are

otherwise. Research by the Democratic staff of the Joint Economic Committee and the Budget Committee point out that an overwhelming majority of those who pay income tax are in the 15 percent bracket, close to 75 percent, and would get no benefit from the upper bracket rate cuts in this bill. Now, the bill does provide a tax cut for everyone who pays income tax by creating a new 10 percent tax bracket immediately, albeit a minuscule one for those in the lowest bracket. In addition, the bill makes the child credit refundable, and in a manner that reduces marginal tax rates for many working families with children. Both of those provisions are worthwhile and should in fact be expanded. Nonetheless, Citizens for Tax Justice, CTJ, has provided an analysis of the legislation's rate cuts, and many of its findings are disturbing, to say the least. Some of these include: the top one percent of all taxpayers, with income of \$373,000 or more, would receive one-third of the entire tax cut; the top one percent would receive an average yearly tax cut of over \$20,000, while the bottom 20 percent would receive an average yearly cut of \$64; and the middle 20 percent of taxpayers, incomes ranging from \$27,000 to \$44,000, would receive 9 percent of the tax cut, an average of about \$600 per year.

One prominent example of the unfairness in this tax bill is the repeal of the estate tax. Supporters of this legislation perpetuate the myth that the estate tax is a "death tax." The truth is that 98 percent of Americans face no tax liability under the estate tax when they die. In fact, the repeal of the estate tax takes away budget resources that could be used to pay down the debt and increase national saving, and it uses those resources to benefit a tiny group of very wealthy taxpayers. The effect on the Treasury will be astounding: although the Finance Committee estimates the estate tax portion of the bill to cost \$146 billion over 10 years, because this provision is backloaded, the real costs will come after full repeal in 2011, costing almost \$1 trillion over the next ten years. The impact on states will also be overwhelming. A majority of the states use a "pickup" system for their estate tax, whereby they essentially receive a portion of the Federal estate tax receipts. I know that in my State of Rhode Island, the estate tax accounted for \$34.2 million in state revenue for fiscal year 2000. What can \$34.2 million pay for? In fact, it can pay for 681 more police officers, or 729 more firefighters, or 575 more elementary school teachers. If the estate tax is repealed, States like Rhode Island will no doubt have to make up the shortfall in revenue by raising State taxes or cutting their budgets. Total State revenue loss when the estate tax is fully repealed could exceed \$9 billion. Toward what end is this repeal aimed? In 1999, Rhode Island had 134 estates that were subject to the estate tax, 15 of which were estates of \$5 million or

more. That is out of a total of about 486,000 taxpayers. Although the numbers for other States will fluctuate based on their size, we are again talking about a very small proportion of our whole population. That is why I have supported an alternative that would reform, rather than repeal the estate tax system. By raising the tax exemption levels to \$4 million for individuals and \$8 million for couples, almost all family-owned farms and businesses will be erased from the estate tax rolls. However, the tax would remain on the largest estates that have the ability, and the responsibility, to pay for the enormous wealth they have been fortunate enough to acquire.

To put things into perspective, the supporters of this bill and the Bush administration are hoping to pass a huge tax cut and increase military spending, while relying on rosy estimates of our economy 10 years down the line. Much of this debate recalls an earlier era during which Congress and the Reagan Administration attempted to do the same thing. Why are we rushing to pass a tax cut that is even more irresponsibly constructed than the 1981 tax cut; a tax cut which caused spiraling deficits and mounting debt in the 1980s and early 1990s? This bill takes the wrong approach and it is irresponsible. There is an approach we can take to provide meaningful and targeted tax relief to hard working American families, while ensuring that we have the resources to pay down the debt and invest more fully in our nation's environment, health care, education and other critical priorities. Sadly, the legislation before us rejects that balanced approach and embraces a policy which will threaten our prosperity and undermine our ability to respond to the needs of working American families.

Mr. KOHL. Mr. President, I rise to support this tax cut bill, though not with great enthusiasm and not without great trepidation. It is clear that a balanced tax cut is justified given the massive budget surplus we are experiencing. Whether this is that tax cut is a different question.

We have heard much this week about not letting the perfect be the enemy of the good. We have gone beyond that point with this bill. The debate now is whether we will let the good be the enemy of the acceptable.

The booming economy of the last few years has resulted in exploding tax revenues and growing budget surpluses. These surpluses present great opportunity and great risk. There is the opportunity to invest in unmet national needs; education, health care, retirement security, agriculture, child care. And there is opportunity to return some tax dollars to the hard working families whose productivity has driven our solid economic performance. As Federal Reserve Chairman Alan Greenspan has stated, a tax cut gets resources to those who know best how to take care of their families, the taxpayers themselves.

But with these opportunities come great risks. We are at risk of putting too much faith in multi-year projections of ever-growing surpluses. We are at risk of locking in revenue losses and deficits with which future Congresses and generations will have to grapple. The \$1.35 trillion tax cut comes dangerously close to threatening the trust fund surpluses that protect Social Security and Medicare. That is why I co-sponsored an amendment to put in place a "trigger" that would delay scheduled tax cuts if the trust fund surpluses were violated. That is also why I supported several attempts to bring the total tax cut number down and reserve some of those funds for spending priorities or debt reduction. Unfortunately, none of these amendments was accepted.

What was accepted, at the insistence of a groups of Democratic and Republican moderate Senators, was a sunset that ends all the tax cuts instituted in this bill after 10 years. At minimum, that will force Congress to reexamine the wisdom of the policies we put in place today and adjust them to fit with the economic and budget circumstances of tomorrow.

The other risk we face is passing a tax bill that tilts too much toward those who already have so much. I would have preferred a bill that included more relief for middle and lower income tax payers, and I supported numerous amendments to expand the tax benefits for these working families. None of those amendments passed.

That is not to say that this bill does not contain significant tax relief for these families. The provisions that expand and make refundable the child tax credit will make a real difference in the lives of millions of children struggling now in families living at or near the poverty line. These are gains that were not included in the House passed bill and that must be retained in the Conference Report to make the final bill acceptable. In addition, the Senate bill includes significant tax incentives for those who send their children to college and those trying to save for retirement. These too must be retained.

And finally, the bill contains a small provision on which I have worked for several years, the Child Care Infrastructure Tax Credit. This gives a modest tax incentive to employers who choose to invest in child care for their employees. This Nation clearly faces a crisis level shortage in quality child care—and quality child care is often the difference between work and welfare, between healthy children and struggling families. We win as a Nation and as an economy when we get employers involved in creating and supporting early childhood teachers and facilities.

These are all good reasons to vote for this bill. But there is another reason that overwhelms these all.

I am a Democrat who supports tax cuts. I am a moderate at a time when political power is wobbling from right

to left. It is a certainty that a tax bill will be signed into law this year. If those like myself say "no" now, and push away from the table, we may be able to make some lofty political statements in time for the six o'clock news. But we take Democratic principles and the interests of working families with us. And I am not ready to do that.

So I vote in favor of this bill today with the hope and expectation that it remains a bill that benefits working families, students, retirees, and children tomorrow. And I commend Chairman GRASSLEY and the ranking member, Senator BAUCUS, for the clear effort and good faith with which they put together this bill.

Mr. ROCKEFELLER. Mr. President, I support a meaningful tax cut that provides all Americans with financial relief as quickly as possible, but I can not in good conscience support the bill before us today. The decision the Senate is faced with is not whether we should have a tax cut—no one can doubt that Democrats and Republicans alike want a tax cut. Rather, the question is how can we create a tax cut that is fair to the majority of working people and still have enough resources for other critical national priorities?

During the Senate's consideration of this bill, I supported a \$900 million tax package that provides broad relief to all Americans—across the income spectrum—while ensuring sufficient funds for continued debt reduction and important programs like a Medicare prescription drug benefit. Unfortunately, the tax bill that we are on the brink of passing here today is significantly too large and is heavily skewed toward the most wealthy. If budget surpluses fail to materialize as projected, this bill will threaten our ability to fund urgent national priorities such as education and road construction, and could force us to dip into the Medicare and Social Security Trust Funds in the coming year just as the Baby Boomers begin to retire.

Mr. President, this bill is simply too large, given the enormous uncertainty of long-term budget projections. I believe that both President Bush's \$1.6 trillion plan and this \$1.35 trillion plan jeopardize our economic future and the long-term solvency of the Medicare and Social Security Trust Funds.

The facts are stark: Social Security payments will exceed income in 2015, and Medicare payments exceed income in 2010. We will be forced to tap into the Social Security Trust Fund principal in 2025 and the Medicare Trust Fund principal in 2017. In 2037, the Social Security Trust Fund will be exhausted, and the Medicare Trust fund will be exhausted even earlier, in 2025. I believe this tax bill jeopardizes the long-term solvency of Social Security and Medicare. These programs are fundamental for our seniors, and we have an obligation to ensure that both the Social Security and Medicare Trust Funds are protected before enacting massive tax cuts.

This tax bill is even larger than it appears, because it is backloaded in order to keep the real cost of the overall package hidden. Estate tax repeal does not occur until 2011, so its full cost is not included in the Budget Resolution numbers. Marriage penalty relief—which to me should be a higher priority than estate tax repeal because it helps all married taxpayers across-the-board—does not begin to phase in until 2006. Because of these late phase-ins, the true cost of this tax plan will not be apparent until the second 10 years. While the cost of the tax plan in the first 10 years is an estimated \$1.35 trillion, the cost explodes in the second 10 years to \$4 trillion.

The simple question we must ask is this: If we cannot afford these tax cuts now, then how will we afford them in the following decade, just as the Baby Boomers enter their retirement years?

There are other gimmicks in the tax bill designed to make the tax cut's impact look smaller than it actually is. For example, the tuition deduction sunsets in 2005, in order to keep the cost of the overall bill within the \$1.35 trillion limit. But we all know from experience that the Congress will certainly renew this popular deduction in 2005 when it expires, so the relatively limited price tag for this provision is intentionally misleading.

This bill also fails to address the need to reform the alternative minimum tax (AMT). AMT was designed to make sure the very richest people paid their fair share of taxes, but as a result of this bill, almost 40 million mostly middle income taxpayers will actually pay substantially more in AMT by the end of the decade. This is a problem that will have to be dealt with in the next few years, or much of the tax relief in this bill will be nullified. Real AMT reform will cost several hundred billion dollars—an expense which is not accounted for in this tax bill.

Further, the majority has already asserted that it intends to pass additional corporate tax cuts this session. As large as this tax package is, the final figure will surely grow.

Another fundamental problem with this bill is that the lion's share of the tax relief it contains goes to the wealthiest Americans. Estate tax repeal was included in the bill, despite the fact that 98 percent of Americans who die are not subject to the estate tax and pass their estate on to their heirs tax free. Indeed, only 47,000 taxpayers in the entire country even pay the estate tax each year, and half of all estate taxes are paid by the wealthiest 0.1 percent of Americans. According to Responsible Wealth, the estate tax is repealed under this bill in 2011 at a cost of \$60 billion—which effectively means we will need to tap into the Medicare Trust Fund in order to meet our obligations.

State and local taxes may need to be raised to make up for the loss of state estate tax revenues, which are also eliminated by this tax bill. Under the

federal estate tax, taxpayers are allowed a credit up to a certain amount for payment of estate taxes, and many states, like West Virginia, tax up to the amount of the credit. If the estate tax is repealed, the credit will be eliminated as well, and West Virginia would lose over \$20 million in revenue a year that is being used to fund critical state programs.

Another way this tax bill benefits the very wealthy is the cut in the top rate from 39.6 percent to 36 percent. The Joint Committee on Taxation estimates that the cost of this cut will be \$114 billion. This is one of the more expensive provisions in the bill—but the top rate only takes effect at \$297,000. So very few taxpayers, including only 0.3 percent of West Virginians, actually receive any benefit from it.

The Senate version of the tax plan does make some improvements in terms of fairness of the distribution of tax cuts. I strongly supported a provision to expand the Earned Income Tax Credit, so that families earning between \$13,000–\$16,000 a year will get the full EITC assistance. I also cosponsored Senator SNOWE's amendment to give partial refundability of the enhanced child credit so that families with children can benefit from this tax cut. The bill gives families earning over \$10,000 a 15 percent child credit, making the child credit partially refundable.

Both of these provisions are improvements, but they do not make up for a tax package that is otherwise unfair to our state, and an unnecessary bonanza for only the wealthiest. The provisions for low-income families and children account for just 5 percent of the \$1.35 trillion package.

In addition, the low income improvements of this bill don't even benefit all families with children. Nearly 68,000 children in West Virginia won't be helped by the partial refundability provision because with incomes of less than \$10,000 their families still do not "earn enough."

West Virginia taxpayers without children would receive little tax relief under the tax bill, according to Citizens for Tax Justice. The bill does nothing to relieve the real federal tax burdens faced by average West Virginians, who pay not only income taxes, but high payroll taxes and federal excise taxes.

During the Senate consideration of this bill, I offered an amendment to put a Medicare prescription drug benefit on equal footing with the tax cut for the wealthiest Americans—those in the uppermost income bracket. My amendment required that we enact a universal and affordable Medicare outpatient prescription drug benefit before the income tax cuts for the very wealthiest go into effect. The amendment was defeated 48–51, on a mostly party-line vote.

I sincerely believe my amendment would have put positive pressure on Congress to enact the Medicare prescription drug benefit we all promised

our constituents. The vote tells me that many Members understand very well that the size of this tax cut threatens our ability to pass a Medicare prescription drug benefit.

In sum, the overall size of this tax package jeopardizes our economic future and the future solvency of Society Security and Medicare for today's workers and for our children. While the Senate version of the tax bill is an improvement over the House and Bush plan, too much of the tax cut still goes to the wealthiest, while hardworking West Virginia taxpayers—seniors, families with children, married couples, and singles—receive little or virtually no benefit. For these reasons, I cannot support this legislation.

Mr. FEINGOLD. Mr. President, I will vote against this tax bill because it is not fiscally responsible. This enormous tax cut may end up raiding the Medicare and Social Security Trust Fund balances. It risks a return to the annual budget deficits Congress worked so hard to eliminate. It will cause our Nation to miss what may be a once-in-a-lifetime opportunity to put our fiscal house in order by paying down debt, strengthening Social Security, and modernizing Medicare. And it does not fairly distribute its benefits. For these reasons, I must oppose it.

This is the most momentous budgetary vote in two decades. For with this vote, Congress appears poised to turn its back on 8 years of fiscal responsibility. With this vote, Congress appears willing to return to the deficit spending days of the 1980s.

I do believe that taxpayers deserve tax relief. With the favorable surpluses before us, we should cut taxes. I supported Senator CONRAD's proposal to cut taxes by \$745 billion over the next 10 years. With its associated interest costs, that package would have devoted roughly \$900 billion to tax relief.

But the tax cut in this conference report is too large relative to the surpluses that economists have projected. It seeks to devote \$1.35 trillion to this one purpose. Interest costs could add another \$400 billion to the cost.

We should not commit to tax cuts of this size before the projections of future surplus dollars have proved real, before we have ensured the long-term solvency of the vital Medicare system, before we have brought that program up-to-date with needed prescription drug and long-term-care benefits, and before we have done one single thing to prepare the vital Social Security safety net for the impending retirement of the baby boom generation.

With this bill, the Congress appears headed toward repeating the fiscal mistake it committed in 1981. Recall that back in 1981, they had surplus projections, too. In President Reagan's first budget, incorporating his major tax cut, the administration projected a \$28 billion surplus in the fifth year, 1986. In the actual event, the Federal Government ran up a \$221 billion deficit in 1986.

The 1980s saw the accumulation of more than \$1.5 trillion in deficits and the tripling of the Federal debt held by the public. The Congress's decision to cut taxes too deeply in 1981 thus robbed the Nation of fiscal policy tools, and unduly constrained the Federal Reserve Bank in its monetary policy.

We risk committing that same error again today. As I have noted, the bill before us will cost at least \$1.35 trillion in its first 10 years. And during this bill's second 10 years, the Center on Budget and Policy Priorities estimates that it will cost more than \$4 trillion.

And those costs will come just as the Nation faces growing costs for Medicare and Social Security with the retirement of the baby boom generation. In their 2001 annual report, concluded under the Bush administration, the Trustees of the Medicare Hospital Insurance trust fund project that its costs will likely exceed projected revenues beginning in the year 2016. The Trustees say: "Over the long range, the HI Trust Fund fails by a wide margin to meet our test of financial balance. The sooner reforms are made the smaller and less abrupt they will have to be in order to achieve solvency through 2075."

Similarly, Social Security's Trustees remind us again this year that when the baby-boom generation begins to retire around 2010, "financial pressure on the Social Security trust funds will rise rapidly." The Trustees project that, as with Medicare, Social Security revenues will fall short of outlays beginning in 2016. The Trustees conclude: "We should be prepared to take action to address the OASDI financial shortfall in a timely way because, as with Medicare, the sooner adjustments are made the smaller and less abrupt they will have to be."

This bill robs the nation of resources to deal with these important challenges.

As well, the bill before us is tilted heavily toward high-income taxpayers. According to Citizens for Tax Justice, when this bill's tax cuts are fully phased in, the highest-income one percent of taxpayers would receive 35 percent of the benefits of the bill. The majority of taxpayers in the bottom three-fifths of the population would get only a little more than 15 percent of the bill's benefits.

When this bill's tax cuts are fully phased in, the one percent of taxpayers with the highest incomes would receive an average tax cut of more than \$44,000, while taxpayers in the middle fifth of the population would receive an average tax cut of less than \$600.

This is not a balanced bill. It is not balanced fiscally. And it is not fairly balanced in its benefits. I will therefore vote against it, and I urge my colleagues to vote against it as well.

Mr. KERRY. Mr. President, as we near completion of debate over this tax bill, I want to commend the Chairman of Finance Committee, Senator GRASSLEY, and the Ranking Democrat, Sen-

ator BAUCUS, for their good faith efforts to craft a tax bill and move it through the Finance Committee, that is no easy task, and I have enormous respect for their hard work and the extent to which they each listened to members from both sides of the aisle. I am particularly grateful to see that the Finance Committee included a proposal advocated by myself, Senator SNOWE, and Senator LINCOLN which would extend the child tax credit to perhaps as many as an additional 16 million children. The legislation's new child credit refundability provision amounts to nearly \$70 billion in expanded relief for working families with children. That is truly an accomplishment.

Nevertheless, today we are considering more than a tax bill—and much more than a number of individual tax pieces. What we do here has consequence. Nothing happens in a policy vacuum, nothing happens that doesn't affect everything else we do for this economy, the choices we can and can not make for this country. This is more than just a tax bill. It is a blueprint for the next several years, and, as such, I am sorry to say it is a blueprint that jeopardizes the fiscal discipline that has been the foundation of the long-term economic growth our country has enjoyed in recent years.

This tax cut is one of the great lost opportunities of the last twenty years in American politics. I want a broad-based tax cut that reaches every American and I want it done in a way that's fiscally responsible. I'm not alone. We could have had that, instead, we have a tax cut that's based on projections that won't hold up and which I fear will, as a consequence, bring us back to deficit economics again in this country. It didn't have to be this way. No business in America pays out dividends to shareholders based on ten year profit projections—neither should the government.

As someone who worked hard to put the budget in the black, from Gramm-Rudman Hollings deficit reduction in 1986 when "balanced budget" was a dirty word for Democrats, to the tough vote in 1993, to the balanced budget in 1997, I can't stress enough how this vote takes the country in the wrong direction on the question of fiscal discipline.

President Bush has said over and over, it's your money, not the government's money. It's also your debt. Under the tax cut that's about to be sent to the floor all it takes is one dip in the economy, one blip in surplus projections, and we've returned to the days of deficit economics, and that means higher interest rates on student loans, on car loans, and on mortgages. It means we slow the economy. That's not fiscally responsible policy-making, and it's a departure from the course of fiscal conservatism that brought us the growth and prosperity of the last eight years.

We could have made a different choice. We could have had a one, a two,

or a three year tax cut. We could have stimulated growth. If surpluses were here after that, we could have cut taxes again, and I've never seen a Congress that didn't like to cut taxes. But that's not what's happening here. Tax politics is trumping fiscal discipline and honest economic policy.

We know the history here, and we know what a departure this represents. In 1993, the Senate cast a difficult vote to commit the Congress and the country to getting the deficit under control. This tax bill, if passed, could well be the vote that casts away that fiscal discipline.

Last week, we voted on a budget resolution. That budget resolution is non-binding. But it gives us a framework for understanding how all the different pieces—the tax bill, discretionary spending, Social Security, Medicare, and debt reduction, will fit together. In so doing, the budget resolution made certain assumptions, assumptions regarding the economy and assumptions regarding spending.

First, the budget resolution is based on CBO's ten-year economic projections which are, overly optimistic and, by definition, hopelessly unreliable, as I will explain. Second, it assumes that nondefense spending will be held slightly below the rate of inflation for the next 10 years. We have not held spending to that level in decades. Third, it assumes that no additional funds will be needed for Social Security reform. I have yet to see a viable Social Security reform plan which did not need additional funds to address transitional costs. Fourth, although it did assume certain funds for Medicare, funding for a prescription drug benefit will have to compete with funding for overall Medicare reform. Finally, although it created a defense reserve fund, there was no money in the budget allocated for this purpose. It will have to compete with all other spending priorities.

Clearly, each of these assumptions deserves close scrutiny because they are the foundation for the tax cut we are considering.

A little over three years ago, in January of 1998, the Congressional Budget Office projected that the federal government would accumulate a 10-year unified surplus of \$660 billion. While the January CBO report appeared only a few short months after the Asian financial crisis of 1997, its authors were careful to note that their ten-year projections were based not on cyclical effects, but rather on certain beliefs regarding the long-term prospects for the United States economy. The surplus estimates were driven by trends in underlying factors—important issues such as the demographics of the labor force, the rate of national savings, and growth of productivity levels in output per worker.

This January, once again, our Congressional Budget Office produced new estimates on what to expect over the next ten years. The economists projected the economy would grow at a

rate of 2.4 percent in 2001, a full half a point higher than CBO had anticipated for 2001 in its budget outlook written only three years ago. Nevertheless, we find ourselves dealing with ten-year surplus projections not of \$600 billion, but \$5.6 trillion. From 1998 to 2001, the Congressional Budget Office increased its ten-year surplus projections by 5 trillion dollars. Allow me to repeat that statement. In three short years, the Congressional Budget Office has increased its ten-year surplus projections by 5 trillion dollars.

It begs the question, what has led the Congressional Budget Office to increase surplus projections by such a tremendous amount over the last three years? Is it the result of deficit reduction measures? Absolutely not. Over the past three years, discretionary spending has grown by an average rate of well over 4 percent. The Balanced Budget Act of 1997 slowed the growth of Medicare, but Social Security and Medicaid spending continue to increase.

Today, the same economists that predicted a 10-year surplus of \$600 billion in 1998 have changed their assumptions regarding the economy's ability to grow. They assume that productivity growth will continue at levels far exceeding levels attained from the mid-1970s through the mid-1990s. They assume that productivity growth will be well above its average over the last 50 years.

Yet, productivity levels already show signs of weakening. Productivity has dropped steadily since last summer. In the first quarter of this year, productivity recorded its first decline since 1995.

A surplus projection centered on an assumption that productivity growth will hold at the levels achieved over the last five years is not a conservative projection, and it is certainly not the stone on which Congress should engrave the largest nominal tax cut it has ever contemplated and bet the future of the US economy.

Indeed, the Congressional Budget Office acknowledges as much in their report. Their economists go to great lengths to warn of the pitfalls and dangers of budget forecasting. The January report devotes 24 pages to this very topic. Under one specific scenario modeled by CBO, their economists examine what would happen if the economy reverted to pre-1996 conditions, specifically, if: (1) productivity growth averages its historical rate of 1.5 percent, (2) Medicare and Medicaid spending grow a mere 1 percent faster than the baseline, and (3) increases in personal tax liabilities from phenomena such as recent capital gains realizations gradually fall to historical levels. In this instance, they estimate the budget surplus would fall from \$5.6 trillion to \$1.6 trillion. A full, four trillion dollars would be eliminated.

That scenario is far from a "doomsday" scenario. It simply assumes that productivity growth falls to historic levels, Medicare and Medicaid spending

increase 1 percent, and capital gains realizations fall to historic levels. And it reduces the surplus by four trillion dollars.

Now I say to my colleagues, there is another piece of the surplus puzzle that just doesn't fit and that is the spending assumptions. Over the past 20 years, the difference in projected spending in the Congressional budget resolution for the next fiscal year and the actual amount of spending for the next fiscal year has averaged 3.3 percent. In other words, spending for fiscal year 2002 will probably be off by about 3.3 percent from the level anticipated in the budget resolution. Thus, with a \$1.9 trillion budget, we're likely to be off by about \$60 billion. And that's just next year.

Looking at the out-years, spending assumptions can be wildly inaccurate. Medicare spending is rising again, it increased by 3 percent in 2000. According to CBO, "Historically, Medicare's growth rate has varied widely, and such fluctuations are likely to continue." In 2000, Medicaid grew 2 percent faster than CBO projected. In addition, minor upturns in inflation can result in major spending increases because many mandatory program benefits, such as Social Security, are linked to the consumer price index. And we have yet to adequately address all of the problems the Balanced Budget Act of 1997 created for Medicare.

On the discretionary side, since the end of President Reagan's last term, domestic nondefense outlays have increased at a rate of 6 percent a year, those are our investments in education, the environment, transportation, children and other priorities. Much of that increase was balanced by declining defense expenditures. That's about to change. Does anyone really believe that a budget resolution which assumes that discretionary spending will rise at the rate of inflation over the next ten years is honest budgeting? Judging by the votes during Senate floor consideration of the budget resolution, it's not about to begin today.

Now let's take a look at what happens to the surplus if we make a much more realistic assumption about spending. For example, maybe we will lower nondefense spending growth from the 6 percent averaged since the end of Reagan's term to 5 percent. Let's give ourselves the benefit of the doubt and assume that the defense build-up leads to increases in defense of only 5 percent per year. Thus, discretionary spending increases 5 percent a year over the next 10 years. In effect, with lost interest savings, we would wipe out more than \$1.1 trillion of the projected surplus.

So first we have a potential situation in which our 10-year surplus, due to faulty economic assumptions, has fallen from \$5.6 trillion to \$1.6 trillion. When we then figure in honest and realistic projections regarding spending growth, our actual 10-year surplus has now been reduced from 5.6 trillion to \$500 billion. We have wiped out all of the Medicare surplus and we have

wiped out about 80 percent of the Social Security surplus, and we still have not calculated the cost of the tax cut or Social Security reform.

Now combine that scenario with the tax cut before us. We are about to enact a \$1.35 trillion tax cut and at the same time, we have done nothing to deal with fundamental issues resulting from mandatory spending and the retirement of the Baby Boom generation. Moreover, there exists the very real possibility that we will return to the days of deficit spending and ballooning federal debt.

And while it may make a nice sound bite to say that if we don't send the surplus back to the American people in a tax cut, Congress will waste it, no one can make that argument with a straight face unless they are willing to set forth a real plan to deal with the fundamental issues facing Social Security and Medicare. Our President has yet to submit a Social Security or Medicare reform plan and I don't see one on the schedule in the Ways and Means Committee or the Finance Committee.

Social Security's trustees reported in March that Social Security's tax income will fall short of Social Security's benefit payments beginning in 2016. Medicare's tax income will fall short of Medicare spending the same year. Social Security and Medicare's problems are related to the aging of the labor force. In the not-to-distant future, there will be too few workers in the workforce to maintain Social Security and Medicare as pay-as-you-go programs. These are not small problems.

In the case of Social Security, Congress will have to either reduce Social Security benefits, raise Social Security taxes, or find a third alternative. Individual accounts, partial privatization, or investment of Social Security funds in the stock market, even under the best of circumstances, regardless of how they are structured, will require use of large-scale additional funds to ensure that current and near retirees will not be penalized. But under the scenario I have outlined, there would be no General Treasury funds available and Social Security surpluses over the next ten years would be eliminated.

The same issues apply to Medicare. The Congressional budget resolution sets aside \$300 billion in a Medicare Reserve Fund. However, that \$300 billion is needed just to finance a decent prescription drug benefit. In addition, there will be substantial costs associated with reforming Medicare. This year's Trustees' Report showed that health care costs per capita will rise. But as I have demonstrated, the tax cut would place Medicare surpluses in jeopardy.

Dealing with the Social Security and Medicare's financial problems sooner rather than later minimizes the pain for beneficiaries and workers by allowing the government to address transitional costs before the problem reaches the breaking point.

Congress should be acting in a fiscally responsible way by addressing Social Security and Medicare's long-term problems while we have the opportunity, while the Federal government is operating under surpluses and not deficits.

Turning to the actual tax cut before us, regardless of how you feel about the bill's specific provisions, one glaring problem flows from the fact that most of the bill's provisions will not take effect for several years.

According to the Joint Committee on Taxation, the cost of the bill in 2011 will exceed the cost of the tax bill in the first three years combined. By the time we reach 2011, the cost of the Chairman's proposed tax cut will approach nearly \$200 billion per year.

The most obvious example is the bill's estate tax relief provisions. Over the next five years, the bill would provide a total of \$36 billion in estate tax relief. However, the bill does not actually repeal the estate tax until the year 2011, and, therefore, the revenue hit resulting from repeal of the estate tax will not actually occur until 2012, so its impact does not even appear in the revenue tables.

Thus, the bill repeals the estate tax in the same year that the Baby Boom generation will begin retire. Is that fiscal responsibility? The stark reality is that the cost of the tax cut will arrive just when we are least able to afford it.

The same problem applies throughout the legislation.

To make matters worse, because many of the bill's provisions will not take effect until the second five years, the costs of the tax bill escalates at a time when surplus estimates are the most unreliable, towards the end. And by back-loading the bill, we are ensuring that the costs of the tax cut will rise just when surpluses are most unreliable and our fiscal problems related to the aging of the population are truly emerging.

Finally, I say to my colleague, by passing this tax cut, we are effectively ensuring that the Federal debt will stop falling and start rising again. Under the Congressional Budget Office's January baseline, Federal debt, i.e., debt held by the public as well as debt owed to Federal trust funds such as Social Security and Medicare, will fall in each of the next five years. However, under the budget resolution Congress passed last week, Federal debt would soon be on the rise again. Even if you accept their assumptions about spending and the economy, after five years, Federal debt will be \$600 billion higher than the CBO baseline. Over the full ten years of the budget resolution, Federal debt would increase by over \$1 trillion, from \$5.6 trillion in 2001 to \$6.7 trillion in 2011.

And by using unrealistic economic and spending assumptions, as I have shown, they are ensuring that debt held by the public will rise. From 1969 to 1997, debt held by the public increased every year. Over the past three

years, we reversed that trend. From 1997 through 2000, the Federal government retired \$360 billion of debt held by the public. In the early 1990s, by enacting a real deficit reduction program, we were able to completely change the course of interest rates, inflation, and the economy.

Reducing publicly held debt means the government is buying back bonds, thereby freeing capital in private sector financial markets. As Federal Reserve Chairman Greenspan noted in Congressional testimony earlier this year, "a declining level of Federal debt is desirable because it holds down long-term real interest rates, thereby lowering the cost of capital and elevating private investment." Paying down publicly held debt results in lower interest rates and lower inflation. The result is lower home mortgage rates and lower auto loan rates for every American.

Paying down debt has also helped finance a high level of private sector investment at a time when personal savings rates are declining. By buying back bonds, more capital is available in domestic markets. It is that simple.

But under the tax cut we have before us today, the ability to reduce publicly held debt will be strained. Their numbers make unrealistic assumptions about the economy and unrealistic assumptions about spending. While only time will tell, I fear we are moving down the wrong path, one that reverses the progress made over the last eight years.

I acknowledge that the Chairman and Ranking Member have made great strides to ensure that their bill will benefit a broad spectrum of Americans. I particularly appreciate the fact that they included a \$70 billion provision that Senators SNOWE, LINCOLN and I requested which will ensure that an additional 16 million children benefit from the expanded child credit.

Nevertheless, for all of the reasons I have outlined, I believe the evidence is clear, the long-term consequences of the proposed tax reduction will set back our economy and our nation. I want tax relief, but I don't believe in doing it at the expense of fiscal discipline. And that is why I would urge my colleagues to vote against this agreement, we can and should do better.

Mr. SARBANES. Mr. President, I rise today in opposition to the tax reconciliation legislation pending before the Senate. Unfortunately, this tax bill spends vast sums of money, based on shaky economic forecasts, and disguises its true cost by phasing in most of its tax relief far into the future. As a result, this legislation poses a real risk to our Nation's fiscal health without providing the tax relief Americans have been promised for years to come.

Let me begin by clearly stating that I am not opposed to responsible tax relief. I believe we can craft a fiscally responsible tax cut that does not endanger our economy and provides meaningful tax relief, including targeted

measures, a component of across-the-board reductions, and an economic stimulus package.

That being said, I must oppose the massive tax bill before the Senate today for several reasons. Foremost among them is my deep concern that, if we pass this legislation, we will be repeating the mistake we made in 1981 and squandering the fiscal security we have worked so hard to achieve. In 1981, Congress complied with the President's request for a large tax cut. The Nation felt the negative effects of that tax cut for more than a decade, as Federal deficits grew and the national debt exploded. It took the country nearly 20 years to recover from that tax cut, and move from a period of record budget deficits, to economic prosperity and budget surpluses.

Today, we again have an opportunity to shape the course of our country for the better, and part of that course should include responsible tax cuts. I have supported proposals to devote a full third of our projected non-Social Security surplus, approximately \$900 billion, to tax relief. It is my strong belief that we should devote a full third of the surplus to paying down our national debt. Simply put, if we don't take measures to reduce the debt in times of surplus, when will we? The remaining third of the surplus is needed to address the priorities I hear from the Marylanders I meet every day, access to healthcare, education, a prescription drug benefit in Medicare, protecting Social Security, enforcing our Nation's laws, addressing rising energy costs, and on and on.

A \$1.35 trillion tax cut will not allow us to act on these crucial areas, particularly when it is based on a highly speculative ten-year forecast of our Nation's future revenues. This bill is based on economic projections of a \$2.6 trillion non-Social Security surplus. That surplus is not cash-in-hand being held by the Federal Government, it is a prediction that in the future this money will materialize. Based on that prediction, the tax bill would spend \$1.35 trillion over the next ten years, despite a national debt of more than \$5.6 trillion, or \$20,227.19 for every man, woman, and child in our country.

I believe it is unwise to base such a massive tax cut on projected income that may never come to pass. The serious limitations of economic projections are clearly illustrated by recent experience: just six years ago, in January 1995, the Congressional Budget Office projected that we would finish the year 2000 with a \$342 billion deficit. Instead, we saw a surplus of \$236 billion, a swing of \$578 billion. In fact, most of the projected surplus over the next 10 years is expected to occur in the out-years, when projections are the most uncertain: Almost 70 percent of the non-Social Security surplus is projected to occur in 2007-2011, the last 5 years of the projection period. I believe it would be the height of folly to commit these uncertain surpluses to large,

permanent tax cuts, as this tax bill does.

While I am concerned about tax reductions amounting to \$1.35 trillion, the cost of the tax bill this decade, I am even more disturbed by the exploding cost of these tax measures in years to come. The authors of this legislation have employed a variety of tactics to disguise the true cost of the bill. Most significantly, the various tax cuts provided by this legislation are slowly phased in over ten years to keep costs under the \$1.35 trillion maximum dictated by the budget resolution. Other provisions granting tax relief actually expire in the middle of the ten-year period covered by the bill.

I am opposed to such shell games that hide the true cost of this legislation for two reasons. First, the American public is being promised tax relief and likely doesn't understand that the changes which will benefit them the most will not arrive for years to come. Whatever your own tax cut priority, odds are it will not be realized for a long time. Marriage penalty relief does not begin until the year 2005. The final rate cut in the upper income tax brackets does not occur until 2007. The increase in the child credit to \$1,000 does not take effect until 2011. The full increase in IRA contribution limits and the repeal of the estate tax do not take effect until 2011.

In addition to this extreme backloading of costs, this tax legislation actually "sunsets" several important provisions in order to hold down costs. Most of the alternative minimum tax, or "AMT", relief provided in the bill is actually eliminated in 2006. As a result, the number of taxpayers affected by the AMT would explode this decade to nearly 40 million taxpayers by 2011, more than 25 times the number of Americans now affected by the AMT. Provisions aimed at encouraging small businesses to fund employee pensions expire in 2006. And deductions for education expenses end in 2005.

The American people have been sold this bill as providing all of this relief, and have not been told how long they are going to have to wait to get it, and that it is not actually permanent relief. Even more importantly, such accounting gimmicks disguise the real cost that this legislation will impose on our Nation. The true cost of this package will rise to anywhere from \$3.5 trillion to \$4 trillion over ten years once it is fully implemented, which coincidentally occurs right at the time the baby boomers retire. If we enact this drastic cut, where will we find the resources to meet the needs of an aging population? How will we invest in national priorities like education, a well-prepared military, and a prescription drug benefit in Medicare? I strongly believe that we cannot enact such a huge tax cut, based on shaky economic forecasts, that will consume such a vast amount of resources just as our Nation's need is the greatest.

Finally, I believe it is worth noting who receives the benefits of this tax

reconciliation bill. As I have said before, I am not opposed to a component of across-the-board tax relief. For example, the new 10 percent tax bracket created in this bill would benefit all Americans who pay taxes, including those with the highest incomes in our country. I would also support legislation to ease the marriage penalty and significantly increase the estate tax exemption so that our families can pass on more to future generations.

However, a disproportionate percentage of the benefits of this legislation is given to the wealthiest in our country. According to Citizens for Tax Justice, thirty-five percent of the benefits of this tax bill goes to the richest one percent of taxpayers—who have an average income of \$1,117,000. While they get 35 percent of the benefits of this bill, that top one percent of taxpayers pays only 20 percent of all Federal taxes.

In contrast, this legislation fails to provide tax relief for many of our Nation's hardest-working taxpayers. The tax bill we are considering today provides no tax relief to the many American families who pay no income taxes, but who pay substantial payroll taxes. These low-income workers have not benefitted from our Nation's booming economy in recent years. Between 1992 and 1998, the bottom 95 percent of Americans experienced an eight percent rise in their after-tax incomes, while the top one percent of taxpayers saw their after-tax income increase by 47 percent. We should find some way to give those workers who have not participated in our recent economic prosperity, but still pay substantial payroll taxes, the relief they so desperately need.

Nonetheless, some will argue that wealthy Americans pay more taxes and, therefore, deserve a larger tax cut. That may be true if only the dollar amount of the tax cut is considered, but the tax bill we are debating gives a larger percentage of its tax cuts to high-income Americans. According to the Center on Budget and Policy Priorities, this tax bill, when fully phased in, will increase the after-tax income of the richest one percent of Americans by an average of five percent. In contrast, the bill will increase the after-tax income of the middle fifth of American taxpayers by only 2.2 percent, and the poorest 20 percent of families in our country will see their income increase by only 0.8 percent. Therefore, this legislation would increase the after-tax income of our richest Americans more than twice as fast as those in the middle class, and six times faster than families in the bottom 20 percent of the income scale. Clearly, this bill denies middle-class and lower-income Americans tax relief in order to benefit the wealthiest in our country.

I believe that by passing this tax bill we will throw away an unprecedented opportunity to develop a sound fiscal policy for our Nation. We have an unparalleled opportunity to pay down the Nation's debt, to invest in our future,

and to shore up vital programs. If we act prudently, we can ensure that the Federal government will have the resources to meet our obligations after the baby boomers retire and beyond. We can do a reasonable tax cut in response to the problems confronting working families all across the Nation, and we can do all this in a very balanced way. Because this legislation would squander our best chance for investing in America's future, lifting the debt burden off the next generation, and providing a reasonable tax cut for our working families, I strongly oppose this excessive tax bill and I urge my colleagues to do the same.

Mr. LEAHY. Mr. President, I rise today to oppose the tax reconciliation bill being considered by the Senate today. I believe Vermonters and all Americans deserve tax relief, but we need to have a fiscally responsible tax package that benefits everyone. We do not need one that is so large, so likely to result once again in budget deficits, so full of budgetary gimmicks, and so skewed toward the wealthy.

If we are serious about passing a tax cut bill to provide needed relief to all Americans we should be lowering the tax rate for low- and medium-income people, making the child tax credit fully refundable, eliminating the marriage penalty tax immediately, creating an R&D tax credit, increasing IRA and pension contributions, and allowing for greater college tuition credits. Unfortunately, we are delaying all of these important tax relief components in order to shoehorn a massive rate reduction for the wealthiest Americans into this bill. It also pays for this massive tax plan at the expense of needed investments in Social Security, Medicare, education, the environment, and paying off the national debt.

I am one of five Senators still in the Senate who voted against the Reagan tax plan in 1981. We saw what happened there: We had a huge tax cut, defense spending boomed, and the national debt quadrupled. The tax plan was popular but it was wrong. America should not move backward in that direction.

This tax plan is too large. I voted for a responsible tax cut plan targeted to help the low- and medium-income people of this country who need tax relief the most. The \$900 billion alternative I supported offered immediate tax refund checks to help boost the economy and help Americans pay for higher gasoline and energy prices, rate reductions for all income taxpayers, marriage penalty relief to start immediately, a partially refundable child tax credit, tuition tax deductibility to make college more affordable for middle class families and a major effort to modernize our public schools, a comprehensive package of retirement savings incentives to increase IRA and pension contributions and encourage small business to set up pension funds for their employees, a permanent extension of the \$10,000 adoption tax credit, health insurance deduction for the self-employed, responsible estate tax relief, a permanent

R&D tax credit, and elimination of the alternative minimum tax, AMT, for people with income up to \$80,000. Unfortunately, the majority refused to seriously consider this offer to provide reasonable tax relief to working men and women and their families.

This tax plan is not fiscally responsible. We should keep in mind the inherent risks of forecasting budget surpluses ten years into the future. The President has argued that the surplus will be around \$1.6 trillion and that all of that should go toward tax cuts. And most of the tax cuts in this bill come in the second 5 years of the 10-year plan. Setting aside the argument of how to spend that much money, is it really available? The predictions used to calculate \$1.6 trillion were based on the U.S. economy expanding at an annual rate of 4 percent from 2000–2010. I think we know from the current economic slowdown that our economy is growing nowhere near 4 percent, if at all, right now. That is a big yellow flag that these assumptions are wrong. Focusing on budget predictions 10 years in the future is exceptionally risky and does not allow businesses and individuals to properly plan long-term.

This tax plan does not address our enormous Federal debt. Whatever surplus our Nation now enjoys should be used to pay down the \$5.7 trillion gross Federal debt burden our country still carries. The Federal Government has to pay almost \$900 million in interest every working day on this national debt. Paying off our debt will help sustain our sound economy by keeping interest rates low. I want to leave a legacy for our children and grandchildren of a debt-free Nation.

This tax plan is slanted toward the wealthiest among us. The original tax plan proposed by the President provides nearly half of that \$1.6 trillion tax cut to the wealthiest in our country. We are sacrificing real tax relief to working families in this country for rate reductions to the wealthy. We should focus on enacting a responsible plan that will benefit the broadest number of people by reducing taxes to low- and medium-income people. By focusing only on income tax rate reductions, this tax cut plan leaves out millions of taxpayers who do not pay Federal income taxes but who do pay payroll taxes. In Vermont, there are 23,000 families who do not pay Federal income taxes. But 82 percent of those families do pay payroll taxes. For the vast majority of taxpayers, payroll taxes generate the largest tax burden, and yet this plan does not touch payroll taxes.

This tax plan has not been thoroughly reviewed and is full of budgetary gimmicks designed to mask the true effects of the bill. There are many unforeseen consequences of this tax bill that we should take into account before enacting this massive tax cut. However, with Republicans pushing to get this bill done by Memorial Day, there is great pressure to ram through

a \$1.35 trillion tax cut without a full review of all the proposals.

The New York Times has reported that one unanticipated effect of full repeal of estate tax may be greater capital gains taxes for most estates. After 2011, when the estate tax will be repealed, capital gains taxes would be owed on everything inherited above \$1.3 million. As the Times reporter said:

Presumably, the drafters of the legislation did not worry if all the pieces did not fit together in a coherent package because they were primarily interested in getting a bill on the table for debate.

States that tie their State tax returns to Federal returns are going to be hurt by the lost Federal revenues. Vermont's tax system is one of three in the nation in which taxpayers use their Federal tax bill to calculate their State income taxes. It is a simple system, but it is affected by every little tax change at the Federal level. In effect, a massive Federal tax cut leads to a massive State tax cut. According to Vermont State economists, the State stands to lose \$506 million over the next ten years because of this tax bill. In FY 2002 alone, Vermont will lose \$35.7 million. The conservative Heritage Foundation has estimated that Vermont may lose up to \$1.5 billion because of this huge tax cut. This is a very large amount of money for a State whose population is only 609,000. How will the State make up these lost revenues?

Vermont was hurt 20 years ago when Congress last considered a massive tax cut. Those rewrites to the Federal Tax Code put the State in red ink for years. As the red ink grew, an emergency tax study group assembled by the Governor found that between 1982 and 1987 the State stood to lose \$300 million because of the Reagan tax cut. Now we will be putting Vermont back in a similar situation. As our Governor has already warned, without raising State taxes to make up for Federal loses, Vermont will once again see major deficits.

This tax bill also asks States to pay for repealing the Federal estate tax by abruptly ending payments from Federal estate tax revenue that are now shared with the States. This bill will cut by half the Federal credit that States receive for the Federal estate taxes that are collected and will deny States between \$50 billion and \$100 billion over 10 years, or as much as two-thirds of the cost of the estate tax repeal in the bill.

Another anomaly of this bill is the way the AMT is calculated. While Democrats hoped to exempt people who make under \$100,000 from AMT permanently, Republicans only want to slightly increase the exemption for 4 years from 2002 to 2006. The Republican plan would cause 39.6 million taxpayers to be subject to the AMT by 2011. Clearly this flies in the face of the original intent of the AMT, which was to ensure that wealthy taxpayers cannot make use of tax breaks to elimi-

nate much or all of their tax liability. The tax bill will force more and more middle-class taxpayers to pay a tax that was meant to reach very few, well-off taxpayers.

I do not like the marriage penalty and think it is poor public policy. While this bill does contain two provisions designed to provide marriage penalty relief, it makes couples wait 5 years for that relief. While the rate cuts in upper-income tax brackets take effect next year, married couples will have to wait until 2005 to get relief and until 2010 until full repeal is fully phased in. This is 3 years after the upper income bracket rate cuts are fully effective.

After years of hard choices, we have balanced the budget and started building surpluses. Now we must make responsible choices for the future. Our top priorities should be paying off the national debt, saving Social Security, creating a real Medicare prescription drug benefit, protecting domestic spending programs, and passing a fair and responsible tax cut.

This tax bill falls far short of these priorities. It uses gimmicks to hide the bill's true costs. It provides no marriage penalty relief for five years. It contains no immediate tax refund to stimulate the economy. It has a hidden tax increase on the middle-class through the AMT. And its costs explode after 10 years, just as the baby boom generation begins to retire. For the sake of our economy and the working families of America, I will vote against this tax cut bill.

Mr. LEVIN. Mr. President, the budget resolution, including the tax bill which has passed the Senate, will almost surely push us back into the deficit ditch. The tax bill was rushed through before the President makes his request for additional defense funds, before the tax writing committees adopt additional provisions which we all know are forthcoming to extend current tax provisions, before the tax writing committees act to avoid the calamity which will befall 40 million people who will be forced to pay an alternative minimum tax as a result of this tax bill. That's twice the number that will be paying alternative minimum taxes by 2011 under current law. This fiscally irresponsible tax bill was pushed through before the review of the projected surplus which is due in August, and also before the appropriations bills are reported, which everyone here knows will exceed the domestic discretionary spending cap provided for in the budget resolution. The final result of all this fiscal irresponsibility will almost surely be the raiding of the Medicare surplus and a return to the deficit days of the 1980s.

Our future economic health took a blow today.

I support a tax cut, a reduction in taxes which is modest enough to be fiscally responsible, swift enough to provide an economic stimulus, and fair to

all Americans, including working families who are so shortchanged by the Republican proposal. The bill passed today is the opposite. Its large size makes it fiscally irresponsible, it actually delays tax relief, and it provides most of its benefit to the upper income Americans. It is based on long-term surplus projections which history shows to be highly speculative making this bill dangerous to our economic future. Finally, it is being catapulted through the Senate, exploiting a process which severely limits debate and which was never intended for tax reduction legislation of this size.

Although this bill is advertised as a \$1.35 trillion tax bill, its true cost is closer to \$2 trillion. It fails to account for the cost of real Alternative Minimum Tax (AMT) reform. In fact, under this legislation, by 2011, nearly 40 million taxpayers will have to pay the AMT, including many middle income taxpayers. It ignores the fact that tens and perhaps hundreds of billions of dollars worth of additional spending, over ten years, will be required to live up to the President's goals for defense and education, and to provide for urgent domestic needs this Senate knows it is going to support.

This tax bill takes us back to the bad old days of backloaded tax breaks whose real costs explode several years after enactment. Although it technically sunsets its provisions in 2011 to meet the requirements of the Byrd Rule, the changes in the tax code which it makes, such as the repeal of the estate tax, are clearly intended to be permanent. The cost of these changes explode immediately beyond the ten-year "window". In fact, the bill's claimed \$1.35 trillion price tag could triple in the second ten years. This budgetary time bomb is set go off at roughly the same time as the bill begins to come due for Medicare and Social Security. That is the time the "baby boomers" begin to retire and we must begin to draw down the Social Security Trust fund.

This tax bill is based on highly speculative long-term projections. Projections are always risky. We have seen many Federal budget estimates, and we know well that as quickly as these surpluses appeared, they could disappear. This bill is based on projections of surpluses for ten years downstream. History has shown that CBO projections for even five years into the future have been off over the past decade by an average of more than 100 percent.

The massive tax cut which the Senate has passed threatens to lead us back into the deficit ditch. We just climbed out of that ditch. And we shouldn't head there again, particularly when the country is saddled with a national debt that resulted from the last binge of deficits. The current national debt is \$5.6 trillion. Based on the Budget Resolution which the Senate recently adopted and based on this tax cut, the national debt at the end of the next ten years will have increased to

\$6.7 trillion. If the projected surpluses do in fact materialize, we should be using them mainly to pay down the national debt instead of increasing that debt with a big tax cut.

In 1981, President Ronald Reagan introduced his Economic Recovery Tax Act which included huge tax cuts and predictions that the budget would be balanced by 1984. In 1981, I opposed that supply side economic approach because I was convinced that it would lead to huge deficits. We did indeed pay dearly for the debt which resulted from that legislation. In 1992, the annual deficit in the federal budget had reached \$290 billion. The remarkable progress which since then has brought us to our current surpluses came about in large part as a result of the deficit reduction package which President Clinton presented in 1993, and which the Senate and House each passed by a margin of one vote. We should not now be passing an imprudent tax bill like the one before us, and head back toward new future deficits.

Although the tax cut is irresponsibly large, the economic impact will be remarkably small, because the bill before us does not contain the \$85 billion economic stimulus adopted in the Senate-passed budget resolution. Only \$33 billion is allocated for tax relief this year. The bill is extensively back-loaded: it doesn't start marriage penalty relief—the doubling of the standard deduction and the expansion of the 15 percent bracket—until 2006. IRA contribution limits aren't fully phased in until 2011. The Child Credit isn't fully phased in until 2011. The delay in relief actually shifts the responsibility of paying for our excess onto the next generation.

The relief provided in the bill isn't equitable. There is no tax relief for the 25 million taxpaying Americans that pay their federal taxes through the payroll tax. And it means too little to taxpayers in the 15 percent bracket, who will see no reduction in their marginal tax rate, while those in the top 1 percent receive nearly \$40,000 worth of relief. In fact overall, the top 1 percent, earning an average of more than a million dollars a year, will receive about 35 percent of the benefits under this tax legislation.

I am also deeply troubled by the process which has brought us to this point. We considered this legislation under special rules contained in the Budget Act for a process called "reconciliation". This process is being misused to steamroll this bill through the Senate. By restricting a Senator's right to fully debate and amend this bill—no more than twenty hours of debate is permitted and the amendment process is severely constrained—the majority puts the Senate in a straight-jacket. A similar oppressive tactic was used earlier when the majority bypassed the Budget Committee to bring the Budget Resolution to the Senate floor and when they excluded Democrats from the Conference Committee in order to write the reconciliation in-

structions which are being used to shield this legislation from full debate and amendment. This process is a rush to judgment which does damage to the institution of the Senate and its reputation for deliberation. And, it does this damage to promote a massive tax bill which will negatively affect the economic well-being of Americans for decades to come.

This Administration argues that the projected surplus should be returned to the tax payers because it is their money. Of course it is their money. But the economy is all of ours too. Social Security belongs to all of us. The Medicare program belongs to all of us. Our education program and helping people through college, belongs to all of us. And, of course, the national debt belongs to all of us as well. We owe it to the American people to reject this imprudent tax cut in order to pay down that national debt and to strengthen our commitment to those programs that the American people want. We can do that consistent with a targeted, modest, prudent tax cut. Unless it is improved in the Conference with the House, which is not likely, we should defeat this massive, unfair, imprudent tax cut bill when it returns to the Senate.

Mr. KENNEDY. Mr. President, it is unfortunate that the Republican leadership has interrupted the Senate's action on landmark education reform legislation in order to expedite action on their massive tax cut bill. It demonstrates once more that education is not a real priority for our Republican colleagues. Their only priority is tax cuts, tax cuts and more tax cuts.

The Republican position could not be clearer: Education can wait while we rush to give away hundreds of billions of dollars in tax breaks for the wealthy. In Republican priorities, the needs of the wealthiest taxpayers for new tax breaks rank far higher than the needs of America's school children.

Across America, 12 million children are disadvantaged in our education system, but we currently provide the full range of title I Federal education services to only one in three of these children. The rest are left to fend for themselves, with the most overcrowded classrooms, the least amount of quality teacher time, the most outdated textbooks and learning tools, and the most inadequate facilities.

Students with disabilities suffer from the same federal neglect. The Federal Government has long promised to fund 40 percent of special education. Yet it still only funds 17 percent, less than half of what was promised. Parents of millions of disabled children are forced to struggle in the States every year for the education that their children deserve. For years, states have called on the Federal Government to live up to its commitment to students with special needs. Yet the Republican budget, and the tax cut that follows from it, say no.

Instead, one of every three dollars of the tax breaks in the bill before us will

go to the wealthiest 1 percent of taxpayers. Once the tax breaks are fully implemented, the richest 1 percent will receive an average tax cut of \$37,000 each year—more than most families take home from work in an entire year.

Mr. President, \$37,000 a year could pay the salary of a new teacher in most school districts. But if this tax bill passes, there won't be funds for new teachers. Our Republican colleagues in Congress have decided that wealthy taxpayers need the money more.

The tax cut is clearly excessive. It is neither fair nor affordable. No wonder the Republican leadership is attempting to force a final vote in Congress as soon as possible, before public outrage builds.

Through the use of smoke and mirrors and budget gimmicks, the bill technically complies with the mandate of the budget resolution to report a tax bill costing \$1.35 trillion over eleven years. But the real costs are far higher. The real costs of this bill explode in the outyears. It does not conform with the clear intent expressed by a majority of Senators to substantially reduce the size of the Bush tax cut.

Most disturbing of all is the extreme use of backloading to conceal the enormous cost of these tax cuts when they take full effect. The rate reduction is not fully implemented until the year 2007. Marriage penalty tax relief does not even begin until the year 2005. The amount of the child credit does not reach the full \$1000 until the year 2011. The estate tax is not repealed until the year 2011 as well, so that almost none of the cost of the repeal shows up until the year 2012.

These tactics are the height of fiscal irresponsibility. The excessive cost of the tax breaks in the first 10 years is bad enough. But that cost will triple in the following 10 years. A \$1.35 trillion tax cut in the first 10 years will mushroom to more than \$4 trillion in the next 10 years, precisely when the Nation will confront unprecedented additional costs for Medicare and Social Security because of the retirement of the baby boom generation. Funds urgently needed to strengthen these basic programs are being denied by these reckless tax cuts.

Democrats support a substantial tax cut, one that would cost nearly a trillion dollars over the next 10 years, and that would give working families a fair share of the tax benefits. But this Republican bill does not deserve to be enacted. It is far too costly, and it fails to provide significant tax relief to those who need help the most.

It is clear that the nation cannot afford this tax cut without seriously neglecting America's most important priorities, including education. To meet our basic education needs, I will propose an amendment making reduction in the top marginal income tax rate contingent upon funding education at the levels that the Senate has already voted to support during our consideration of the Elementary and Secondary

Education Act. If we do not have adequate resources to provide all students with a quality education, then we certainly do not have the resources needed to provide new tax breaks for the wealthiest Americans.

Fewer than 1 percent of taxpayers have incomes high enough to be affected by the top income bracket. These are the richest men and women in America. The \$120 billion in tax breaks contained exclusively for them in this misguided bill should not take priority over the support for education that the Senate has already agreed is necessary. Support for basic education deserves higher priority than lavish new tax breaks for the wealthiest citizens.

Mr. BIDEN. Mr. President, Americans deserve a tax cut. They deserve a large tax cut. And in this time of budget surpluses, we can afford hundreds of billions of dollars of tax relief.

But Americans deserve other things at least as much. They deserve honesty in budgeting. They deserve a government that will face up to the fundamental choices that have to be made in writing a ten-year budget plan.

Americans deserve a strong national defense, safe streets, effective schools, world-class health care, clean air and water, a safe and efficient transportation system.

I must vote against this tax bill because it does not honestly face the serious choices that still confront us in this era of surpluses, because it sacrifices virtually all other priorities—and some of our fundamental values—to the single-minded pursuit of cutting taxes.

Despite what some would have us believe, we cannot afford to do everything for everybody all at the same time. We cannot cut taxes by nearly 2 trillion dollars in the next ten years—a number that actually doubles in the following decade—and continue to provide the fundamental governmental functions that Americans need and deserve.

If we are honest about the real costs of this tax cut, Mr. President, we would admit that on top of the \$1.35 trillion sticker cost, we have to add \$300 billion in additional interest payments that come from not paying down the national debt.

If we admit that we will have to reform the Alternative Minimum Tax that will soon hit millions of Americans, we have to add another \$300 billion to its cost. Because history shows that we will extend the Research and Development tax credit and other popular and useful breaks that we have always supported in the past, we can add another \$100 billion to the size of the tax cut.

Those calculations put the full cost of the tax cut and the real, foreseeable, inevitable tax issues that will face us in the next decade at over \$2 trillion.

Two trillion—again, a number that will at least double in the ten years after the coming decade.

But we are told that there is a surplus that will cover the costs of this and all of the other things we will want and need. Money in the bank. Not to worry.

There is an old saying to the effect that something that sounds too good to be true, probably is too good to be true. This big tax cut certainly sounds good. It certainly would be appealing to go along and vote for it.

But that would not be honest because the numbers that we have in front of us right now tell us that we simply can't afford it.

The surpluses available to us in the next decade, if we agree not to spend money from the Social Security and Medicare Trust Funds, is supposed to be about \$2.5 trillion. That sounds like a lot of money, and it would be, if it were real.

But it is not real for two reasons.

First, it is based on some assumptions we all know are just not true. If we can, let's just leave aside for a moment how well we can project the future of this economy—that problem alone has proved every other long-term surplus projection we have ever made wrong by hundreds of billions of dollars.

But even if we could know for sure that the economy will continue to grow at the high rates of investment and productivity we need to match the forecasts behind those projections—which we don't—those projections simply ignore some basic facts.

Only if we ignore those facts can we believe that the tax cuts in this bill make sense.

Here are some of the facts that make those surplus forecasts more likely wrong than right. They assume we will have no wars, no hurricanes, no floods, no earthquakes—no national security emergencies or natural disasters that would subtract billions of dollars from the projected surpluses.

The second reason the projections have to be wrong is that they assume we will cut the size of government in our country by 25 percent over the next ten years. As a share of the economy, our federal government is already the lowest it has been since 1960. There are plenty of reasons to believe that we will not be able to cut it by another 25 percent.

Our surplus projections do not account for increases in our population or increases in the cost of living over the next decade—incredible as it may sound, they do not. If we put those two basic budgeting concepts back into our assumptions, that subtracts as much as \$640 billion from the surpluses.

Subtract that \$640 billion from the \$2.5 trillion estimated surplus, the tax cut is greater than the surplus remaining. Basic honesty in budgeting shows that we cannot afford a tax cut this big.

And the surplus projections ignore new spending priorities that everyone wants to address, on top of just keeping up with current levels.

The Administration has called for both a radical overhaul of our national defenses, and a new anti-ballistic missile program. We have no clear idea what those programs might cost, but I have added up just the six best known weapons modernization programs, and they add up to over \$380 billion.

The new defense plan could add perhaps \$250 billion, and a full-blown missile defense plan that covered every option the President has expressed an interest in covering could be another \$100 billion. So prudence suggests we should show some of those costs in the budgets for the next ten years.

But we don't. That is hundreds of billions of dollars that will have to come out of the supposed surpluses, but we have no place for them in our discussions of this tax bill or in our budget calculations.

The President says that he wants to spend more for education, even though his budget includes no new spending for it. So far here in the Senate, we have passed \$150 billion in new education spending, on a priority that all Americans share.

With just the spending that we know about in defense and education, virtually all of the non-Social Security, non-Medicare surplus is gone—and then some—with nothing left for improvements to our aging roads, bridges, sewers, dams, or docks.

No money for additional air traffic controllers or airports, no money to break the gridlock on our highways with a national high-speed passenger rail system.

No money for new policemen on the beat, for after-school programs to prevent juvenile crime, no money for drug interdiction or drug treatment programs.

With the huge additional burdens on Social Security and Medicare coming in the years just beyond the decade covered by this tax plan, there is no money left for the fundamental reforms of those programs. If we follow the Administration's approach to Social Security reform, we will need an additional trillion dollars. But there will be no money left.

Why are we left with so little for so many of our fundamental needs? Why, when we have finally brought our budgets into balance after years of deficits, can we not afford to pay for these essential priorities that we all agree deserve our support?

Because this tax cut was not designed as part of a comprehensive budget plan. If it becomes law for the next decade, it will be the only real priority in our budget. Every other priority, from defense to education—and even, I am afraid, balanced budgets—will be only an afterthought.

That is why I will vote against this tax bill. It costs too much; it depends too much on wishful thinking; it ignores realities that are staring us in the face over the next ten years.

We tried to amend this bill to fix the problems I have discussed. Senator

MCCAIN offered an amendment to scale back the size of the tax cut to make room in our budget for the projected increases in defense spending. That prudent statement of our national priorities was voted down.

Senator HARKIN offered an amendment to simply hold off on a piece of the tax cut until we could certify that we can meet the long-term obligations of Social Security and Medicare. Once we could make that certification, every bit of the tax cut would go forward. That basic commitment to the promises we have made was voted down.

I offered an amendment to scale back the size of the tax cut to make room for a tuition tax deduction to help pay for college. That important priority of middle-class families was voted down.

Senator ROCKEFELLER offered an amendment to make sure we can afford to provide a prescription drug benefit for seniors before we cut taxes. It would not prevent a cent of the tax cut from going out—as long as we could pay for a prescription drug benefit. That bipartisan priority, shared by the President, was voted down.

Senator FEINGOLD offered an amendment to scale back the size of the tax cut so that surviving spouses will not have to give up their earthly possessions to pay for nursing home care received by deceased Medicaid patients. That small gesture toward fairness was voted down.

In every case the tax cut came first; every other priority—every other value—was left behind.

We can afford major tax relief for all Americans. And we can afford to provide the national security, the world-class education, the health care and the other priorities Americans have a right to expect. We can even afford a little fairness in the distribution of the many blessings we enjoy. We can afford to act on our values.

But not if we pass this tax bill.

We are indeed a blessed nation, at an historic peak in our prosperity and in our influence in the world. We have the resources to prudently manage the challenges and opportunities before us. But we are not immune to the basic laws of budgeting—we have to make choices.

This tax cut, by its sheer size—a size selected without consideration of any other priority—refuses to face honestly those fundamental choices. It refuses to recognize any other values.

I cannot support it.

Mr. MCCAIN. Mr. President, I commend Senator GRASSLEY and Senator BAUCUS for their dedication and hard work in completing this Reconciliation bill.

During the debate on the tax reconciliation bill, I have had serious reservations about some of the priorities contained in this bill.

First, after years of neglect, our military forces need to be significantly strengthened and it won't be cheap. But in the wake of large tax cuts, non-

defense spending initiatives, and uncertain surplus projections, we cannot be sure how much money will remain to fund such defense priorities as National Missile Defense, force modernization, spare parts, flight hours, overdue facility maintenance, training programs, and the care of our service members. As of yet, we have not received from the Administration a request for defense spending increases. I hope their request, when it comes, is adequate to meet the needs of our national security, which, as I observed, are many and serious. If that request is not adequate to our needs, I will fight as hard as I can to increase it.

With the adoption of the Reconciliation bill both the Administration and Congress are going to have to make some very hard choices to find the resources to fund our national defense priorities. There's no way around it. We cannot take money from the Social Security and Medicare Trust Funds, so that means we will have to cut other spending programs or adjust the tax cuts to support our military forces. Those are very hard choices, indeed, and we don't like to make hard choices in Congress very often.

But, Mr. President, we are going to have to make them because our first duty, is and always will be the nation's security, and the defense of American interests and values in the world. And those members who believe we have been derelict in our duty lately, will have to take our case to the public, inform them of the hard choices before us and urge them to urge us to do the right and necessary thing, even if it requires us to take on a few sacred cows around here.

Mr. President, while I hoped for even more tax relief to middle income Americans, I do want to commend Senator GRASSLEY for moving in that direction by insisting that the top rate should be cut to only 36 percent. I wish we could have made even greater progress by increasing the 15 percent bracket to include more middle class taxpayers. But the Senate has decided otherwise, and, recognizing what progress has been made by Senator GRASSLEY, I will not register my disappointment by voting against the bill. Neither do I wish to vote against the President's first, important success in the Senate. But I do want to make clear my firm opposition to any increases in benefits to the top tax rate payers at the expense of the majority of Americans who are in much greater need of tax relief. Should further reductions in the top tax rates be made in conference, I will vote against the conference report without hesitation.

Mr. NELSON of Nebraska. Mr. President, I would like to express my support for the tax cut bill. Simply stated, the time has come for a sensible tax cut. The American people deserve it; the budget can support it. Now, it's time for Congress to authorize it.

I sincerely believe this legislation will serve as an efficient delivery vehicle for responsible tax relief that will

benefit all Americans. While I support this tax cut plan for several reasons, the most concise justification for my position is that the \$1.35 trillion in tax cuts over 11 years provided in the bill will cut taxes without cutting hope.

Since the beginning of this debate, I have repeatedly and consistently voiced my support for a substantial tax cut, as long as it would not interfere with our ability to fund our domestic budgetary priorities. I am pleased that this tax cut plan will not sap our resources for important obligations like agriculture and defense. It is reassuring to know that implementation of this plan will not be at the expense of our critical responsibilities. This legislation will provide across-the-board tax relief for the people of Nebraska, as well as all Americans, without interfering with Social Security and Medicare or hampering our efforts to pay down the national debt. Clearly, the cornerstone of this bill is responsible tax relief.

Perhaps even more significant in this bill's eleven-year, \$1.35 billion tax cut package is the inclusion of a \$100 billion up-front stimulus package. This two-year economic stimulus package will have an immediate impact on our economy, which has been showing all the symptoms of a slow-down. Such tangible, instant relief is precisely what is needed to counteract the threat of an economic recession.

While the reduction of personal income tax rates and the economic stimulus package are the highlights of this bill, I would like to emphasize the fact that there are several other components of this legislation contributing to its overall efficacy. This bill includes raising the exemption for estate tax relief followed by a gradual repeal of the estate tax, a doubling of the childcare tax credit by 2010, the dissolution of the so-called marriage penalty tax, and pension reform that will allow larger contributions to IRAs and 401(k) plans. I know Nebraskans have supported these initiatives for quite some time, so it brings me great satisfaction to know that they will soon be implemented.

I commend Senators GRASSLEY and BAUCUS for their efforts to achieve substantial bipartisan support for this tax cut bill. Their work has resulted in legislation that skillfully and responsibly addresses many of the major points of contention among the members of the Senate. It is in that same spirit of bipartisanship that I hope the Conference Report will be crafted. If the Conference Committee will follow the Senate Finance Committee's lead and work to build bipartisan support for the Conference Report, I am confident that the American people will finally receive the tax relief they deserve.

Ms. LANDRIEU. Mr. President, I rise today to support the Restoring Earnings to Lift Individuals and Empower Families Act of 2001. This tax package provides some needed tax relief to the people of Louisiana. In addition, it rep-

resents a bipartisan compromise by the committee members. I would like to thank the chairman of the committee, the distinguished Senator from Iowa, and the ranking member, from Montana, for their hard work in developing a tax relief package that tries to address the concerns and priorities of the people of our Nation.

While there is not a consensus on how to provide tax relief, there is consensus that the American people deserve a tax cut in the face of large projected surpluses. This package provides marginal income tax rate reductions, marriage penalty and estate tax relief, expands provisions for the child tax credit, encourages savings, and rewards adoption. The benefits of these provisions are not balanced in the way that I would like to see, but, of course, that is the nature of compromise. However, some of the tax cut initiatives included provide real relief to people who really need it, working families, struggling to make ends meet.

Louisianians work hard to provide for their families. Our State has an average income of \$30,000 a year. In addition, 90 percent of all Louisiana households earn less than \$75,000. I believe that the proposal before us now, the Senate RELIEF package, distributes benefits more fairly to the average taxpayer and middle-income families than the tax plan initially proposed by President Bush, and far better than the bills supported by the House Leadership.

This bill has many of the elements that will make a real difference to many Americans and Louisianians. Among these compromise elements are marriage penalty relief, and reform and eventual repeal of the estate tax, which I have voted for in the past and continue to support. In addition, this package provides necessary broad-based income rate reductions including the creation of a new 10 percent rate, and a doubling of the child tax credit to \$1,000, to strengthen families.

When fully phased-in, the average Louisianian can expect to receive a tax cut anywhere from \$300 to \$500 a year. But more importantly, the effect of the new refundable child credit could offset much of the payroll and excise taxes that affect many Louisiana families. For example, a married couple with two children earning \$20,000 could receive a tax benefit of as much as \$2,000. That is a real saving that could make a substantial difference for many families.

In representing the people of Louisiana, my commitment has been to fiscal discipline, tax code fairness, debt reduction, and tax relief. Louisianians and Americans of all income levels deserve the significant tax relief included in the \$1.35 trillion tax cut package now being considered by Congress. So, while I support tax cuts, I also support an amendment that provides an insurance policy against returning to deficit spending, a trigger mechanism. Federal Reserve Chairman Alan Greenspan re-

peatedly has stated in recent months his support for a trigger mechanism.

Through this trigger mechanism, the goal is to enact tax relief in a fiscally responsible way that protects against the depletion of the Social Security and Medicare surpluses, and allows for true debt reduction. The trigger creates a safety mechanism to address the possibility of either fiscally irresponsible tax cuts or "budget busting" Federal spending increases that would lead the nation back to a period of budget deficits and mounting public debt. Under such a trigger, tax relief would continue to be phased-in while specified debt reduction targets are met. If Congress falls short of those targets, the trigger would delay the implementation of new spending and tax reduction proposals until those debt reduction targets are back on schedule. The trigger mechanism will not cancel out or hamper the \$1.35 trillion tax cut package. It will instead strengthen and increase the certainty of the tax relief by ensuring fiscal discipline.

I have also offered an amendment on behalf of myself and Senator CRAIG. The adoption tax credit amendment will truly encourage parenthood through adoption, and in the long run, reduce the costs to taxpayers. It provides a permanent expansion of the credit to \$10,000 for both special needs and non-special needs adoptions for families with incomes up to \$190,000. Removing children from long term foster care is a great benefit to society because it reduces the possibility that these children will develop costly social problems; such as drug dependence or criminal involvement. This delinquency comes at a high cost to the taxpayer. Our amendment enjoys wide bipartisan support, and should be included in the final package passed by the Senate.

While I support many of the measures in this tax relief package, I should add that there are provisions that I find very troubling. This tax cut is back loaded, with many of the costs exploding after the 10-year budget window. The repeal of the estate tax, only one provision of this tax bill, has been estimated to cost at least \$145 billion in the eleventh year alone. In the long run, over the next 15 to 20 years, the revenue cost of the total tax package could be as high as \$5 trillion. This is an enormous drain on Federal revenues, greatly reducing our ability to pay down our debt and provide strategic investments necessary for our economic growth.

Another concern is the lack of immediate marriage penalty relief, a provision that would benefit many families in Louisiana. This is unfortunate, because married couples treated unfairly by the tax code deserve a speedy remedy. In addition, Education Savings Accounts established in the tax bill are costly and, in my opinion, are an inefficient use of these funds given the great need of new investments necessary to support essential education reform efforts underway in Louisiana and across

the Nation. We need to target more of our federal revenue to poorer, moderate-income, and disadvantaged school districts to the level the playing field of opportunity and to truly ensure that no child is left behind.

Despite these concerns, the package does provide tax relief that is warranted due to the large projected surplus. That is why I rise to support this compromise tax relief package.

Mrs. FEINSTEIN. Mr. President, I rise to support the reconciliation bill currently pending before the Senate.

Although this bill is far from perfect, I do not think there is a member of the Senate who would not have drafted a different bill giving different weight to different provisions if given the opportunity. It represents a compromise on a very difficult set of issues and does, in some areas, make progress.

While it does not provide the immediate economic stimulus I would like, for example, it does afford a wage earner providing for his or her family who makes less than \$45,000 a tax cut of \$300 this year, and \$600 next year. Additionally, although not phased-in as fast as I would like, the changes this bill makes to the marriage penalty and the child tax credit provisions will allow a working couple to avoid paying the marriage penalty simply for getting married, and provide them with child tax credits when they have children.

The President requested a \$1.6 trillion tax cut over ten years. This reconciliation bill will cost \$1.35 trillion, still a sizable amount, over 11 years, including \$100 billion for economic stimulus.

This bill contains several provisions which I believe are important to assure the continued long-term economic health of the American economy and which will benefit many hard-working American families: It contains the creation of a new, retroactive, 10-percent tax bracket which has the effect of benefitting every single American who pays income taxes. Most of the benefit of the 10 percent bracket goes to people who earn less than \$75,000 a year. It contains an across-the-board tax cut, including reductions in the upper brackets. Significantly, this legislation does not go as far as the President's proposal. The 39.6 percent bracket, for example, will fall only to 36 percent, not the 33 percent the President wanted. This is a fair compromise. It provides significant marriage penalty relief although that does not go into effect until 2005. Marriage penalty makes sense for social reasons: It reinforces the important institutions of family and marriage. It eliminates what many of us see as a vast inconsistency in our tax law. The marriage penalty simply makes no sense: Two people should not find that they pay more in taxes if they are married than if they stay single. Although not phased-in as quickly as many of us would like, this bill will eliminate this problem for many couples who now find they face a marriage

penalty. I hope that the Conference Committee would find a way to implement this reform earlier than 2005.

It provides significant estate tax reform and repeal. I have long held that people should not be forced to pay a tax simply because of the death of a parent or spouse. In all too many instances under the current estate tax families are forced to sell a primary residence or go deeply into debt to hold on to a family farm or business simply because of the estate tax triggered by the death of a loved one. This legislation will first raise the unified credit to \$4 million and lower estate tax rates and, then, in 2011, repeal the estate tax. Estate assets will not escape taxation under this approach. Rather they will be taxed at a stepped-up capital gains rate of 20 percent if and when a family chooses to sell them. This will allow families to keep the family home, business, or farm and, I believe, represents real progress on this issue.

This is especially important for California because of high land and property costs. Under the present estate tax, the heir of a \$3 million estate which includes a home or business or farm could pay \$700,000, or 45 percent of the taxable estate value of \$1.7 million in estate taxes, due immediately. In future years, because of astronomical increases in land and property values, this will affect many more Californians than in the past. A child who does not have the cash to pay the tax may be forced to sell the family home, business, or farm. I cannot support a tax where rates are so high that they force an heir to sell their inheritance simply to pay the tax on it, especially in the case of farms or businesses where taxes have already been paid on the income which was used to purchase the asset.

This reconciliation bill expands the tax credit for families with children from \$500 to \$1,000 per child; increases the amount of the credit that is partly refundable so lower income families can benefit; and it expands and simplifies the earned-income tax credit so it is available to many more low-income working families than it is today. For example, under the current rules a family with one child would have to earn at least \$14,000 to have a fully refundable credit of \$600. This bill will extend the credit to families with incomes of \$10,000.

It provides incentives for parents to set aside money for their children's future education by expanding the education savings accounts contribution limit from \$500 to \$2,000; extends the employer-provided tuition assistance credit to encourage employers to help employees continue their education; and helps college students pay off their student loans by eliminating the 60-month limit on deductibility of student loan interest.

It includes pension provisions to provide an incentive for people to save for their retirement, including increasing the contribution limits for IRAs from \$2,000 to \$5,000 by 2011; increasing 401(k)

contribution limits from \$10,500 to \$15,000 in 2010; and includes provisions to help provide retirement fairness for women, including allowing "catch up" contributions to retirement plans for individuals over age 50.

It includes a down payment towards fixing the Alternative Minimum Tax, AMT, problem, an issue that is projected to mushroom by 2010. More needs to be done to make sure that middle class families do not find that because of the AMT they do not receive the benefits promised under this tax cut package. But I am pleased that in taking this first step the Senate has recognized that this is a big problem, especially for states like California, and I look forward to continuing to work with my colleagues in the years ahead to fix this problem before it develops into a genuine crisis.

I have had two concerns about this approach taken in this legislation, however. First, that the costs of this tax bill after 2011 may be quite high—as much as \$3 to \$4 trillion by some estimates.

That is why it was critical, for me to be able to support this legislation, that the "sunset" provisions remained in place and that the provisions included in this bill expire in 2011.

Although I fully expect that Congress will extend many, if not all, of these provisions, this provides us a critical opportunity to make a mid-course correction if, 10 years from now, a different approach on these issues is called for.

Second, I want to make sure that the tax cuts we are considering here today will not endanger the projected surpluses or undo the hard work and hard choices of the past decade which have allowed us to eliminate deficits and pay down the debt.

That is why I supported the amendment offered by Senators BAYH and SNOWE to create a "trigger mechanism" which will allow us to slow-down the phase in of some of these tax provisions should we not meet our debt reduction goals. Although this bipartisan amendment narrowly failed, I think that it sends an important message about our commitment to fiscal responsibility.

On the whole I think that the bill pending before the Senate today represents a fair compromise on a most contentious issue.

Today we are voting on a \$1.35 trillion package, some \$150 billion more than the Senate approved in the budget amendment last month with 65 votes, but still a fair package with many positive elements. So let there be no mistake: This is a large bill, and represents a major change in the tax system. As this reconciliation bill goes to conference, it is my sincere hope that the conferees understand that for myself, and, I believe, many of my colleagues, the package that we are voting on here today represents what we consider to be fair and balanced, and

that we would have considerable difficulty supporting any changes which may threaten to upset this balance.

I urge my colleagues to join me in support of this reconciliation bill.

Mr. FITZGERALD. Mr. President, I rise to speak about the Holocaust Victims Tax Fairness amendment, No. 670, to H.R. 1836, which I offered last Thursday, and which was approved by the Senate yesterday by voice vote.

I would like to thank Senators SCHUMER, JEFFORDS, CLINTON, MCCAIN, TORRICELLI, DOMENICI, ALLEN, DURBIN, GORDON SMITH, SPECTER, BILL NELSON, BINGAMAN, CORZINE, DEWINE, LEAHY, COLLINS, and FEINSTEIN for cosponsoring my amendment.

This year we mark the 56th anniversary of the end of the Holocaust. There are as many as 10,000 Holocaust survivors in my home state of Illinois, and over 100,000 in the entire United States, with an average age over 80. It is imperative that Congress act as soon as possible to prevent the federal government from attempting to tax any restitution obtained by Holocaust survivors and their families because of their persecution by the Nazis.

Holocaust survivors and their families have lived through unspeakable horrors. Three weeks ago, I attended a Holocaust Memorial Service at a synagogue in Skokie, Illinois. After the formal proceedings were over, I spoke with a number of survivors of concentration camps, and heard what they were able to tell me about their dreadful experiences. One survivor of Auschwitz told me things she had never told her children. Why? Because I was a United States Senator, and she felt she had to tell me so that the Holocaust would never be forgotten, even though remembering these horrors caused her indescribable pain.

The accounts of these survivors remind all of us that America has an obligation to continue to pursue justice and compensation for Holocaust victims and their families.

My amendment, the Holocaust Victims Tax Fairness Act of 2001, would prevent the Federal Government from imposing the Federal income tax on Holocaust restitution or compensation payments that victims or their heirs may receive.

The IRS has indicated in various private letter rulings that certain restitution money is exempt from the Federal income tax, but these rulings apply only to the specific individuals who received them, or to specific settlement funds, not to all recipients of compensation and restitution.

The U.S. Treasury Department has made clear that Federal legislation is needed to ensure that all compensation and restitution payments are protected from unfair taxation. In fact, the Bush Administration Treasury Department supports my legislation, as did the Clinton Administration last year. The Holocaust Victims Tax Fairness Act of 2001 will provide certainty for elderly Holocaust survivors, thereby sparing

them from having to navigate complex legal and bureaucratic processes.

More than 50 years after the end of World War II, many banks and companies in Europe are beginning to return stolen assets to survivors of the Holocaust and their heirs. In August of 1998, two of the largest banks in Switzerland agreed to distribute \$1.25 billion as restitution for assets wrongfully withheld during the Nazi reign. And in February of 1999, the German government agreed to establish a fund to compensate victims of the Holocaust.

This amendment ensures that the beneficiaries of these settlements and other Holocaust restitution or compensation arrangements can exclude the proceeds from taxable income on their Federal income tax forms. The measure also ensures that survivors and their families do not lose their eligibility for federal or federally assisted need-based programs when they receive Holocaust-related restitution or compensation payments.

Those of us too young to have lived in those times can never know the pain of the survivors. But we must learn from them. We who were born after the war must commit ourselves to try our best to shoulder the responsibility the survivors have carried for so long. While the restitution settlements pale in comparison to what they have lost, this legislation ensures that survivors and their families can keep all that is returned to them without being unnecessarily burdened by taxes or excluded from need-based programs.

The Congress must send a clear message that to allow the federal government to tax away any reparations obtained by Holocaust survivors or their families because of their persecution by the Nazis or their sympathizers is simply unacceptable. Given that the average age of Holocaust survivors now exceeds 80 years of age, we believe it is imperative that the Congress act now to prevent the Federal Government from attempting to tax this money.

Similar legislation was agreed to by the Senate as an amendment to the Taxpayer Refund Act of 1999. The provision was retained in conference, but the final bill was vetoed, preventing this important measure regarding Holocaust restitution from becoming law.

My amendment improves significantly upon bills on this issue that were introduced in the 106th Congress. For example, this amendment is more carefully crafted to encompass all possible types of restitution and compensation that Holocaust survivors or their heirs may receive in the coming years.

Furthermore, unlike previous versions, my legislation ensures that survivors and their families do not lose their eligibility for Federal or federally assisted need-based programs when they receive Holocaust-related restitution or compensation payments; this provision expands upon a 1994 law that protected only victims, not their heirs, from losing benefits from need-based

programs because of restitution payments. My legislation corrects this unfortunate omission in the 1994 law.

Finally, unlike previous versions, my amendment provides that the initial tax basis of property returned to Holocaust victims or their heirs will be the fair market value of the property on the date of recovery. This provision ensures that Holocaust survivors who receive in-kind, rather than cash, restitution do not have to pay tax on capital gains if they immediately sell the property. Survivors should not be unfairly penalized because they receive in-kind restitution; and the Federal Government should not make one dime on Holocaust restitution, whether the restitution is in cash or in kind.

This legislation has strong bipartisan support in Congress. Twenty Senators have already cosponsored S. 749, a bill I introduced last month that is identical to this amendment.

Many organizations that work to assist Holocaust survivors have endorsed the Holocaust Victims Tax Fairness Act of 2001, including the Conference on Jewish Material Claims, the Anti-Defamation League, B'nai B'rith International, the American Jewish Committee, and the American Gathering of Jewish Holocaust Survivors—the largest organization of American Holocaust survivors.

After over 50 years of injustice, Holocaust survivors and their families are reclaiming what is rightfully theirs. Even as we support these efforts to reclaim stolen property, we must do our part in protecting the proceeds. I thank my colleagues in joining me in supporting this amendment.

Mr. CAMPBELL. Mr. President, today I express my support for H.R. 1836, the Tax Reconciliation Act of 2001. This bill is the largest income tax relief bill in 20 years and I believe the American taxpayers deserve and desire this legislation.

The Tax Reconciliation Act goes a long way to relieve taxpayers of an unfair tax burden. This bill provides: broad-based tax relief by reducing tax rates; family tax relief by addressing the Marriage Penalty Tax and by immediately increasing the Child Credit to \$600; \$150 billion to Estate Tax Relief and by repealing the Estate Tax by 2011; \$30 billion in education benefits and \$40 billion in retirement and pension benefits, and by extending the availability of the child credit under the Alternative Minimum Tax (AMT) and by increasing the AMT exemption amount.

I am particularly interested in the estate tax relief because again this year I introduced the Estate and Gift Tax Rate Reduction Act of 2001, S. 31. Estate and gift taxes remain an unfair burden on American families, particularly those who pursue the American dream of owning their own business. Why should family-owned businesses and farms be hit with the highest tax rate when they are handed down to descendants—often immediately following the death of a loved one? These

taxes, and the financial burdens and difficulties they create come at the worst possible time. Making a terrible situation worse is the fact that the rate of this estate tax is crushing, reaching as high as 55 percent for the highest bracket. That is higher than even the highest income tax rate bracket of 39 percent.

Furthermore, the tax is due as soon as the business is turned over to the heir, allowing little time for financial planning or the setting aside of money to pay unscheduled tax bills. Estate and gift taxes right now are one of the leading reasons why the number of family-owned farms and businesses are declining. Quite simply, the burden of this tax is just too much.

This tax sends the troubling message that families should either sell the business while they are still alive in order to spare their descendants this huge tax after their passing, or allow the value of the business to decline, so that it won't make it into their higher tax brackets. Whichever the case may be, it hardly seems to encourage private investment and initiative, which have always been such a strong part of our American heritage.

I am pleased that the bill before us takes the important step of addressing this unfair burden. I will continue to work with my colleagues for the complete elimination of the death tax.

I have heard people say that the cost of this bill is too great—that we can't afford it at this time. But I think since we now have a balanced budget and a significant surplus, then the American people deserve this tax relief and they deserve it now. The American people have earned this tax relief.

I know that \$1.35 trillion is a lot of money, but we have over a \$3 trillion surplus and one reason we have a \$3 trillion surplus is the taxpayers got their taxes raised too much. If the American people overpaid, then the American people should get their money back—that is just fair.

The Tax Reconciliation Act of 2001 is the largest middle-class tax relief in twenty years and I think it is high time the hard-working taxpayer get this relief. I support this legislation and I urge my colleagues to do the same.

Mr. MURKOWSKI. Mr. President, we have engaged in a very hard-fought battle on the Senate floor since last Thursday. Some would say that this has been a partisan battle, and in many ways it has been a good partisan battle. If you look at the series of amendments that we have considered these past few days, you will see a fundamental philosophical division between the majority of both parties in the Senate.

The Republicans have stood firmly for the proposition that the American people have been overtaxed and deserve a partial refund of the huge \$5.6 trillion surplus that is expected to accumulate over the next 10 years. We are not saying all of the surplus should be re-

turned to the American taxpayer, but a modest portion—25 percent deservedly belongs to hard working American families. The remainder will be used to preserve and protect Social Security; enhance Medicare and pay down the national debt.

On the other hand, the Democrats have come up with dozens of amendments that reduce the size and scope of tax cut in order to promote more federal spending. In fact, I think one amendment offered by the senior Senator from Michigan, Mr. LEVIN, pretty much sums up the philosophy of the Democratic Party. That amendment provided that if Government discretionary spending went beyond the amounts set forth in the budget resolution, then the Secretary of the Treasury would be required to raise the top marginal rates paid by individuals.

In other words, let the Congress spend as much of the taxpayers' money as it pleases, with no discipline, no limits and then pay for that spending with administrative tax increases. Thus if Congress spends \$200 billion more than budgeted, the Treasury Secretary simply can push a button and the top marginal rate could be 50 percent or 60 percent of whatever it takes to pay for wasteful spending.

Fortunately, that unconstitutional amendment was defeated, though 41 of the 50 Democrats supported the concept of this unconstitutional delegation of taxing authority and the lifting of all discipline or spending.

That said, the final bill before us is a bipartisan measure that will bring much needed tax relief to nearly every taxpayer in the country. And for more than 10 million individuals and families with no income tax liability, they will receive a rebate of payroll taxes; 19 million of the 64 million individuals and families with a top income tax rate of 15 percent will now have a top rate of 10 percent. And that tax cut is immediate and retroactive to January 1, of this year.

More than 30 million families will benefit from the increased child credit, 10 million of whom will receive a refundable child credit. Over more than 40 million couples will benefit from the marriage penalty relief contained in the bill and small businesses, the engine of growth in this country, will now be able to preserve their family assets without the threat that the government will force the business' break-up because of the punitive death tax.

For Alaska Natives, the bill contains a provision that will allow Alaska Native Corporations to establish settlement trusts. This is only fair. These tribal corporations, unlike lower-48 tribes, are required to pay income taxes. Settlement trusts will allow them to invest some of their earnings for the future social benefit of their members.

And for the many employees who work in the building and construction trades, the bill includes a provision that will allow them to receive pen-

sions that better reflect the pension agreements their unions negotiated as part of multi-employer agreements.

This is a fair and balanced tax cut. I would have preferred we would have cut taxes even more, as the President proposed. But the step we take tonight marks the first major tax cut for all Americans in 20 years. I commend the chairman of the Finance Committee, Senator GRASSLEY, and the ranking member, Senator BAUCUS, for their diligence and hard work in achieving this important relief for the American taxpayer.

Mr. ENZI. Mr. President, I rise in support of S. 896, the Restoring Earnings to Lift Individuals and Empower Families, or RELIEF Act of 2001. It is time we ease the tax burden on all American taxpayers and return part of the surplus to the people who created it.

The legislation before us will benefit American taxpayers and improve our Nation's economy. The provisions of the RELIEF Act of 2001 include across-the-board rate reductions for all Americans, repeal of the death tax, reduction of the marriage penalty, doubling of the child credit, and increased incentives for retirement savings and education. This legislation incorporates some good principles of tax policy, such as encouraging investment, strengthening families, and rewarding savings. It takes an important step in the right direction toward a tax policy more worthy of a great nation.

The RELIEF Act of 2001 will encourage economic growth and productivity by strengthening America's small businesses. Small businesses are the backbone of the American economy. They represent over 99 percent of all employers in America and employ half of America's private workforce.

Small business creates 80 percent of all new jobs in America and accounts for about 38 percent of the gross domestic product and half of the gross business product. Because of their ability to adapt quickly to changing market conditions, small businesses are nearly the sole source of job growth during times of economic recession. In short, if we want to provide a stimulus to the present economy, we should do all we can as soon as we can to help America's small businesses.

The legislation before us will greatly help small businesses. First, it kills the death tax. It should come as no surprise to anyone that the death tax is one of the most destructive taxes to small businesses. In one foul swoop, this tax can demolish the work of several generations of entrepreneurs.

The death tax rewards savings and investment with crippling tax rates that all too often force families to sell off their businesses just to pay their bill to the IRS. The death tax is a punitive tax on families by penalizing them for trying to pass on their life's labor to their children. I am pleased that this legislation axes the death tax and sends it to its grave where it belongs.

Secondly, the RELIEF Act of 2001 will help stimulate the economy by empowering small businesses in their effort to provide more jobs, invest in their physical facilities, and develop new products that will benefit American consumers and our Nation as a whole. It is important for everyone to understand that most small business owners file their taxes as individuals. Most do not file as traditional C-corporations, but rather organize as sole proprietorships, partnerships, S-corporations or some other structure that allows them to file their taxes using the tax rates for individuals. Each and every one of these "flow through" businesses that has positive income will benefit from the tax relief before us.

I would like to give my colleagues and the American people an idea of the number of small-business owners who would benefit under the rate reductions in the legislation before us.

There are nearly 17½ million individuals who had income from sole proprietorships in 1999, the last year for which we have complete data. Each one of these 17½ million people will receive tax relief under this legislation. These might be retailers, dentists, general contractors, accountants, or people employed in any other number of occupations that provide the goods and services that we use every day.

I should mention that these numbers only include taxpayers who had income from non-farm sole proprietorships and does not include business owners who may organize using other business entities, such as partnerships or S-corporations. If we added in the people who file the schedule F for farm income and those who file schedule E for partnership income, the total would probably be in the neighborhood of 24 million. Since we don't have that data broken down by States, we will consider those small business owners who file as sole proprietorships. Keep in mind that the 17½ million is really the floor rather than the ceiling of small business owners who will benefit from the rate reductions in this bill.

To give people an idea of how this tax bill will benefit their constituents, I would like to share some of the numbers from individual States. In my home State of Wyoming, there were 38,000 people with small business income in 1999. By passing this tax relief, each and every one of these business owners would have more money to put into their businesses and benefit the economy as a whole.

Here is how this often works in the real world. Many of these businesses have a profit on paper which effectively puts these business owners into the highest tax bracket for any given year. If they didn't have to pay 40 percent of their income to the Federal Government, they would use this investment money into their business by buying more inventory, building, remodeling, or re-tooling their physical facilities.

Many of these businesses would use this money for testing, research and

development of new products and technology which would in time greatly benefit the economy as a whole. In my home State of Wyoming, each of our 38,000 business owners are making a great contribution to our local communities and it is time we let them keep a little more of their own money so they can grow their businesses rather than grow the pork in the Federal budget.

If you look at the other States, you will find that they also have significant number of small business owners who will benefit under the tax relief before us.

Montana has 76,000 business owners who would benefit from this tax relief. Like Wyoming, many of these are Main Street businesses which form the backbone of the economy in our small towns and help perpetuate the western way of life.

Colorado has 329,000 business owners who would benefit from this tax relief. Nebraska has 117,000 small business owners who would see their incomes rise from this tax relief. When you include the number of small business owners who operate farms, I expect this number would be considerable higher.

Similarly, 486,000 small business owners in Georgia would find more money in their pockets if we pass the RELIEF Act of 2001.

I have heard the criticism from some on the other side of the aisle that this tax cut is too tilted toward the rich. Some have said that the President's proposal would give millionaires the money to buy a new Lexus while it would only allow middle income people money to buy a new muffler. I really don't know what world they are living in, but I find it interesting that most of the people who are making these claims don't have any experience owning or operating a small business.

I have heard a number of my colleagues on the other side of the aisle express great concern about the number of mega-mergers between multinational corporations over the past several years. They have argued that these businesses continue to swallow up their smaller competitors in many of our communities and all too often have the effect of eliminating any real local competition. As a former small business owner, I am very sympathetic to these concerns.

My experience has taught me that the small, locally owned family businesses are much more likely to be active in their community. These are the businesses that constantly donate their goods and services to local charities, schools, and civic organizations in an effort to make their towns better places to live. Small business owners live in the same communities where they sell their products or offer their services and this is generally not true of the large, multinational corporations. Since most small businesses pay taxes under the individual rates, this legislation takes an important step in

leveling the playing field with their large competitors.

In short, if members of the U.S. Senate want to take one action this year that can greatly aid in the survival of America's more than 17½ million small businesses, they should vote for this tax relief legislation. Members will not have a better opportunity this year to register their support for America's Main Street business owners than the RELIEF Act of 2001.

It is important to understand that we need to lower all the marginal rates to benefit our small businesses. According to treasury data, nearly two-thirds of the taxpayers who would benefit from lowering the top income tax rate are small business owners and entrepreneurs. Contrary to the stereotypes too often painted by the far left, most of the taxpayers in the top income tax bracket are not the idle rich.

Now I have a little experience in owning and operating a small business. I owned and operated a Main Street shoe store in Gillette, WY, for 26 years with my wife and our three children. Let me tell you, when I got a tax cut, I did not go out and buy a Lexus. I would take that money and make improvements to my store so that my business would be more successful in the future and I would be better able to provide the services and products that would benefit my family and my community.

I wonder how these 17½ million small-business owners would feel if we told them "you can't have a tax cut, because we don't trust you to spend your own money. You might just waste that tax cut on a luxury car. You better let us keep that money in Washington so we can continue to increase the size and scope of the Federal Government and have a little more control over every aspect of your lives." I don't know who my colleagues are talking with, but I trust the more than 38,000 small-business owners in my State to use their own money as they see fit.

America's taxpayers are long overdue for a return of their surplus. Americans are shouldering the highest peacetime tax burden in our Nation's history. Both the level of taxation and our underlying tax policy are unjust and in desperate need of reform. For too long, we have punished marriage and savings, discouraged innovation and job growth, and punished the same small business owners that deserve much of the credit for our economic success over the past decade.

It is time we listen to the more than 17½ million small business owners spread throughout our States, and our communities. It is they who will benefit from the RELIEF Act of 2001, and they in turn will help us by providing many of the goods and services that we will use every day.

The RELIEF Act of 2001, will benefit every American taxpayer by allowing them to keep some of their own money. It will stimulate the American economy by rewarding entrepreneurship and job creation. It respects marriage

and the family. It encourages savings and investment. It gives Americans greater freedom over their incomes and their futures. I applaud Chairman GRASSLEY and Senator BAUCUS for their hard work in writing this legislation and bringing it before the Senate today. We should enact this legislation with all deliberate speed. I urge my colleagues to join me in supporting the RELIEF Act of 2001.

Ms. SNOWE. Mr. President, I rise in support of the bipartisan tax cut package which passed the Finance Committee on Tuesday.

I first want to thank and commend Chairman GRASSLEY and Ranking Member BAUCUS for working so closely together to build a principled consensus one that not only brings this pressing issue to the floor in a timely fashion, but will also ultimately benefit the people of this nation. They have worked tirelessly for a fair and balanced tax cut bill, and I believe they have achieved that goal.

Inevitably, none of us will agree with everything in this bill. Some will wish we had done more, some less. But that is the sign of true compromise.

It is not about any one of us getting everything we would like. It's about making a judgment as to whether the preponderance of the measures in a given bill works for the good of the country. That is how the process should function—however difficult that process may be, and however much it may require us as individuals to compromise on facets of the bill we would prefer to be different.

We cannot allow the gears of the deliberative process to become jammed with the monkey-wrench of absolutism. This is not the time to retreat into the false haven of ideological absolutes. Especially in these perilous economic times, we cannot let personal or partisan differences get in the way of passing a fair and meaningful tax cut. Of course we have an obligation to speak our minds and to make changes where and when we can. But we also have an obligation to heed the warning signs our economy is sending.

I think everyone has probably had the opportunity to read at least a number of the myriad articles on the state of the economy. One Business Week article spoke of a terrible first quarter, stating that "the earnings of the 900 companies on Business Week's Corporate Scoreboard plummeted 25 percent from a year earlier . . . The first quarter profit plunge was the Scoreboard's sharpest quarterly drop since the 1990-91 recession."

Productivity fell at a 0.1 percent annual rate in the first quarter—the first quarterly drop in 6 years. And layoffs are at their highest levels since they were first tracked in 1993, with major corporations announcing more than 572,000 job cuts this year. Little wonder, then, that the unemployment rate has risen to 4.5 percent, with April's job loss the largest since February 1991.

Even more ominous is Business Week's recent observation that if wide

layoffs of high wage earners continue, the likelihood of recession becomes even greater.

And the Washington Post noted recently that Federal Reserve cuts in interest rates have been the most aggressive since the second quarter of 1982—the worst recession since the Great Depression—and that observation came before the most recent half-percent rate cut. We cannot ignore these economic storm clouds that may portend negative consequences for American workers as well as our economic future.

And while it is true that a tax cut may not actually prevent a recession, if one is in the offing, I well remember the words of Federal Reserve Chairman Alan Greenspan, who came before the Finance Committee in January.

Chairman Greenspan stated that tax cuts, while perhaps not having an immediate effect, could act as "insurance" should our recent downturn prove to be more than an inventory correction . . . that it could soften the landing and shorten the duration of any recession should it occur. Again, there are ominous clouds on the horizon, and let's keep this in mind as well—"blue chip" economists have indicated just this week that they are factoring the tax cut in their projections.

In fact, if there is one concern I have with this package, it's that, given our growing economic uncertainty and the grim repercussions it could have, we need to do even more this year to get money into the hands of taxpayers and to get the economy back on track.

I know there is an ongoing discussion about whether the best way to do this is to adjust the withholding tables as this bill envisions, or to issue checks directly to taxpayers. In the end, I think that whatever method best gets this into taxpayers hands—be it accelerated withholding, sending checks, or a combination of the two—is an imperative and I would urge the conferees to develop such a plan as they craft the conference report.

The fact of the matter is, the case for cuts has never been more compelling—it's an issue of our economic health and well-being, and it's an issue of fairness for the American taxpayer—who shouldered the burden of the debt and created the surplus in the first place.

As a percent of GDP, Federal taxes are at their highest level, 20.6 percent, since 1944—and all previous record levels occurred during time of war or during the devastating recession of the early-1980s, when interest rates exceeded 20 percent and the highest marginal tax rate was 70 percent.

The fact of the matter is, it would be irresponsible not to return a reasonable portion of the surplus—which is really just an overpayment in the form of taxes—to the American taxpayer. And there should be no mistake—if we fail to pass a meaningful relief package, we will fail both working families and the economy upon which their work depends.

And let us not forget that this package is nearly 25 percent smaller than was proposed by President Bush in his budget. Let us not forget that it will utilize less than one-half of the projected surplus over the coming 10 years, 45.7 percent, excluding both Social Security and Medicare surpluses.

In fact, even with a \$1.25 trillion tax cut over the coming ten years, we will still have about \$1.5 trillion available for other priorities, including the funding of a new prescription drug benefit and additional debt reduction. Mr. President, this package is neither unreasonable nor irresponsible.

As to the issue that's been raised of "backloading" the tax cuts in this bill, as the chart behind me demonstrates, the structure of the tax package is phased-in to reflect the flow of surpluses projected to accrue over the coming ten years.

Specifically, during the first 5 years, when the non-Social Security and non-Medicare surpluses are smaller, the tax cut is also smaller. In later years, as the surpluses grow, the tax cut grows as well. The alternative is to phase-in the tax cuts more rapidly and dip into the Social Security and Medicare surpluses—not an option at all in my book.

Just as importantly, many of us fought hard to ensure that the benefits of this tax cut package will be weighted toward those who need relief the most—middle and lower-income taxpayers.

We have before us a thoughtful proposal that addresses concerns I, myself, had with the distributional effects of the original package. And it does so in a variety of meaningful ways—retroactively creating a new "10 percent" bracket . . . providing much-needed AMT relief for middle-income families . . . and ensuring marriage penalty relief for all couples while bolstering the Earned Income Tax Credit program by providing \$22.5 billion over the duration of the package.

And we didn't stop there. The bipartisan education package that the Finance Committee reported in March is included in this bill, along with a new deduction of up to \$5,000 for higher education tuition paid, and a new credit of up to \$500 for interest paid on student loans—provisions that I have sought along with Senators TORRICELLI and SCHUMER.

With the cost of college quadrupling over the past 20 years—a rate nearly twice as fast as inflation—and with students borrowing as much during the 1990s as during the 1960s, 1970s, and 1980s combined, these provisions will provide critical assistance to individuals and families grappling with higher education costs.

It also includes the bipartisan IRA and pension package—introduced separately by Senators GRASSLEY and BAUCUS that will not only strengthen and improve access to pensions and IRAs, but also enhance fairness for women who frequently leave the workforce

during prime earnings years, and suffer from reduced retirement savings accordingly.

And finally, no package could truly be said to produce fairness without including a refundable child tax credit. That is why I worked with Senators LINCOLN, JEFFORDS, KERRY and BREAU—as well as both the chairman and ranking member—to include a provision that builds on the President's proposal to double the \$500 per child tax credit by making it refundable to those earning \$10,000 or more, retroactive to the beginning of this year.

This is introducing a wholly new concept with respect to that child tax credit, and one that is most assuredly warranted. For the first time we will provide and expand benefits to minimum wage earners.

How will this help? In its original form, the tax relief plan would not have reached all full-time workers—the tax reduction would have disappeared for wage-earners with net incomes of less than about \$22,000. Indeed, without refundability, there are almost 16 million children whose families would not benefit from the doubling of the Child Tax Credit. To give an idea of how many children we're really talking about, that is about twice the population of New York City or about 13 times the entire population of my home state of Maine.

Thanks to the changes we have made, the bill now provides a substantial tax credit to a total of 37 million families and 55 million children nationwide who might otherwise have gained no benefit from the proposal to simply double the per-child credit.

Many of these are families earning minimum wage, struggling to make ends meet in addition to paying their share of State and local taxes, payroll taxes, gasoline taxes, phone taxes, sales taxes, and property taxes. All told, the average full-time worker earning the minimum wage pays more than \$1,530 in payroll taxes, and more than \$300 in Federal excise taxes.

This is no small burden to working families already living on the fiscal edge. In fact, despite America's strong economy, one in six children live in poverty, and the number of low-income children living with a working parent continues to climb. My provision that is included in this bill to make the child tax credit refundable will give these families a hand up as they strive for self-sufficiency, and give these kids the hope of a childhood without poverty.

The partially refundable credit will provide a benefit of up to 15 cents for every dollar earned above a \$10,000 per year threshold. In real terms, this year, a working family with one child and an income of \$13,000 would be eligible for a refundable credit of \$450; and a family with an income of \$14,000 would qualify for the full \$600 credit.

As tax reductions and the child tax credit are phased in over 10 years, the maximum allowable refundable credit

will rise from \$500 to \$600 this year, increasing to \$1,000 by 2011. Families with more than one child would also receive a refundable credit based on their income.

Will this tax relief solve all the financial problems faced by eligible families? No. But it will help to purchase essentials, like groceries, heating fuel, or electricity. And it sends an important message of encouragement that we want those who work hard and strive to improve their lives to succeed. Refundability shows that tax relief is for all full-time working families.

With these kinds of adjustments, we take a critical first step in ensuring that the balance of this package in its totality will help lower and middle income taxpayers.

In fact, in looking at the various analyses of the changes we made to the package, the Joint Tax Committee estimates that those earning less than \$50,000 will see their share of Federal taxes drop from 14.3 percent under current law to 13.8 percent in 2006.

Indeed, the largest reductions in the effective tax rates will apply to those in the \$20,000 to \$40,000 range. Conversely, in 2006—the fifth year of implementation—the share of federal taxes paid by those with incomes of \$100,000 or more will increase from 58.4 percent to 59 percent.

Moreover, as a result of the refundability of the child tax credit, according to Joint Tax, those in the \$10,000 to \$20,000 income range will see their share of federal taxes reduced from 1.5 percent to 1.3 percent—a reduction of \$3 billion. And by 2006, this level is down to 1.1 percent.

If you look at upper income brackets, and I know there are those who still have concerns with the top one percent, according to Citizens for Tax Justice, this gives 19 percent of tax cuts to the top one percent who pay 37 percent of taxes, as opposed to 31 percent in the President's original package.

And in terms of the overall package, it is worth noting that creation of the new 10 percent bracket alone accounts for \$438.6 billion, while reductions in all other brackets amount to \$397.3 billion—that's 52 percent of the cuts going to the lowest bracket, with 48 percent going to all others.

At the same time, the share of federal taxes paid by those with incomes of \$50,000 to \$100,000 will fall from 27.3 percent to 27.1 percent—and from 14.3 percent to 13.8 percent for those earning under \$50,000. So yet again we've seen a shift in the weighting of the bill away from benefits for the higher income brackets.

As for the compromise we developed that results in a reduction of the uppermost bracket from 39.6 to 36 percent, it is worth noting that many individuals in that bracket are small business owners whose business-related income is taxed as personal income.

According to the Treasury Department, in 2006, 63 percent of the tax re-

turns that would benefit from reducing marginal rates in the top two brackets would be reporting some income or loss from a business. And in my home state of Maine, for example, about 97 percent of all businesses are small business.

The reality is, small businesses have played a central role in our nation's economic expansion. From 1992 to 1996, for example, small firms created 75 percent of new jobs—up 10.5 percent—while large-company employment grew by 3.7 percent. So why—when we're talking about such a tremendous impact on individuals and the economy . . . when the top corporate tax rate is 35 percent—why should we continue making small business men and women pay so much more?

I think the American public often thinks about tax cuts the way they would think of winning the lottery it would be great if it really happened, but it in reality it really only happens for "the other guy" . . . that tax cuts will only apply to someone else . . . and if they do happen, they'll be so small as to have no appreciable effect on everyday life.

Well, the American people should know that this tax cut applies to everyone, and especially those who could use the break the most. And that's true not just on paper, but in reality—in the real world.

For example, a married couple with two children and \$15,000 in income will pay no income tax. They will receive \$4,008 from the earned income tax credit—an increase of \$402—and a benefit from the expanded per-child tax credit of \$600. That is over \$1,000 extra in their pocket—that's going to mean a lot to that family making \$15,000 a year.

The point is, this is no phantom tax cut—this is real, this is balanced, and this is fair. And what this all comes down to is, if you are really serious about cutting taxes, you should support this package that begins the process of providing some relief given, once again, the status of our economy and the tax burden on the American people.

We know we are never going to get unanimity on an issue of this magnitude. But we can have progress and we can come to some kind of consensus. This package represents a bipartisan effort that, in the aggregate, is good for our future and good for the American taxpayer today. And it deserves our support.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

Mr. CRAIG. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 62, nays 38, as follows:

[Rollcall Vote No. 165 Leg.]

YEAS—62

Allard	Feinstein	McConnell
Allen	Fitzgerald	Miller
Baucus	Frist	Murkowski
Bennett	Gramm	Nelson (NE)
Bond	Grassley	Nickles
Breaux	Gregg	Robertson
Brownback	Hagel	Santorum
Bunning	Hatch	Sessions
Burns	Helms	Shelby
Campbell	Hutchinson	Smith (NH)
Carnahan	Hutchison	Smith (OR)
Chafee	Inhofe	Snowe
Cleland	Jeffords	Specter
Cochran	Johnson	Stevens
Collins	Kohl	Thomas
Craig	Kyl	Thompson
Crapo	Landrieu	Thurmond
DeWine	Lincoln	Torricelli
Domenici	Lott	Voivovich
Ensign	Lugar	Warner
Enzi	McCain	

NAYS—38

Akaka	Dodd	Lieberman
Bayh	Dorgan	Mikulski
Biden	Durbin	Murray
Bingaman	Edwards	Nelson (FL)
Boxer	Feingold	Reed
Byrd	Graham	Reid
Cantwell	Harkin	Rockefeller
Carper	Hollings	Sarbanes
Clinton	Inouye	Schumer
Conrad	Kennedy	Stabenow
Corzine	Kerry	Wellstone
Daschle	Leahy	Wyden
Dayton	Levin	

The bill (H.R. 1836), as amended, was passed.

Mr. LOTT. Mr. President, I move to reconsider that vote and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LOTT. Mr. President, parliamentary inquiry: Do we have an agreement to be in morning business?

The PRESIDING OFFICER. Yes. If the leader will permit, under the previous order, the Senate insists on its amendments and requests a conference with the House of Representatives.

Under the previous order, the Chair now appoints Mr. GRASSLEY, Mr. HATCH, Mr. MURKOWSKI, Mr. NICKLES, Mr. GRAMM of Texas, Mr. BAUCUS, Mr. ROCKEFELLER, Mr. DASCHLE, and Mr. BREAUX conferees on the part of the Senate.

Mr. LOTT. Mr. President, even though the distinguished managers of this legislation have just left the Chamber, I want to say once again, as I have earlier, I think we should congratulate our two managers, the chairman of the Finance Committee, Senator GRASSLEY, and the ranking Democrat on the Finance Committee, MAX BAUCUS. They have done yeoman's work. There are a lot of us who say that the chairman and ranking member of committees should always reach out and try to work together and find a way to have a bipartisan agreement. In this case, these two gentlemen have done it.

Perhaps there is not a total happiness with their agreement on either side. But this is the way it should work. I think they have come up with a good package and they should be commended. We didn't set a record with a number of votes on a package of this nature, but we did do 54 votes on

amendments. We went through a lot of hours, having votes basically every 15 minutes. We stayed right with it. They are exhausted, but they are also exhilarated, as they should be, because this is a real good day's work.

I know this legislation is going to be good for America, good for job security, and economic growth for working families of America and for their children. It does have the core components the President asked for but also other areas, such as education, pension savings, and the alternative minimum tax.

So they have done good work, and I am glad we have passed this tax relief package. They now have to go to conference and that, too, will be a challenge. I am sure they are up to it, and they are going to work to make sure the interested parties in the House and the Senate, on both sides of the aisle, are included.

So this has been a real lift to get it completed. I know it has been difficult on both sides of the aisle. I know Senator REID has been here through the long hours—12 hours, I believe, yesterday alone. Senator DASCHLE and I talked many times to try to find a way to bring it to a conclusion. We have been able to achieve that.

The vote speaks for itself; 62 Senators voted aye for tax relief for America. I am very happy that this hurdle has been jumped and now we go to the final stage.

With that, I yield the floor.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. DASCHLE. Mr. President, I will use my leader time to make a few comments about the tax bill. Let me first begin by congratulating the distinguished chairman and the ranking member. While I differ with the outcome, I certainly do not differ with the manner in which they worked together. I appreciate the bipartisan spirit in which they worked, and I hope we can see more of that in the future.

I do hope we can see a different result in the future as we face these critical questions. I believe with all my heart that we will regret the day this passes and is sent to the President for his signature. I think we will regret it, in part, because it is based on projections that are very faulty. We will not realize a \$5.7 trillion surplus. I think we can predict that safely. We also recognize that, with the uncertainty of the budget and all of the economic conditions that we will face, to commit to a tax cut of more than \$4 trillion in its entirety over a 10-year period of time is not in keeping with the fiscal responsibility that we have all said we are so proud of—the fiscal responsibility that actually brought about surpluses over the course of the last 3 years.

So our first concern has been, and continues to be, that it is based on faulty projections. Our second concern is that it will crowd out all other priorities that we hold, in some cases, in both parties. We say we are for reducing the public debt. I believe that as a

result of the passage of this legislation there will be no further reduction of public debt. We all have indicated a willingness to support prescription drug benefits. I predict that as a result of this we will be told we can't afford prescription drug benefits.

We all indicated that we advocate strongly protecting Medicare and Social Security. This bill will force us to tap into the Medicare fund, the Social Security fund, and deny the protection and the kind of viability in those trust funds that we have counted on these last several years. This bill will not allow us to provide the kind of resources for investment in education that we have all said is important to both parties and this country. So across the board, this legislation crowds out and, in some cases, eliminates our opportunity to address America's priorities in a balanced and meaningful way.

The third concern I have is one of fairness. We can do better than this. We ought to do better than this. When we provide a third of a \$4 trillion tax cut to the top 1 percent, a third to the next 19 percent, and a third to the bottom 80 percent, that doesn't say much about the balance and our sensitivity and empathy for working families all across this country.

There is only one group of taxpayers who will not receive any marginal rate reduction in this bill, and that is the 72 million taxpayers who will still pay the 15-percent rate. That is wrong. We ought to do better than that. We ought to be sending a clear message that we understand they deserve a tax rate cut like everybody else. But that is not what this bill says. So I am concerned about the fairness. I am concerned about the imbalance that this legislation represents.

Mr. President, for all of those reasons, I regret the fact that we passed this legislation today with the vote that we did. I suspect we will be back addressing budgetary and other implications for many years to come. I hope in the future we will remember our promise, our commitment to fiscal responsibility, our commitment to the other issues that we have all said are important not only to us, but to the country. I hope, in a bipartisan way, our judgment in the future will reflect those commitments more accurately than the one we have just made today.

I yield the floor.

MORNING BUSINESS

A PROCEDURAL TRAVESTY

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, just a couple words. The fact is, Mr. President—and I speak advisedly—this is a travesty; it is a travesty economically and, more than that, a travesty procedurally with respect to the Senate. I speak as having served on the Budget

Committee since its institution—and as having been its chairman—and I have never seen such a gross abuse of the process.

Specifically, Mr. President, in 1993, which has been compared by the present chairman of the Budget Committee to the action just recently on the floor, in 1993, President Clinton presented his budget. We had hearings on that budget, and we had a markup within the Budget Committee under the rules. There were some 30 votes—and 1 more vote for final passage. Thereafter, when we brought it to the floor of the Senate, we had an additional 52 votes on amendments. Compare this with the majority leader's bragging now about 54 votes—like that was really a task.

The truth of the matter is we didn't get to reconciliation until August. At that particular time, they were really gloating with glee at the passage of the bill and reconciliation, stating that when we increased taxes on Social Security, they were going to hunt us down in the street like dogs and shoot us. They said, when we passed that bill, it was going to cause a depression. The distinguished chairman of the Finance Committee, Senator Packwood, said if this procedure worked back in 1993, which we voted for without a single Republican vote either in the House or in the Senate, that he would give us his home downtown here in the District. And Congressman Kasich, later chairman of the Budget Committee on the House side said, if this thing worked, he would change parties. I want to be a good memory.

I will never forget a conversation once with Bernie Baruch, when he talked about President Truman. He said Truman had a good memory, but he said he had a good, bad memory. That crowd over there has a good, bad memory for the simple reason that they know it is an abuse. They rammed it. Instead of the President presenting a budget, we in the Budget Committee went through make-work hearings—just blather. They could not hear on the President's budget because the President would not submit it.

Of course, when we debated the so-called budget on the floor of the Senate, it was merely a tax cut. It wasn't a budget. The President had yet to submit his budget. It had not been submitted when they voted on it in the House; it had not been submitted when they voted on it in the Senate.

Then, of all things, we did get appointed to the conference committee—only to be told: Get out, we are not going to confer. So we got out.

Then, of all things, they abused the reconciliation process, bringing the tax bill to the floor—not to reconcile, not to lower the deficit, as was intended—and I know because I helped write it—the reconciliation process was used as an abuse to ram it. I know of one Parliamentarian who said it could not be used that way, and then I know of that same Parliamentarian who changed his

mind. Oh, yes. Anything to go along and ram it through and give us the bum's rush, and then have the unmitigated gall to call us bums. They have been putting it out that we are just delaying and delaying. But we're not delaying. This is our first opportunity on this bill to financially discuss education, housing, defense, which are all important matters; we are trying to get some break in this bum's rush from leadership.

When I turned on the Republican Policy Committee's channel, channel 2, they said, "Votes will continue ad nauseam." The votes were just nauseous. I have never seen such arrogance. I have been here 34 years, and it is the worst that we have ever experienced. I can tell you that.

But, more importantly, Mr. President, this is a travesty economically. Of course, they make no bones about it. When we did increase Social Security taxes, they complained, but you don't find a decrease of Social Security taxes now. When we increased the gasoline tax, they complained, but you don't find a decrease of the gasoline tax now.

You do not find anything in this bill for working Americans only paying payroll taxes. Instead, they are indirectly increasing the burden on these people by giving everyone but them relief and taking away Government resources.

We approached the budget process in 1993 in a very deliberate fashion. We said: Look at these rising deficits in the national debt and the interest costs on the debt. In 1992, President Bush ran a \$403.6 billion deficit. Ergo, the Government was spending over \$400 billion more than it was taking in, and, yes, we are for tax cuts.

I have been in politics for a long time, and I have not found a politician yet who was not for tax cuts. But we said the way to give a better tax cut was to lower these long-term interest payments. Alan Greenspan can play around with the short term, but only the fiscal policy of this Senate can change the long term.

In the 1993 package, we downsized the Government by reducing the federal workforce by almost 300,000; we cut spending by \$250 billion; and we increased taxes by slightly less than \$250 billion—and it resulted in the greatest prosperity in the history of the entire Nation for an 8-year period.

The reason why the present President Bush cannot sell tax cuts—he has been to over half of the States in America trying to sell them and giving us the bum's rush—is because the people know, the financial markets know, the bankers know, the automobile salesmen know that government borrowing will explode, and everybody is uptight.

This is not a wonderful thing that has occurred in this Chamber and to be congratulated. Economically, it is a travesty. We did it before in 1981. Yes, we picked up 38 votes today. We only

had 11 votes then. We had one Republican, Mack Mathias of Maryland, but we did have, as they call now with even one vote—we had a bipartisan opposition. I say that with tongue in cheek, but that was all, just 11 votes, against so-called Reaganomics which the first President Bush called voodoo. Now, Mr. President, you have voodoo II.

There is no education in the second kick of a mule. That first kick within 4½ years put the economy into the dumps. That is when we had no resources and we were trying to hold on, and we were cutting spending under President Reagan.

I know, yes, during the Reagan administration we increased defense, and I supported those increases. But after eight years of Reagan's domestic cuts and four years of cuts under President Bush, we ran enormous deficits because of the \$750 billion revenue loss from the Reagan tax cut.

Now we are on course for at least a \$1.35 trillion tax cut, but they say after the alternative minimum tax, after the interest costs, that this ought to be in excess of \$2 trillion, compared to \$750 billion.

There it is. We passed the bill and everybody is going to champion it. We have agreed on this side that it will be conferenced and it will go to the President, but let's not have a third kick of the mule, with more of these coming across the deck as if we had the resources.

Look at the public debt to the penny today on the Treasury Web site and you'll see that currently we are running a \$19 billion surplus. However, this tax cut means at least \$10 billion in lost revenues this year—with defense, under Secretary Rumsfeld, asking for an additional \$10 billion, and agriculture, \$10 billion. Then, June comes and we make the big interest payments to the trust funds, the likes of \$79 billion. Instead of bringing Government back down to the black, like under the Democrats with President Clinton for 8 years, we are now starting back up today with this vote. Somewhere in the CONGRESSIONAL RECORD there ought to be registered that what we have done, in essence, is increased taxes and not lowered them because we are going to increase the debt and we are going to increase the interest costs, already at \$366 billion, which are taxes for nothing.

If I pay a gas tax, I get a highway. If I pay a sales tax, I get a schoolhouse. If I pay interest taxes, just profligacy, absolute waste.

I will never forget last year when President Clinton was giving his State of the Union Address, the distinguished majority leader remarked: That man is costing us a billion dollars a minute. He talked for an hour and a half. That was \$90 billion.

President Bush wants to cut taxes \$90 billion a year. We can pay for the Clinton and the Bush programs, \$180 billion, and still have \$186 billion left over

to increase defense, to increase research at the National Institutes of Health.

We are spending the money, and no one is talking about it. We are not getting anything for it.

In 1968–1969, when we balanced the budget last under President Lyndon Johnson, the interest cost was only \$16 billion. We have increased the interest costs without the cost of a war incidentally—\$350 billion a year. We cannot afford it.

When the Budget Committee meets, first, before we tackle defense and anything else in the budget, we have to immediately spend \$366 billion. The economy is cool, people are not going to be able to save enough money to send their kids to college, they are not going to make their house payments, and we in the Government are thinking that what we have done is really good—the Government is too big, the money belongs to the people and all that childish gibber.

Come on. What we have done has, by gosh, sidelined the people and sidelined this Government and, in essence, politically bought the vote. I do not know where my friend Senator MCCAIN is, but he ought to hasten to the Chamber because the biggest campaign finance abuse has just been voted through the Senate. The majority has bought the people's vote because they would not go back home and explain to the people what is going on here. They went along with the singsong—the money belongs to the people, surplus, surplus, surplus.

We cannot find a surplus. We have not had one in 40 years, and we will not have one this year, and if anybody believes differently, tell them to come see me and we will make the bet and give them the odds. I yield the floor.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from Florida.

THE RELIEF ACT

Mr. GRAHAM. I thank the Chair.

Mr. President, I voted no on the tax bill that passed the Senate. I recognize there are some positive provisions in that legislation. I will speak to two of them. One was in the area of education. There were a number of features which will make it easier for families to send their children to college, the provisions which will make it easier for local school districts to finance the construction of new and to rehabilitate older school buildings. Those are positive features. I also had supported the provisions that dealt with estate tax reform by raising the level of the exemption; that is, the amount of dollars one can exclude before a person calculates the estate tax obligations. By raising those exemptions, we have substantially diminished the number of Americans who will pay any estate tax.

On the whole, I found much more that was disturbing, much more that I considered to be a failure of vision, than I found to be worthy in this legis-

lation. I hope I am wrong. I hope the comments I am going to make prove to be inaccurate in the history we will write in the aftermath of this legislation. Frankly, my experience leads me to doubt that I will be wrong.

I believe in life we are constantly forced to make choices. Those in politics like to avoid making choices. We are very good at telling people what we think they want to hear, even if the cumulative effect of all the things we have told the people we want is incomplete.

For instance, most Members have told the people we want to strengthen Social Security. Most Members have told the people we want to strengthen, reform, and add a prescription drug benefit to Medicare. The fact is, I believe what we have just done is going to make it impossible to deliver on either of those commitments. I hope I am wrong, but I doubt it.

I believe while what we say is not necessarily a true reflection of our choices, how we spend our money is a true reflection of how we will make our choices. I believe there was a metaphor earlier this morning. We had before the Senate legislation that would have provided substantial assistance to individual Americans and American families in dealing with the reality of the aging of our population. One of the lessons of many that we learned from the 2000 census is that America is getting older. I know that well from my own State where almost 19 percent of our population is over the age of 65 and where an increasing percentage of our population is over the age of 85.

Florida is a State of the future. The United States of America will be like Florida in another generation. Yet with the legislation that would have provided immediate assistance to families that were rendering care to an elderly grandparent, an elderly uncle or aunt, some loved one in the family, or to those Americans who are thinking about their own future and are considering the purchase of long-term care insurance so they will not be a burden on their children and grandchildren when they reach advanced age, we had a choice: We could have voted for an amendment that would have made a substantial commitment of the Federal Government to encourage and recognize those kinds of sacrifices, or we could have maintained for a 3-year period the structure of the bill which provides one-third of the tax benefits to 1 percent of the American people.

We would have been asking the 1 percent of the most affluent Americans to have slightly deferred a portion of the benefits from this legislation in order to have been able to pay for substantial incentives for tens of millions of Americans to prepare for their today or future consequences of aging.

I regret to say we chose when we made a decision today. The decision was, it was more important to provide that benefit for the 1 percent of the most wealthy Americans than it was to

assist tens of millions of Americans to prepare for their aging families and for their own future. I think that is a real choice that demonstrates real values. Frankly, I am disappointed the Senate made such a selection of values.

Analyzing this bill, I say it fails on three counts, which can all be denominated through the calendar. It failed on a long-term basis; it failed on a short-term basis; and it failed today.

On a long-term basis, there is no greater challenge facing this Nation than the one which that amendment to which I just alluded represents; that is, the aging of America. When Social Security was established in the 1930s, for every person who was in retirement in the United States or was of retirement age, we had some 15 to 20 active people in the labor force, people who were providing the means by which those older Americans of the 1930s could be supported. In just a few years, when the large number of Americans born immediately after World War II reach retirement age, we will be down to fewer than four working Americans for every person retiring.

We have contracts outstanding called Social Security and Medicare Part A hospitalization. These are contracts for which Americans are paying every time they get their paycheck. They look down at the allocation of the dollars they have just worked hard to earn and they see the subtractions. A big part of those subtractions of the dollars is taken out of every paycheck for Social Security. Another part of those subtractions is the part taken out of every paycheck for the hospitalization component of Medicare.

Why are Americans tolerating this reduction from their immediate income? They are tolerating it because they have confidence in the contract which exists between them and the U.S. Government. That contract is that once they reach the age of eligibility for Social Security and Medicare, the services for which they are paying every paycheck are going to be delivered. It is going to be our challenge to see that those contracts are maintained.

Today we are not in a position to say with confidence that those contracts will be able to be honored because both the Social Security trust fund and the Medicare hospitalization trust fund, by any actuarial standard, are seriously under water.

We had an opportunity this year, an opportunity unique in the history of this country with the enormous economic growth and surpluses it has brought, to be able to say to the American people that for the next three generations we will place ourselves in a position to honor those contracts. From now until the year 2075, we will be in a position to say we have the resources, we have made the proper preparations to honor our contractual responsibilities. We would have started that by an aggressive program to pay down the national debt so that as we

entered the period of greater demands on Social Security and Medicare, we would have been in the best possible national financial position. We would have done it by supplementing the funds going into the Social Security and Medicare trust funds with a portion of the savings in national interest, about which Senator HOLLINGS spoke so eloquently, that we are going to gain because we are paying down the national debt. A portion of those savings should have gone to strengthen the Social Security and the Medicare trust funds.

The decision we made a few minutes ago by passing what I consider to be an engorged, excessive tax bill will deny us the opportunity to pay down the national debt as fully as we should. We will miss the mark by approximately \$750 billion to \$1 trillion in the next 10 years—what we could have done to have strengthened our Nation's finances. We are not going to be in the position to make the kind of investments for these trust funds for Social Security and Medicare that we should have made.

I hope I am wrong. I hope I am unduly pessimistic. But, frankly, I doubt that I am.

So we have failed the calendar in the long run. We have also failed the calendar in the short run.

If there is a phrase we have heard too much of in the last few months and have honored too little, it is the phrase "economic stimulus." What would happen if the economy, after a long run of booming, expanding economic growth, suddenly began to turn soft and unemployment levels reached a level we had not seen since the early 1990s?

We all read about substantial layoffs in companies that we thought were invulnerable to those kinds of economic reversals. We have seen the stock market first decline, then come back, then generate a level of uncertainty, unpredictability. All those things were signals of an uncertain but potentially seriously declining economy. So we said: Let's buy an economic insurance policy. Let's not just rely on what the Federal Reserve Board can do with short-term interest rates. Let's adopt a fiscal policy that will help stimulate the economy.

We turned to some of the best experts in the country. They said what the Congress could do would be to give an immediate tax cut to the American people, target that tax cut at those Americans who were most likely to spend it because the essential diagnosis of this economic softening is on the demand side. People are losing confidence in their own economic futures and therefore are less willing to make that downpayment for a new refrigerator, are less willing to buy a new pair of shoes for the children, less willing to plan for a vacation in Florida.

We want to reverse those senses of insecurity and give them an immediate sense of confidence, both by putting more dollars in their pockets as well as

giving them a sense that they will have a greater stream of funds available to them to meet their family needs into the future.

So plans were developed for a serious economic stimulus right here on the Senate floor. We will all recall it was not very many days ago that we voted for an \$85 billion economic stimulus in the year 2001—\$85 billion. What was the economic stimulus in the bill we just passed? Less than \$10 billion—anemic, pathetic, not worthy of the phrase "economic stimulus."

So I hope I am wrong. I hope some of the signs we have seen in recent days that maybe the economy is turning around will prove to be a harbinger of a bright summer for America. We all hope so. But just as a person might hope their house doesn't burn down, that still doesn't keep them from buying fire insurance so, in the unlikely event it does burn down, they will have some dollars to start the rebuilding process.

Mr. President, I ask for an additional 5 minutes.

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

Mr. GRAHAM. We should be buying an economic insurance policy against the possibility that the bright summer may turn into an arid fall. In the short term, on the No. 1 economic issue facing America, in my judgment we have failed. I hope I am wrong but I doubt that I am.

On the calendar, we failed in the long run; we failed in the short run; we have even failed today. This bill has too much of what I would call bait and switch, where you say this is what you are going to get done. Then when the actual product arrives it is something different.

We have said \$1.35 trillion is going to be the outer limits, outer perimeters of tax cuts—not for May of 2001, not even for the year 2001, but for the next 11 years. We have just committed the totality of what we have said is a prudent amount of tax cuts for the next 11 years. Yet at the same time we said that, we had over half of our Members willing to vote to add \$50 billion more, beyond the \$1.35 trillion, in a debate earlier this morning.

We know we are soon going to get a recommendation from the President and the Secretary of Defense for substantial increases in what it will cost to defend America. Senator MCCAIN of Arizona spoke fulsomely about that yesterday. Yet no dollars are in our economic plan for that assured request for additional spending on national defense.

We know we are going to have to spend some more money on Social Security, either the way I suggested, by paying down the debt and putting some of the savings of interest costs directly into the Social Security trust fund, or even a way I do not happen to support but at least it is a way, and that is to begin the process of partial privatization of Social Security. There is a \$1

trillion cost over the next 10 years to implement that plan. There is no money in the budget plan to do either of those.

We have had a number of areas in the Tax Code where it is clear we are going to have to have some additional funds. If we do nothing but pass the bill that has just left the Senate, we are going to increase the number of Americans who have to pay the alternative minimum tax from today's approximately 1.5 million to almost 40 million 10 years from now. That is not going to happen. We are going to find some way to moderate the effect of the alternative minimum tax, and that is likely to have a price tag of \$200 to \$300 billion. Not a penny of that is provided for.

We also know there are going to be a number of extenders required. Extenders are tax provisions that are in the code but only for a short period of time. One of those we passed today, which was to provide an expanded deductibility for families who pay tuition for their child to go to college. We start it in a couple of years and then end it 3 or 4 years later. The reality is we are not going to end it 3 or 4 years later. Once we commence this program of allowing deductibility of the cost of college tuition, which is a good idea, we are going to continue it. Yet we do not have the resources in this budget for that known reality with which we are going to contend.

Today we are poking a very sharp stick in the eye of our fellow Members of this federalist system. Without any consultation, without any consideration of the impact that it will have on their ability to meet basic obligations such as to educate our children, we have just taken \$10 billion a year out of the budgets of our 50 State partners in this American system of federalism. Half of that money is going to come out approximately beginning the first of January of the year 2002, well into the budget year that most States will start as of July 1 of this year, running until June 30 of 2002. In the case of my State, our Governor has indicated he is going to have to find somewhere in the range of \$150 to \$200 billion in the next period to pay for the hole we have just created in his budget beginning in January of 2002.

So by the long-term calendar, the short-term calendar, or today's watch, this is a deficient tax bill. It is a deficient fiscal plan. I hope I am wrong. I hope America will be strong enough, resilient enough to avoid the kind of difficulties we have just given them as our legacy of action today.

I hope I am wrong. But, frankly, I doubt that I am.

The PRESIDING OFFICER (Mr. CAPO). The Senator from North Dakota.

Mr. CONRAD. Mr. President, I ask unanimous consent to proceed for 10 minutes.

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

Mr. CONRAD. Mr. President, we have just passed a massive tax cut bill. I opposed that legislation. I opposed it because I believe it is fiscally irresponsible. It is not just a conclusion that I reach, but the New York Times said that overall it amounts to another gross abdication of fiscal responsibility. I wish that were not the case. I wish we could have passed a tax cut that I could have supported.

I proposed a tax cut of \$900 billion in the context of a budget resolution that would have preserved every penny of the Social Security surplus for Social Security, every penny of the Medicare trust fund for Medicare, that would have taken the remainder and divided it in thirds: One-third for a tax cut; one-third for high-priority domestic needs, including a prescription drug benefit, money to strengthen our national defense, and resources to improve education. And even with that additional funding for domestic priorities, we would have continued to reduce the role of the Federal Government.

This \$900 billion plan was not a tax-and-spend proposal. It would have continued to take down the role of the Federal Government from 18 percent of our national income to 16.5 percent of our national income—the lowest level of Federal spending as a share of our national income since 1951.

Then, with the final third, we would have used that money to strengthen Social Security for the future because we know it is not enough just to save the Social Security trust fund money for Social Security. We also need additional resources to strengthen Social Security for what is to come because every Member in this Chamber knows, when the baby boomers start to retire, the story changes from surpluses to deficits.

One reason I believe this bill is fiscally irresponsible is that it is back-end loaded. It goes from a \$1.35 trillion tax cut in this decade to a \$4 trillion tax reduction in the second decade, right at the time the baby boomers begin to retire.

I predict now that what we have put in place today will not stand. It will not stand because it is part of an overall budget approach that does not add up. It is going to have to be changed.

I opposed this bill not only because it is fiscally irresponsible, but because it is fundamentally unfair. The top 1 percent of income earners in this country, people who, on average, earn \$1.1 million a year, get 33 percent of the benefits. Contrast that with the bottom 60 percent of American taxpayers who get half as much. That does not strike me as fair.

Additional evidence of unfairness is contained in what was done in the rate reductions that are part of this legislation.

We have five income tax brackets in current law. This bill would reduce the rates for four of the five brackets. The one bracket that would get no rate re-

lief is the bracket that applies to the vast majority of the American taxpayers. Seventy percent of the American taxpayers are in the 15-percent bracket, and they get no rate relief, none. I do not know how one justifies that.

In addition to that—in addition to being fiscally irresponsible, in addition to being unfair—this bill flunks the test of stimulus. The senior Senator from Florida made the case, I think, very powerfully and very persuasively. We know the economy is weak now. We ought to provide fiscal stimulus now. Fiscal stimulus can be in the form of either tax reduction or expenditure. But what did we do? We have only \$10 billion of fiscal stimulus in this year. In the Senate, we passed \$85 billion of fiscal stimulus for this year. Somewhere the vast majority of it got left on the cutting room floor. It makes no economic sense. You provide fiscal stimulus when the economy is weak. And the economy is weak now. We ought to provide fiscal stimulus now. This bill does not do it.

The final point I want to make is on the alternative minimum tax because currently only 1.5 million—actually somewhat less than 1.5 million—taxpayers are affected by the alternative minimum tax. That is something we passed years ago to make certain the super rich did not avoid taxes altogether. Now we are going to see, under this legislation, nearly 40 million people affected by the alternative minimum tax.

As I have said before, boy, are these people in for a surprise. They thought they were getting a tax reduction, and they are going to wake up and find that not only do they not get a tax reduction, they are getting a tax increase. Under the bill passed today more than 1 in every 4 taxpayers in America are going to be swept up into the alternative minimum tax.

This is not going to happen. It is not going to happen because it cannot happen, just like much of the rest of this bill is not going to happen. It is not going to happen because it is part of an overall budget that does not add up. That is the unfortunate reality of what has happened today. It is part of an overall budget plan that simply does not pass the fiscal responsibility test. I regret that.

I think we could have passed responsible tax reduction, tax reduction that is fair, that is weighted more toward middle-income people in this country than toward the wealthiest among us. And I want to be quick to say, I have nothing against those with great wealth. That is a great opportunity that exists in America. That is part of what makes this country economically strong. But when we are taking the people's money, we have to make judgments about where it should go.

I do not think it is fair to take the people's money and give a third of what is provided for in this tax cut to people who, on average, are earning

\$1.1 million a year. That is not fair. That is not right. I especially do not think it is fiscally responsible to put in place a tax cut of this magnitude in light of the obvious flaws in the budget that serves as a basis for it.

That basis is a 10-year forecast, a 10-year projection that everybody in this Chamber knows is not going to come true. Even the people who made the forecast say it is not going to come true. They wrote an entire chapter in the book saying there is only a 10-percent chance it is going to come true; a 45-percent chance it is going to be less money. That forecast was written 10 weeks ago, and since then the economy has weakened.

This is unwise. This is not the way we ought to do business. We ought not to lock in a 10-year plan based on a 10-year projection whose makers tell us is highly unlikely to occur. It makes no sense.

This Congress meets every year. We should have passed a more modest tax cut and reserved more money for long-term and short-term debt reduction, so we could be certain we are keeping on course to reduce this national debt.

Unfortunately, the gross national debt of the United States will not be reduced at the end of this 10-year period. It will not be. According to the Congressional Budget Office, the gross debt of the United States is going to be increased under this 10-year plan, from \$5.6 trillion today to \$6.7 trillion 10 years from now.

That is an increase in the gross indebtedness of the United States. That is not the direction we should be taking.

We ought to have embarked on a policy not only to pay down our short-term debt, the publicly held debt that is paid down under this scenario, but to pay down our long-term debt, our gross debt.

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

The Senator from Montana.

Mr. BAUCUS. Mr. President, I ask unanimous consent to proceed as in morning business for 10 minutes.

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

Mr. BAUCUS. Mr. President, I thank all Senators for their patience and for their goodwill. This has not been easy. This has been a debate that has been conducted under difficult circumstances. I thank Senators. I commend them. Some were justifiably frustrated, as I was, at the short time constraints of this process. But I think, by and large, we have conducted this debate in a dignified way, and I deeply appreciate that.

I most especially thank our chairman, Senator GRASSLEY. He has reached out with me to craft a very fair, bipartisan compromise. He has made all the difference in the world.

I especially thank the assistant Democratic leader, Senator REID. He has been at his post throughout the debate, keeping us on track. I deeply appreciate his fairness, his ability. We

were able to pass this bill fairly expeditiously in large part because of the efforts of the Senator from Nevada.

Let me turn to the bill and make the case one more time. Some Senators might say—and they have said—that the tax cut is too large. With deepest respect, I say to those Senators that that issue has been decided in the budget resolution. I also note that we have added a “circuit breaker” to this bill. This provision allows us to make changes to the tax cut if our budget targets are not met.

Some will say the tax cut is unfair. I disagree. This tax cut is very fair. I take issue with many of the statements made on the floor. Some are not entirely accurate.

In the first place, our tax cut is much more fair on a distributional basis than the President’s proposal. But forget about the President’s proposal for a minute and compare it with current law. If you set aside changes to the estate tax, which virtually every Senator supports, this bill is significantly more progressive than current law. Taxpayers earning less than \$100,000 will pay a smaller share of the overall tax burden. Taxpayers earning more than \$100,000 will pay a larger share of the overall tax burden. In other words, we make the income tax more progressive, not less. Our income tax system is made more progressive compared with current law, not less.

Let me also remind Senators of some provisions of the bill that are very important. We create a new 10-percent bracket that replaces part of the 15-percent bracket in current law—the single largest piece of the bill. It cuts income taxes for every American who pays income taxes, including everyone in the 15-percent bracket, and it reduces the marginal rate from 15 percent to 10 percent for 19 million low-income taxpayers. That is a rate reduction of one-third.

We double the child credit, and we make it partly refundable. Thirty million families get a higher child tax credit. For 10 million, the credit is refundable.

We expand and simplify the earned income credit. This will help 4 million low-income working families. We include a \$35 billion package of education incentives, including a new provision that makes up to \$5,000 worth of tuition payments deductible. We expand IRAs; we expand 401(k)s. We create new incentives to help low-income earners save for retirement. We reduce the marriage penalty to the benefit of 40 million couples and, of course, we address the estate tax.

Of course, this bill is not perfect, but it is balanced. It is bipartisan. It is good for taxpayers. It is good for working families, and it is good for the economy. It is good for the country.

Now comes the conference. That is going to be difficult. We want to come back with a bill that is balanced and that is fair; that is, a bill very close to the Senate position. After all, the Sen-

ate is 50/50, and it is going to be difficult to come back with a conference report that gets at least 51 votes in the Senate. We will be more likely to attain that the more it adheres to the Senate position. A strong vote for final passage will certainly strengthen our hand, and we did receive a strong vote of 62 Senators.

I respectfully ask my colleagues, especially on this side of the aisle, for their forbearance and for their help as we work on, and work to adopt, the conference report.

I add my deepest thanks and gratitude to the people who did the real work; that is, our staff.

I will begin with John Angell, who is the Democratic staff director, Mr. Calm and Collected, keeping things all nice and even when otherwise people are frenetically running here and there. That is what a good staff director does. Democratic staff director John Angell filled that bill. Mike Evans, deputy staff director, he is our “points of order” guy. He knows more about Senate rules or at least as much as the Parliamentarian. I might say, I deeply relied on him as we worked out points of order. Then there is Mr. Everything, Mr. Russ Sullivan, chief tax counsel. Russ knows this Code as well as anybody I can think of. He is out negotiating. He is advising me. He is helping put amendments together. He has done a heck of a job.

Cary Pugh is our amendments maven. She was making sure all the amendments were worked out and in order. Pat Heck is Mr. R&D and knows that subject more than I care to admit. Maria Freese handled our estate tax matters as well as pension provisions. Mitchell Kent really has helped so much in crafting the child care provisions of the bill, one heck of a job.

We have our Brookings fellows: Luis Rivera and Frank Rodriguez, my thanks to them. Our law clerks: Jonathan Selib and Todd Smith. Jonathan came to work for us last Monday—his baptism by fire. He has worked so hard, such late nights, as has everyone. My deepest thanks to them. They are not getting paid.

Our office manager, Josh LeVasseur, has done a heck of a job. Josh is sort of our home base manager. He keeps our office organized. Our office assistant, Jewel Harper, is always upbeat, always cheerful. And our interns: Lindsay Crawford; Emilie Klein; and Annabelle Bartsch, who has been a numbers cruncher; she did one great job. Our “budgeteer,” Alan Cohen. Alan knows more about debts and budgets than I care to admit. Liz Fowler, our chief health counsel, has helped so much with health matters. Tom Klouda, who works on Social Security. And then, of course, Michael Siegel in my personal office has done a super job dealing with the press, and many others in my personal office.

I also commend Senator CONRAD’s Budget Committee staff. Senator CONRAD has had about six or seven staff

on the floor at all times, probably to carry all those charts he brings over here. I don’t know anybody who has more charts than the Senator from North Dakota. They have been very instructive, very helpful.

There is the staff of the Joint Committee on Taxation. They are the ones who really are not honored enough and do so much work. And I thank the entire floor staff and all the pages.

On the other side of the aisle, I thank Kolan Davis, Mark Prater, Dean Zerbe, Elizabeth Paris, Ed McClellan, Diann Howland, Brig Pari, Leah Shimp, Jeanne Haggerty, and Gina Falconio.

I save my greatest thanks to those who really have the hardest job of all; that is, our leader, Senator DASCHLE, Democratic leader. Senators from both sides of the aisle pummel him with their requests, with their demands, with what they want. It is an impossible job to be leader in this body. I thank Senator LOTT as well. I have the highest regard and respect for the Senator from South Dakota as well as the Senator from Mississippi. They have done one heck of a job. I wish more Americans knew how hard they tried to corral and herd 100 Senators together to reach a result that is good for our country.

In summary, my heartfelt thanks and gratitude for all the people who have worked so hard. We have other issues ahead of us, more amendments, more bills, but thus far, they have been just great.

I thank, finally, my good friend from Iowa, CHUCK GRASSLEY. Many times I have told the world of the high regard I have for him. It is pretty hard to say much more. He is such a great guy. Deep down, nobody is more salt of the earth, a straight shooter who tells it like it is and is dependable, honest, and direct—making him very popular—my good friend, CHUCK GRASSLEY.

I yield back the remainder of my time.

THE PRESIDING OFFICER. The Senator from Iowa is recognized.

MR. GRASSLEY. Mr. President, I thank the Senator from Montana for his kind remarks. More important, I thank him for the cooperation that has been going on since day 1 of this year that we have been working together, bringing to culmination this vote and, eventually, a conference report that we hope will successfully pass the Senate a second time and go to the President with the largest tax cut for working men and women in our country.

In addition to that, this is within the tradition of how the Senate Finance Committee works. I think I have served in the Senate when we had as many as 55 Republicans and as little as 42 Republicans; and in any of those circumstances, the products of the Senate Finance Committee, whatever party controlled it, for the most part, were overwhelmingly bipartisan. On the other hand, if it were not that way, there would not be much chance of getting a bill through this body with 100 Members of the Senate.

I thank the number of people who voted for this bill on final passage. I am not sure I expected that large a number of votes. I expected a sizable number of Democrats, but many more voted than I anticipated. Quite frankly, I didn't expect to get every Republican vote, which we did in the final analysis. I thank all of my colleagues who voted for the bill. Those who didn't vote for it, I thank them very much for their cooperation in letting this come to final passage, even though they did not like it.

So with passage of the RELIEF Act, I feel that struggling families will have more money to make ends meet. Parents and students will be able to more easily afford the cost of a college education. A successful businesswoman will be able to expand and hire more people. A father finally getting a good paycheck after years of work will be able to provide for his aging mother. A farmer won't have to worry about passing on to his children the family farm without selling half of the land, maybe, for estate taxes. The examples are endless, but the great benefits that we realize when we give tax relief to working men and women are great.

I thank many members of the committee staff, both Republican and Democrat. Most of all, I think we have to thank the members of the Finance Committee—each one—for sitting through 10 hours of debate. Roughly a week ago now, we worked day and night to get that bill through. I thank my Finance Committee staff, Mark Prater, with me here, our chief tax counsel; and other tax counsels, including Ed McClellan, Brig Pari, Elizabeth Paris, who is here with me; Dean Zerbe, as well as Diann Howland. These individuals have been the workhorses of the committee, keeping the lights burning long into the night to make this final product the statutory language that it is and the perfection that statutory language must have.

I also thank the entire staff support, particularly Gina Falconio, Leah Shimp, Jeanne Haggerty, and Carla Martin. Lastly, on my side, I thank Kolan Davis and Ted Totman, the committee staff director and deputy staff director, for riding herd on all of this work.

This is a bipartisan bill. It would not have been possible without the close work and cooperation at the staff level. So as chairman of the committee, I have to appreciate and thank the minority staff for their good work, particularly Russ Sullivan, chief tax counsel; as well as Cary Pugh, Pat Heck, Maria Freese, Frank Rodriguez, and Mitchell Kent. In addition, I thank John Angell and Mike Evans for their time and hard work as leaders of the staff for the Democrats.

Let me extend my thanks as well to a person who is not very public—Lindy Paull and her staff at the Joint Committee on Taxation, who probably want to be known for their anonymity. They provide a great deal of extensive

knowledge and guidance to this effort, particularly not only in writing but also in their analysis of the cost of legislation—what different policies add up to particular income into the Federal Treasury or less income into the Federal Treasury.

Then I think we should not forget the Assistant Secretary for Tax Policy, Mark Weinberger, and his staff for their assistance because even though they don't have a vote on Capitol Hill, there is a lot of expertise at the U.S. Department of Treasury that this committee—the Senate Finance Committee—has on a regular basis called upon for analysis for their opinions, and also to some extent to give us a view of the executive branch of Government as one more issue in consideration that we ought to have.

My thanks also goes to Jim Fransen and Mark Mathiesen and their capable staff and legislative counsel for taking our ideas and drafting them into statutory language.

Then, finally, as Senator BAUCUS has done, I thank people on his side of the aisle who worked so hard as leaders of the Senate Finance Committee or Senate Budget Committee. I also believe that we would not be here if we had not had a successful budget resolution passed to make room for this third largest tax cut in 50 years, the largest tax cut in the last 20 years. So I thank Senator PETE DOMENICI and his staff director, Bill Hoagland, and the entire Budget Committee staff for their assistance. They were assistants to me during this deliberation, as Senator CONRAD was for Senator BAUCUS, but also that sort of leadership provided the budget resolution.

This is a historical bill for historical times, and I am honored and privileged to be a part of it. Once again, as Senator BAUCUS has said so often, and I have said often, I hope this spirit of bipartisanship continues, as it has, as a tradition in the Finance Committee through our leadership but will also be a standard for other work we do in the Finance Committee; more importantly, that it is something which is contagious, and that there will be closer working relationships and more bipartisanship between all Senators and the products of the Senate.

We go to conference now, and there again we are going to have to produce legislation that hopefully gets the same bipartisan support this bill did. If it is something a little less than that, it can't be much less. I don't want to be gambling that we will get 51 votes when we come to the floor of the Senate after the negotiations are done. I want to make sure that when we come to the floor, we come to the floor in a way that, before we bring the bill up, we have bipartisanship.

The fact is there aren't a lot of Democrats voting for this bill. We can't take for granted the 62 people who have voted for it already.

I wish we could. It would make for a very easy conference. We go there now

to negotiate with the other body. I thank the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, I congratulate my colleagues from Iowa and Montana for the great job they have done. It was a tremendous amount of work, a tremendous amount of patience. I congratulate them.

VITAL DRUG SHORTAGE

Mr. DEWINE. Mr. President, I rise today to discuss an emergency situation facing many of our hospitals across the country. It is an emergency that faces our hospitals, many of our doctors but, much more importantly, it is an emergency that faces the tiniest members of our society, and they are babies who are about to be born and premature babies.

Right now, we have a drastically short supply of a vital drug that is used to help save the lives of babies who are born prematurely. Let me explain.

There is a drug called betamethasone, commonly known as Celestone, which is given to mothers who are about to deliver their child early. The drug is designed to help the premature baby's lungs develop more fully and more completely and to help reduce the risk of bleeding in the baby's brain.

This drug is absolutely essential to giving these tiny newborns a chance to live and grow into healthy children.

An obstetrician at Riverside Hospital in Columbus, Dr. Tracy Cook, contacted me about the current shortage of this very necessary drug. From what I understand, many hospitals no longer have a supply of the drug on hand at all, and others have only a few day's worth left in stock. In fact, I have taken a survey around Ohio, and I suspect what I found in Ohio is true across the country, that doctors and hospitals are running low, many are out, some will be out in just a few days.

I have contacted the Secretary of HHS, Mr. Tommy Thompson, as well as the FDA, to enlist their help in getting emergency supplies of the drug shipped to hospitals as soon as possible. The FDA tells us there are some manufacturing problems with the drug which is causing this shortage.

Whatever the delay, I believe it is absolutely critical that we get these drugs to our hospitals so that no lives are lost, no matter what the cause is for this delay. This is a problem which has to be dealt with.

This drug is critical to the health and future of premature babies. I urge my colleagues to support me in urging the FDA to take whatever action is necessary to resolve this problem. The lives of so many newborns hang in the balance.

This is a problem the FDA must address immediately. We have contacted the FDA, and the response we get back is: These are manufacturing problems. That does not tell us what the exact

problem is, nor does it tell us what the FDA is doing and what the manufacturer is doing to resolve this problem.

We need some answers from the FDA. This is something that cannot wait 2 weeks or 1 month or 6 months. This problem has to be resolved over the next few days. It is critical for the safety of these newborn children.

I thank the Chair. I yield the floor.

TAX RELIEF

Mr. THOMAS. Mr. President, we have been spending all of our time this week on taxes. I am delighted the tax bill has passed. Certainly there are different views on how to do it. There will always be different views when one raises the question of taxes or spending. There are different points of view. Much has to do with the priorities of people. Much has to do with the philosophy of what one thinks the appropriate role of the Federal Government is, what kinds of programs should be funded by the Federal Government. Those are the broad issues.

I was very pleased when we did follow through, and the House, of course, passed tax relief in the amount of approximately \$1.6 trillion, which is what the President requested. The bill that passed the Senate is something less than that. It is still a huge amount of money. Most of us cannot conceive what \$1.3 trillion is, but nevertheless it is very close to the same amount and I think deals with the same principles that are so important.

Taxes are one of the highest priorities for this Congress and, indeed, should be. Taxes are high priorities for this Congress because of the fairness question. It is a question of adequately funding appropriate programs.

It is a high priority for the American people for much the same reason in that no one wants to pay more taxes than they have to, but most of us are willing to pay taxes. It is necessary to do that. Fairness is an issue. This is one of the President's first priorities.

Interestingly enough, this and education are the two highest priorities, and soon we deal with the energy issue. Those are the three things that have been talked about the most in the last several months, so it is appropriate this Congress has focused on and made progress in those areas.

The Senate will be going to conference with the House, and hopefully we will have it down to the President perhaps before this week is over. That is an excellent performance.

On the tax bill we went through 50-some votes on amendments, which gave everybody a good opportunity to talk about the different issues. Yet the bill survived pretty much as it was reported out of committee. I congratulate the committee and the leaders.

There are a number of principles involved. We talk about amount always but limited Government is part of it. One of the reasons for a return of taxes is because the citizens, the American

people have paid more taxes than are necessary, and we have a surplus. Clearly, it should go back to the people who paid it.

Quite frankly, my experience is if we have a surplus for very long, we will find a way to spend it even though it may not be one of the highest priorities. The principles of limited Government are very much a part of what we do.

There are questions as to, when one projects out 10 years, how close the projections will come to the actual surpluses. I think any economic projection for 10 years has some variability in it. However, I believe all the professionals who have made this projection indicate it is a very modest projection and, indeed, it is very likely the surpluses will, in fact, even be higher.

It is a time, too, when it is necessary to stimulate the economy. This is one of the ways the economy is stimulated—by letting people spend more of their own money. It is true it takes a while for all of this to kick in, but there will be some immediate impact, and that is vital to the economy.

Fairness in the Tax Code is very important, and we have a hard time with fairness in the Tax Code. This bill provides more fairness in the marriage penalty where two single people who earn a certain amount of money marry, and their tax on the same amount of money is increased. That is a fairness issue and needs to be changed.

It is something we need to do. We talk a lot about the simplicity of the Tax Code.

We didn't do much about that. We are always wanting to give tax credits, so the Tax Code keeps getting larger.

Mr. President, I yield the floor.

AGAINST WITHDRAWAL FROM BOSNIA

Mr. BIDEN. Mr. President, I rise today to take strong issue with remarks by Secretary of Defense Donald Rumsfeld as summarized in the Washington Post on May 18 and subsequently reproduced in their entirety on the paper's website, that he is "pushing" to pull U.S. troops out of Bosnia. According to Secretary Rumsfeld, "the military job [in Bosnia] was done three or four years ago."

I firmly believe that Secretary Rumsfeld's analysis of the situation in Bosnia is incorrect, and that his policy prescription would be seriously detrimental to the national security interests of the United States.

First, let me turn to Mr. Rumsfeld's statement that the "military job was done three or four years ago." It is true that IFOR, and then SFOR, successfully separated the largely exhausted warring parties without much difficulty. But to assert that this separation spelled the end of our troops' mission is to define "military" in such a narrow way so as to make it nearly meaningless in the Balkan context.

Putting it in other terms, Secretary Rumsfeld seems to belong to the school

that begins talking about so-called "exit strategies" as soon as troops are committed. Of course we need an "exit strategy," and we have had one. The Clinton Administration early on outlined ten detailed benchmarks for Dayton implementation that need to be met before we can say "mission accomplished" and honorably withdraw. These are not secrets. The U.S. Embassy in Sarajevo hands out a list of the benchmarks to all visitors. I must assume that Secretary Rumsfeld is familiar with them, so it seems that he either believes they no longer apply, or that our troops no longer have anything to do with most aspects of Dayton implementation.

From Secretary Rumsfeld's published remarks, I get the impression that he sees anything short of actual combat or the separating of warring parties as inappropriate tasks for our soldiers. If he does, I disagree with him. In fact, his view strikes me as the old syndrome of "preparing to fight the last war." The last two so-called "Strategic Concepts" of NATO have made clear that the most likely security challenges of the twenty-first century will be ethnic and religious strife, transnational crime, terrorism and the like—rather than a frontal attack on the territory of alliance members.

The details bear examination. Little more than two years ago in this city, NATO celebrated its fiftieth anniversary. At that Washington Summit, NATO issued the latest version of its Strategic Concept. I would like to quote several parts of the Strategic Concept in order to show that we and our allies have clearly understood that the military's function is not bound in a narrow straightjacket.

The document, agreed upon by all nineteen NATO members on April 23 and 24, 1999, declares in Article 20 that "large-scale conventional aggression against the Alliance is highly unlikely." It goes on to say the following: "Ethnic and religious rivalries, territorial disputes, inadequate or failed efforts at reform, the abuse of human rights, and the dissolution of states can lead to local and even regional instability."

It then graphically outlines the possible ramifications of such developments: "The resulting tensions could lead to crises affecting Euro-Atlantic stability. . . [and] could affect the security of the Alliance by spilling over into neighboring countries, including NATO countries, or in other ways, and could also affect the security of other states."

Moreover, Article 25 of the 1999 Strategic Concept specifically states that "The Alliance is committed to a broad approach to security, which recognizes the importance of political, economic, social and environmental factors in addition to the indispensable defense dimension."

How can these factors be addressed? Article 29 mentions the "Alliance's ability to contribute to conflict prevention and crisis management

through non-Article 5 crisis response operations.”

So, clearly NATO, including the United States, is on record as seeing the threats of this new century as being new, complex, and calling for a variety of responses. In that context the marvelous men and women of our armed forces serving in Bosnia and in Kosovo have taken on many tasks that military people of earlier generations, trained to stop the Red Army from pouring through Germany’s Fulda Gap, either do not understand or believe are beneath the dignity of regular troops.

But our troops understand their mission and believe in it. I have spoken at length with our soldiers in SFOR in Bosnia and in KFOR in Kosovo, and the overwhelming majority of them think that their broadly defined pacification activities are making a contribution to lessening the very threats that NATO’s Strategic Concept describes.

Skeptics may think that I have gained impressions that I wanted to get. Fair enough, I’m only human. But statistics don’t lie. Every year the Pentagon issues re-enlistment targets for troops based abroad. When I stayed at Camp Bondsteel in Kosovo this past winter, I was told that the re-enlistment figures for our Army troops in KFOR were one hundred forty-two percent of target—the highest for any foreign-based units in the entire world. Re-enlistment rates in SFOR in Bosnia are also high. So obviously our troops in the field in the Balkans seem to grasp what Secretary Rumsfeld apparently does not: that what they are doing is important to the security of the United States and is not beneath the dignity of soldiers.

I might also add that the charge that our Balkan-based troops lose their fighting ability has been shown to be another canard used to dress up neo-isolationist ideology. In fact, the U.S. Army has a well thought out program to restore so-called “HIC” or high intensity conflict skills to troops rotating out of the Balkans in a short amount of time. Equally important is the universally accepted fact that the troops who have served in SFOR and KFOR have acquired leadership skills through the missions frowned upon by Secretary Rumsfeld, which they never could have gotten sitting in bases in Germany or elsewhere outside the Balkans.

I understand full well that non-military police forces also have a role to play. That is why several years ago I began calling for the creation of a “gendarmerie” force for crowd pacification and assistance to refugees returning to their homes. In fact, so-called “MSUs” or Multinational Specialized Units were created in Bosnia. Unfortunately, though, their strength has been allowed to decrease. U.S. General Mike Dodson, Commander of SFOR, told me that while he once had nineteen MSU units under his control, the number has shrunk to eleven. They should be beefed up to their former strength.

In addition, new local police forces have been created both in the Federation and in the Republika Srpska. Some of them are functioning well, others not so well.

But neither the MSUs, nor the local police forces, have the clout or inspire the fear in the ultra-nationalists that the regular SFOR troops do. We may not like this situation, but we have to face the facts: Bosnia is not yet fully pacified, and the recipe for curing the unrest is exactly the opposite from talking of withdrawing American troops.

A few months ago, I stood here and said that we are at a critical juncture in Bosnia. The moderate, non-nationalist forces embodied in the “Alliance for Change” political coalition had just made important, even extraordinary, gains by winning, in free and fair elections, control of both the national and the Federation parliaments.

The hardline ultra-nationalist HDZ Bosnian Croat party has violently refused to yield to its democratic defeat. Rather, it announced that it was creating its own “self administration” and withdrew its troops from the Muslim-Croat Federation Army and from cantonal police forces. An international operation that seized the bank through which the HDZ conducted its nefarious activities prompted a violent riot in Mostar in which serious bloodshed was only narrowly averted. After extreme pressure from the West the Bosnian Croat ultra-nationalists have indicated that they may resume participation in government institutions, but the situation remains precarious.

In the Republika Srpska the hardliners who owe their allegiance to indicted war criminal Radovan Karadzic and who are at least rhetorically supported by Yugoslav President Vojislav Kostunica have been up to their old caveman tactics.

Two weeks ago they broke up a ceremony in Banja Luka in which the cornerstone was to have been laid to rebuild the great Ferhadija Mosque, destroyed by Bosnian Serbs in the early 1990s. They trapped two hundred Bosnian and international officials for several hours before they were rescued. As a nice reminder of their lofty cultural level, the Bosnian Serb thugs burned Muslim prayer rugs and let a pig loose on the mosque grounds. Incidentally, although President Kostunica criticized this barbarity, he added that the reconstruction of such buildings was a provocation!

Ultra-nationalists have also rioted in Trebinje and elsewhere against returning refugees.

In short, the situation in Bosnia and Herzegovina is hardly pacified. It is a time of great opportunity, for the hardline Serbs and Croats are reacting to their dwindling power. But it is also a time fraught with danger.

For example, one strictly military task remaining to be accomplished is the amalgamation of the rival armies. If the U.S. forces, and SFOR, would

withdraw before this occurs, renewed warfare would almost certainly break out. Instead of publicly musing about exit strategies, we need to be stressing our country’s commitment to helping Bosnia and Herzegovina move once and for all beyond the domination of the corrupt ultra-nationalist parties.

Moreover, rather than setting artificially limited goals for our military and then congratulating ourselves on fulfilling them, we need to utilize SFOR to kill the serpent that continues to poison Bosnian life: by apprehending the more than three dozen individuals indicted by The International Criminal Tribunal at The Hague for war crimes who are currently living with impunity in the Republika Srpska. This rogues’ gallery includes, above all, Karadzic and General Ratko Mladic—who, according to Carla Del Ponte, the Chief Prosecutor of The Hague War Crimes Tribunal, enjoys the protection of a security detail that is paid for by the Yugoslav army.

SFOR claims that it doesn’t know where Karadzic and Mladic are. Well, Mrs. Del Ponte, with whom I met earlier this month, has offered to use her tribunal’s capabilities to locate Karadzic and Mladic for SFOR. I think we should take her up on her offer. As long as these two mass murderers are on the loose, there will be no definitive peace in Bosnia. Our British allies have not been squeamish about undertaking risky operations to nab individuals indicted for war crimes. We must get Karadzic and Mladic, and, if necessary, the U.S. Army should be involved.

The linchpin to the strategy of pacifying and democratizing Bosnia and Herzegovina is a continued robust U.S. military presence in SFOR.

Secretary Rumsfeld’s comments are bound to boost the spirits of the ultra-nationalist hardliners who, according to a recent report published by the State Department’s Bureau of Intelligence and Research, “are gambling . . . that [if] they can intimidate or just outlast the international community, they may still succeed in dividing Bosnia into ethnic states.”

Moreover, I am certain that the Secretary’s comments have reignited concerns among our European allies that they will be left holding the bag in Bosnia.

In the Washington Post interview, Secretary Rumsfeld stressed that there was no friction between him and Secretary of State Colin Powell on this issue.

His comments, however, appear to directly undercut Secretary’s Powell’s repeated assurances to our European allies during the past several months that the United States “will not cut and run” from the Balkans, and that “we went in together with our allies and we’ll go out together.”

What on earth is going on here?

Just as Secretary Powell has spent the last six months trying to undo the damage done by similarly ill-considered unilateralist comments in a New

York Times interview by Condoleezza Rice, now the President's National Security Advisor, so the Bush Administration spin-doctors were quick to try to explain away the Rumsfeld interview by asserting that his proposals were only part of a process by which we intend to use NATO's Six Month Reviews to reduce our combat troops in Bosnia.

Well, if that's the case, we have a case of "choose your poison." One possibility is that the Bush Administration is, once again, internally out of control as President Bush showed by cutting off EPA Chief Christine Todd Whitman at the knees on carbon dioxide and Secretary Powell on his sensible support of South Korea's "sunshine policy."

The other possibility is that Secretaries Powell and Rumsfeld are, indeed, on the same page, and that "in together, out together" really means that the United States intends to use its unparalleled influence within NATO to force our allies to join us in a precipitous withdrawal before the mission in Bosnia is successfully completed.

Given the choice, I'd opt for poison number one, and wait for this Administration to finally get its act together. But I fear that poison number two is the more likely scenario.

If my fears prove correct, and we withdraw our troops, I predict that renewed fighting in Bosnia is just a matter of time. This next round would be bloody, and, inevitably, we would have to go back in again, at much greater cost in men and materiel. Because no matter how much my neo-isolationist friends salivate at the idea of sitting on the sidelines while the European Union's European Security and Defense Policy rapid-reaction force takes care of things—they will be sorely disappointed, because for the foreseeable future ESDP will need massive American support to function.

You know, I think this town has a great many very intelligent individuals, and Secretary Rumsfeld is one of the brightest of the bunch. It's difficult for me to understand how even the most Asia-centered, or missile defense-centered person, can believe that their new foreign policy emphases have a chance of succeeding if Europe is not stable. And with the Balkans still erupting, Europe will not be stable.

So let's all reread NATO's Strategic Concept and not view our military's tasks through a twentieth century prism. Let's listen to our men and women on the ground in the Balkans. Let's listen to our diplomats who know full well that a stepped up, resolute effort at Dayton implementation—backed up by a still robust SFOR—is what is called for. Let's stop talking about accelerated exit strategies before the mission is successfully accomplished.

NOMINATION ANNOUNCEMENT

Mr. HATCH. Mr. President, in accordance with the provisions of Senate

Resolution 8, I would announce to the Senate that the Committee on the Judiciary failed to report the nomination of Ted Olson to be Solicitor General of the United States by a tie vote of 9-9.

NATIONAL MISSING CHILDREN'S DAY AND THE NATIONAL CENTER FOR MISSING AND EXPLOITED CHILDREN

Mr. LEAHY. Mr. President, today I recognize National Missing Children's Day and the great work of the National Center for Missing and Exploited Children, NCMEC. The NCMEC has made an unmatched contribution in the area of missing children recovery.

At their annual Congressional Breakfast this morning, the NCMEC honored law enforcement officers from around the country for their exemplary performance in recovering missing children and in apprehending child sex offenders. Last year, we honored a Vermonter at this event for his extraordinary work in tracking down a child exploitation offender.

In 1999, I helped pass legislation that authorized funding for the National Center for Missing and Exploited Children and I am pleased to see its continued success. Since 1984, when the Center was established, it has handled more than 1.4 million calls through its national Hotline 1-800-THE-LOST; trained more than 161,728 police and other professionals; and published more than 20 million publications that are distributed free of charge. The Center has worked with law enforcement on more than 75,283 missing child cases, resulting in the recovery of 50,605 children.

In 1998 the Center launched the CyberTipline which allows Internet users to report suspicious or illegal activity, including child pornography and online enticement of children for sexual exploitation. Since its launch in 1998, the CyberTipline has received close to 37,000 leads with many of those leading to arrests.

I applaud the ongoing work of the Center, its President, Ernie Allen, and all those dedicated employees and volunteers who make this good work possible. I wish them continued success in the area of missing children recovery.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Mr. President, I rise today to speak about hate crimes legislation I introduced with Senator KENNEDY last month. The Local Law Enforcement Act of 2001 would add new categories to current hate crimes legislation sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a heinous crime that occurred May 17, 2000 in Holbrook, Massachusetts. A grand jury indicted a 17-year-old high school student on seven charges for attacking a fellow student he believed to be gay.

For five months prior to the attack, the perpetrator allegedly harassed the victim. In the attack, which occurred in the school cafeteria, the perpetrator hit the victim five or six times in the head before knocking him to the floor. The attack left the victim with a punctured eardrum and internal bleeding.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation, we can change hearts and minds as well.

MUSCULAR DYSTROPHY

Mr. HOLLINGS. Mr. President, S. 805, introduced on May 1, is a vital step toward the day when advanced research will find ways to halt, and even to cure, the maladies of muscular dystrophy.

Muscular dystrophy is a genetic disorder, actually, nine separate genetic disorders, that cause wasting of muscle tissue throughout the body. A quarter of a million Americans of all ages suffer from the disease. One form of it, Duchenne's, strikes young boys, and usually takes their lives before they reach their twentieth birthday. All forms of it are disabling and costly.

Many millions of Americans know about muscular dystrophy and contribute to its relief because since 1966 the entertainer Jerry Lewis has conducted a telethon on Labor Day, calling the nation's attention to muscular dystrophy, and asking help for its victims and their families. The Muscular Dystrophy Association, which Jerry Lewis chairs, has raised hundreds of millions of dollars for the treatment and relief of this disease. It supports over two hundred clinics, and makes wheelchairs and braces available to people suffering from muscular dystrophy.

Part of the money the association raises, about \$30 million yearly, goes to support research projects. But if the breakthroughs are to occur that will enable scientists not just to treat, but to halt the disease, research funding must be substantially increased. This is the purpose of S. 805.

It calls upon NIH and the Centers for Disease Control to establish Centers of Excellence, in which intensified clinical research can be conducted that will speed the discovery of cures for the various forms of muscular dystrophy.

It provides the Director of the NIH, and the Directors of the several institutes within NIH where research into muscular dystrophy is being conducted, with authority and responsibility to concentrate and intensify that research effort, with the funds needed to conduct clinical trials. In short, it gives NIH the organization and the mandate to exploit recent advances in gene therapy. The goal is the swiftest possible rescue for children and adults whose lives will otherwise be lost or badly damaged by muscular dystrophy.

I commend my colleagues for introducing S. 805, and I ask that my name be added as a co-sponsor of the bill at its next printing.

HONORING THE 150TH ANNIVERSARY OF THE UNIVERSITY OF MINNESOTA

Mr. WELLSTONE. Mr. President, it is my privilege today to commend the University of Minnesota, its students, staff faculty, alumni and supporters for its long history of excellence and accomplishments. The University of Minnesota celebrates its 150th anniversary this year as one of the Nation's great public universities.

The University was established in 1851, six years prior to the founding of Minnesota as a state. It began as a small preparatory school and operated without State or Federal funding.

During the Civil War the University went through a series of trying financial times, but was greatly lifted when Congress passed the Morrill Land Grant Act in 1862.

Signed by President Abraham Lincoln, this act gifted over 100,000 acres of land for public use in Minnesota, and called for the creation of a perpetual public fund.

The interest on this fund was to go towards, in the historic words of the document, "the endowment, support, and maintenance of at least one college where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and mechanical arts . . . in order to promote the liberal and practical education of the industrial classes in several pursuits and professions in life."

In 1869 William Watts Folwell was inaugurated as the first president of the University. At that time there were only nine faculty members and 18 students. Today the University of Minnesota system is home to nearly 60,000 undergraduate and graduate students under the direction of President Mark Yudof.

As a land-grant institution, the University of Minnesota with its campuses in Crookston, Duluth, Morris and the Twin Cities has earned distinction as one of the most prestigious and competitive public university systems in the nation.

Since the first two bachelors of arts degrees were awarded in 1873, the university has granted over 549,000 undergraduate degrees and 25,000 Ph.D.'s in over 373 fields of study. Such rich academic diversity has allowed for students to walk in step with their dreams.

The University of Minnesota has fostered an environment for high-standards of education, academic achievement, and public service. It conducts some 300 programs serving children and youth, and students and staff of the University work with over 700,000 Minnesotans every year on issues ranging

from agricultural research, health and medical sciences, to social development. The University of Minnesota is also a major source of employment, providing work for more than 100,000 Minnesotans.

As a major research institution the University has produced scholars of national and international distinction, including 13 faculty members and alumni who have been awarded Nobel Prizes, including the Nobel Peace Prize.

Alumni, faculty and staff have also developed a strong tradition of giving back to the University, beginning with historic philanthropist and University Regent, John Sargent Pillsbury in 1867, and continuing today. Private donations, grants and scholarship funds, along with Federal and State funds help the University of Minnesota to provide students with the necessary resources for a world-class education.

As a Senator from Minnesota I take pride in congratulating the University of Minnesota, with its solid and colorful academic history, on its 150th year of excellence. The State of Minnesota and the nation shall continue to benefit greatly from the efforts of this fine public university.

Mr. DAYTON. Mr. President, I join the senior Senator from Minnesota, PAUL WELLSTONE in honoring the 150 year anniversary of the University of Minnesota. The many milestones so aptly described by Senator WELLSTONE illustrate the distinguished history of one of America's great land grant schools. From the most humble beginnings in 1851, before Minnesota could call itself a State, the University established itself, as a small preparatory school. Today, it is a premier land grant University, with a major medical school, an Institute of Technology, School of Agriculture and three campuses in greater Minnesota. The University serves nearly 60,000 undergraduate and graduate students.

The value of any great learning institution is measured both within its hallowed, academic halls as well as beyond the geographic borders of a central campus. The University of Minnesota Twin Cities has long been considered one of the Nation's top 25 public research universities. The University also serves a large and diverse state by reaching young people through the campuses at Morris, Crookston, and Duluth. In addition, the University has formed a unique partnership with the Rochester Community and Technical College, and Winona State University to form the University Center at Rochester.

Each of these campuses has its own identity, and adds a unique dimension to the University, and to the State. Rochester, the newest campus, is a joint venture with three different institutions and two academic systems. Because of this partnership, a student attending the University Center at Rochester can pursue a doctorate program or certificate. Established in 1959, the

University of Minnesota, Morris is today considered one of the top three public liberal arts institutions in the country. University of Minnesota, Crookston attracts nearly 3,000 students, earning one of U.S. News and World Report's Best College rankings and Wired Magazine's Most Wired Campus Designation. And, the University of Minnesota Duluth, ranked as one of the 12 best Midwest regional public universities, serves the academic needs of the State with a comprehensive undergraduate and graduate program. Equally important, UMD is a vitally active partner in the economic development of Northern Minnesota.

We celebrate the University's Sesquicentennial by looking back through the long lens of a history rich with the achievements that have informed the people of our great State. These are the accomplishments in which the University of Minnesota played a key role. They include helping Minnesotans develop a strong agricultural economy, building a global reputation in medical sciences, establishing the relationship between the University's intellectual resources and community service, and forging an academic base, providing the brainpower that has carried Minnesotans into the new millennium. While we celebrate the University's past, we recognize that it is a part of our present and our future. It educates our children, grows our economy, and evaluates our decisions with sound research and good science.

I join all Minnesotans in celebrating the University of Minnesota's 150th anniversary. I know there will be many more productive years to come.

UNBORN VICTIMS

Mr. INHOFE. Mr. President, today I rise to recognize a group of people who are often overlooked—the unborn. Recently, the House has passed legislation that would protect this defenseless group from violent attacks. The Unborn Victims of Violence Act of 2001 would make it a crime to assault or murder an unborn child.

Recently, I have come across several compelling stories that show the importance of this legislation. One such story is of Tracy Marcinlak of Wisconsin. On February 8, 1992, Tracy was pregnant with her son, Zachariah, who was due to be born in four days. That night, Tracy's husband, Glendale Black, brutally beat her and refused to let her get help. Eventually relenting, her husband let her call an ambulance and Tracy was rushed to the hospital. Little Zachariah was delivered by an emergency Caesarean section. It was too late. He had bled to death from blunt-force trauma.

Unfortunately, in 1992, Wisconsin did not have an unborn victims law and state prosecutors were unable to convict Tracy's husband under a law that required them to prove that he intended to kill Zachariah. He was only convicted of assaulting Tracy. Glendale

Black, who murdered his own son, is already eligible for parole.

In response to violent acts such as this, the Wisconsin legislature passed one of the nation's strongest unborn victims laws in 1998. However, even today, there is no federal law to prosecute criminals who kill unborn children. The Unborn Victims of Violence Act of 2001 would correct this injustice. Under this law, people like Glendale Black, who kill their unborn children, will be prosecuted in the same manner as if they had murdered someone who is already born.

I applaud my colleagues in the House for passing this important legislation as it will give unborn children a fundamental right—the right to live. Many of our forefathers fought and died to make this a basic right for all Americans. Today, the fight continues. I hope my colleagues in the Senate will join me in this fight and vote yes to the Unborn Victims of Violence Act of 2001.

ROCKY BOY/NORTH CENTRAL MONTANA WATER SYSTEM

Mr. BAUCUS. Mr. President, I rise to voice my support for the Rocky Boy/North Central Montana Regional Water System Act of 2001. I join Senator BURNS, Representative REHBERG, and Governor Martz in recognizing the problem that the Chippewa Cree Tribe and other Montana residents in the surrounding area face in getting clean, affordable drinking water. The population of the Rocky Boy Reservation, which grew by over 40 percent in the last decade, is dangerously underserved. Many other residents in the North Central Montana area are completely without water service, and the problem is worsening because of the drought conditions plaguing our State. Many families must haul in their own water, or pay to have it delivered. This is just unacceptable.

Within the region, many homes can turn on the faucet in the kitchen or bathroom and see a black liquid come pouring out. Others are exposing their families to dangerously high levels of arsenic. I ask my colleagues if they would be willing to subject their husbands, wives, and children to these water quality issues? The situation has become so desperate that the current area water systems have "qualified" for the EPA's Significant Non-compliance list. I say again, this is unacceptable.

Without a reliable, accessible safe drinking water source, North Central Montana cannot diversify its economy or encourage future economic growth.

The Rocky Boy/North Central Montana Regional Water System Act would address these important water needs by constructing a Regional Water System. The system would involve fifteen participants, eight water districts, and six municipalities. It would cover a six-county region, and its service area would span more than 10,000 miles. By allowing current water systems to co-

operate under a larger regional framework, the proposal will allow for more efficient management.

For the Chippewa Cree Tribe, the Act would represent the fulfillment of a Water Compact which was ratified by the Montana Legislature and signed by President Clinton in December, 1999. The Compact guaranteed the Tribe a 10,000 acre feet water allocation from the Tiber Reservoir south of Chester. In order to honor this agreement, the Act authorizes the construction of a water treatment plant at Tiber Reservoir, along with the 50 miles of pipeline necessary to connect the Reservoir and the Reservation.

The Rocky Boy/North Central Montana Regional Water System Act is also extremely important to other Montana households as well in the area, in fact, it is important to over 7000 additional households. Fourteen off-reservation towns and counties have expressed their interest in the program by signing an Interlocal Agreement to create the North Central Montana Regional Water Authority. The Authority is the legal entity, required under Montana law, that will administer the non-tribal components of the regional system.

This project is important to me and to North Central Montana. Water is life and without it our communities cannot continue to flourish and grow. This region in Montana is economically very important to our state. But, if they don't have clean, safe water to drink, their economic future looks uncertain. How will their business continue to expand? How can you build new houses? The answer is simple. They will not and you cannot. Without water, all growth and progress stops.

That is why I will do everything I can to see that this project is authorized and funded.

THE SAVINGS OPPORTUNITY AND CHARITABLE GIVING ACT OF 2001

Mr. SANTORUM. Mr. President, today, I rise on behalf of legislation which I have introduced with Senator JOE LIEBERMAN, S. 592, The Savings Opportunity and Charitable Giving Act of 2001. Other bipartisan cosponsors of the underlying bill include Senators HUTCHINSON, DURBIN, BROWBACK, LANDRIEU, LUGAR, BAYH, DEWINE, MILLER, KYL, JOHNSON, BOB SMITH, SESSIONS, and COCHRAN. The amendment number is 655.

I am disappointed that we have not included in H.R. 1836 the key tax relief provisions of the President's Faith-Based Initiatives to expand charitable giving opportunities and incentives for all Americans and expansion of savings opportunities through Individual Development Accounts (IDAs) which President Bush also endorsed in his campaign and included in his budget. Just yesterday, in a speech at Notre Dame University, President Bush reaffirmed his vision and support for these initiatives in the effort to enable

the community renewal and poverty alleviation efforts throughout this country. I will continue to work with the President and my colleagues to create additional opportunities to advance this initiative this year.

Representatives J.C. WATTS, Jr. and TONY HALL have introduced a similar measure in the House of Representatives along with Speaker HASTERT, H.R. 7, the "Community Solutions Act of 2001." Charitable or Beneficiary Choice expansion, charitable donations liability reform, and other provisions will be introduced in the Senate, but on a separate track from the tax provisions which have already been introduced in S. 592 and reflect two-thirds of the President's initial faith-based proposals.

Success in today's new economy is defined less and less by how much you earn and more and more by how much you own—your asset base. This is great news for the millions of middle-class homeowners who are tapped into America's economic success, but it is bad news for those who are simply tapped out—those with no assets and little hope of accumulating the means for upward mobility and real financial security. This widening asset gap was underscored in a report issued earlier this year by the Federal Reserve. The Fed found that while the net worth of the typical family has risen substantially in recent years, it has actually dropped substantially for low-income families.

Statistics: For families with annual incomes of less than \$10,000, the median net worth dipped from \$4,800 in 1995 to \$3,600 in 1998. For families with incomes between \$10,000 and \$25,000, the median net worth fell from \$31,000 to \$24,800 over the same period. The rate of home ownership among low-income families has dropped as well. For families making less than \$10,000, it went from 36.1 percent to 34.5 percent from 1995 to 1998; for those making between \$10,000 and \$25,000, it fell from 54.9 percent to 51.7 percent.

How do we reverse this troubling trend? IDAs are the unfinished business of the Community Renewal and New Markets Empowerment initiatives which became law in December of 2000 and will increase job opportunities and renew hope in what have been hopeless places. But to sustain this hope, we must provide opportunities for individuals and families to build tangible assets and acquire stable wealth.

Our legislation is aimed at fixing our nation's growing gap in asset ownership, which keeps millions of low-income workers from achieving the American dream. Most public attention focuses on our growing income gap. Though the booming American economy has delivered significant income gains to the nation's upper-income earners, lower-income workers have been left on the sidelines. This suggests to some that closing this divide between the have-mosts and the have-leasts is simply a matter of raising

wages. But the reality is that the income gap is a symptom of a larger, more complicated problem.

How do we do this? We believe that the marketplace can provide such opportunity. Non-profit groups around the country have launched innovative private programs that are achieving great success in transforming the "unbanked"—people who have never had a bank account—into unabashed capitalists. Through IDAs, banks and credit unions offer special savings accounts to low-income Americans and match their deposits dollar-for-dollar. In return, participants take an economic literacy course and commit to using their savings to buy a home, upgrade their education or to start a business.

Thousands of people are actively saving today through IDA programs in about 250 neighborhoods nationwide. In one demonstration project undertaken by the Corporation for Enterprise Development (CFED), a leading IDA promoter, 1,300 families have already saved \$329,000, which has leveraged an additional \$742,000.

While the growth of IDAs has been encouraging, access to IDA programs is still limited and scattered across the nation. The IDA provision of this legislation will expand IDA access nationwide by providing a significant tax credit to financial institutions and community groups that offer IDA accounts. This credit would reimburse banks for the first \$500 of matching funds they contribute, thus significantly lowering the cost of offering IDAs. Other state and private funds can also be used to provide an additional match to savings. It also benefits our economy, the long-term stability of which is threatened by our pitiful national savings rate. In fact, according to some estimates, every \$1 invested in an IDA returns \$5 to the national economy.

What are IDAs? IDAs are matched savings accounts for working Americans restricted to three uses: (1) buying a first home; (2) receiving post-secondary education or training; or (3) starting or expanding a small business. Individual and matching deposits are not co-mingled; all matching dollars are kept in a separate, parallel account. When the account holder has accumulated enough savings and matching funds to purchase the asset (typically over two to four years), and has completed a financial education course, payments from the IDA will be made directly to the asset provider.

Financial institutions (or their contractual affiliates) would be reimbursed for all matching funds provided plus a limited amount of the program and administrative costs incurred (whether directly or through collaborations with other entities). Specifically, the IDA Tax Credit would be the aggregate amount of all dollar-for-dollar matches provided (up to \$500 per person per year), plus a one-time \$100 per account credit for financial education,

recruiting, marketing, administration, withdrawals, etc., plus an annual \$30 per account credit for the administrative cost of maintaining the account. To be eligible for the match, adjusted gross income may not exceed \$20,000 (single), \$25,000 (head of household), or \$40,000 (married).

Supporters: President Bush has expressed support for IDAs in his campaign and included them in his budget and we are working with the Administration to coordinate efforts. Supporting groups include the Credit Union National Association, the Financial Services Roundtable, the Corporation for Enterprise Development, the National Association of Homebuilders, the National Center for Neighborhood Enterprise, the National Federation of Community Development Credit Unions, the National Council for La Raza, and others.

Individual Development Accounts, combined with other community development and wealth creation opportunities, are a first step towards restoring faith in the longstanding American promise of equal opportunity. That faith has been shaken by stark divisions of income and wealth in our society. With the leadership of President Bush and Speaker HASTERT, I am hopeful, along with our other cosponsors, that Congress will take this first step toward restoring the long-cherished American ideals of rewarding hard work, encouraging responsibility, and expanding savings opportunity this year.

The charitable giving incentives provision will initially allow non-itemizers to deduct 50 percent of their charitable giving, after they exceed a cumulative total of \$500 in annual donations (\$1,000 for joint filers). The deduction will be phased into a 100 percent deduction over the course of 5 years in 10 percent increments. Under current law non-itemizers receive no additional tax benefit for their charitable contributions.

More than 84 million Americans cannot deduct any of their charitable contributions because they do not itemize their tax returns. In contrast, there are 34 million Americans who itemize and receive this benefit. For example, in Pennsylvania, there are nearly 4 million taxpayers who do not itemize deductions while slightly more than 1.5 million taxpayers do itemize.

While Americans are already giving generously to charities making a significant positive impact in our communities, this provision provides an incentive for additional giving and allows non-itemizers who typically have middle to lower middle incomes to also benefit from additional tax relief. In fact, non-itemizers earning less than \$30,000 give the highest percentage of their household income to charity. It is estimated that restoring this tax relief provision to merely 50 percent which existed in the 1980's would encourage more than \$3 billion of additional charitable giving a year. The phased in in-

crease to 100 percent will result in even more additional giving. The floor is included because the standard personal deduction encompasses initial contributions.

One important dimension of promoting charitable efforts helping to revitalize our communities, empower individuals and families, and enhance educational opportunities is encouraging charitable giving. This legislation is a great opportunity to lower the tax burden on the many Americans who have not received any tax relief for their charitable contributions since 1986.

The IRA charitable rollover allows individuals to roll assets from an IRA into a charity or a deferred charitable gift plan without incurring any income tax consequences. The donation would be made to charity directly without ever withdrawing it as income and paying taxes on it.

The rollover can be made as an outright gift, for a charitable remainder annuity trust, charitable remainder unitrust or pooled income fund, or for the issuance of a charitable annuity. The donor would not receive a charitable deduction. This incentive should assist charitable giving in education, social service, and religious charitable efforts.

Food banks are finding it increasingly difficult to meet the demand for food assistance. In the past, food banks have benefitted from the inefficiencies of manufacturing, including the overproduction of merchandise and the manufacturing of cosmetically-flawed products. However, technology has made businesses and manufacturers significantly more efficient. Although beneficial to the company's bottomline, donations have lessened as a result. The fact is that the demand on our nation's church pantries, soup kitchens and shelters continues to rise, despite our economy.

According to an August 2000 report on Hunger Security by the U.S. Department of Agriculture, 31 million Americans (around 10 percent of our citizens) are living on the edge of hunger. Although this number has declined by 12 percent since 1995, everyone agrees that this figure remains too high.

Unfortunately, many food banks cannot meet this increased demand for food. A December '99 study by the U.S. Conference of Mayors found that requests for emergency food assistance increased by an average of 18 percent in American cities over the previous year and 21 percent of emergency food requests could not be met. Statistics by the United States Department of Agriculture show that up to 96 billion pounds of food goes to waste each year in the United States. If a small percentage of this wasted food could be redirected to food banks, we could make important strides in our fight against hunger. In many ways, current law is a hindrance to food donations.

The tax code provides corporations with a special deduction for donations

to food banks, but it excludes farmers, ranchers and restaurant owners from donating food under the same tax incentive. For many of these businesses, it is actually more cost effective to throw away food than donate it to charity. The hunger relief community believes that these changes will markedly increase food donations—whether it is a farmer donating his crop, a restaurant owner contributing excess meals, or a food manufacturer producing specifically for charity.

This bipartisan legislation was introduced separately by Senators LUGAR and LEAHY with 13 additional cosponsors including myself. It has been endorsed by a diverse set of organizations, including America's Second Harvest Food Banks, the Salvation Army, the American Farm Bureau Federation, the National Farmers Union, the National Restaurant Association, and the Grocery Manufacturers of America.

Under current law, when a corporation donates food to a food bank, it is eligible to receive a "special rule" tax deduction. Unfortunately, most companies have found that the "special rule" deduction does not allow them to recoup their actual production costs. Moreover, current law limits the "special rule" deduction only to corporations, thus prohibiting farmers, ranchers, small businesses and restaurant owners from receiving the same tax benefits afforded to corporations.

This provision would encourage additional food donations through three changes to our tax laws:

Expand Deduction to All Business Taxpayers: This bill will extend the "special rule" tax deduction for food donations now afforded only to corporations to all business taxpayers, including farmers and restaurant owners.

Enhance Deduction for Food Donations: This legislation will increase the tax deduction for donated food from basis plus ½ markup to the fair market value of the product, not to exceed twice the product's basis.

Codify Lucky Stores Decision: This bill will codify the Tax Court ruling in *Lucky Stores, Inc. v. IRS*, in which the Court found that taxpayers should base the determination of fair market value of donated product on recent sales.

I encourage my colleagues to join me in this important bipartisan effort to increase savings opportunities for lower income working Americans, to encourage the charitable giving of all Americans, to provide additional resources for the charitable organizations which serve their communities, and to encourage additional donations of food to alleviate hunger. I would also like to thank President Bush for his leadership in this critical area.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, May 22, 2001, the Federal debt stood at \$5,658,520,030,420.14, five trillion, six hundred fifty-eight billion, five hun-

dred twenty million, thirty thousand, four hundred twenty dollars and fourteen cents.

One year ago, May 22, 2000, the Federal debt stood at \$5,673,858,000,000, five trillion, six hundred seventy-three billion, eight hundred fifty-eight million.

Five years ago, May 22, 1996, the Federal debt stood at \$5,117,440,000,000, five trillion, one hundred seventeen billion, four hundred forty million.

Ten years ago, May 22, 1991, the Federal debt stood at \$3,464,163,000,000, three trillion, four hundred sixty-four billion, one hundred sixty-three million.

Fifteen years ago, May 22, 1986, the Federal debt stood at \$2,030,146,000,000, two trillion, thirty billion, one hundred forty-six million, which reflects a debt increase of more than \$3.5 trillion, \$3,628,374,030,420.14. Three trillion, six hundred twenty-eight billion, three hundred seventy-four million, thirty thousand, four hundred twenty dollars and fourteen cents during the past 15 years.

ADDITIONAL STATEMENTS

RECOGNITION OF LARRY SINCLAIR

• Mr. GRASSLEY. Mr. President, since 1963, the month of May has helped the nation focus on the contributions and achievements of America's older citizens. Fewer people over the age of 65 require nursing home care and more are living on their own, with little or no outside help. Older Americans increasingly redefine modern maturity, re-shape cultural boundaries and dispel age-related stereotypes associated with getting older. They are leaders in our families, in our workplaces and in our communities.

One of these leaders is a 71-year-old man from Davenport, Iowa. Larry Sinclair understands the value of helping others. Through his initiative, compassion, and commitment, he has touched the lives of many in the Davenport community.

Originally from Maine, Mr. Sinclair and his wife, Sylvia, moved to Davenport in 1959. A 33-year veteran of the Rock Island Arsenal, Mr. Sinclair became involved with helping seniors after his retirement. At the time, his mother in Maine was suffering from Alzheimer's Disease and the distance prevented Mr. Sinclair from helping his sister care for her on a regular basis.

After hearing a presentation at church about respite assistance for caregivers, Mr. Sinclair decided it was time to get involved. Although he couldn't go to Maine to give his sister the respite she needed, he could provide help to caregivers in Davenport. For eight years, Mr. Sinclair volunteered up to 10 hours a week to provide relief to caregivers in the community. Although he is no longer actively involved in the program, he still keeps in touch with several of families that he worked with over the years.

Mr. Sinclair's commitment to seniors in the community has been instrumental in the success of one of the few all-volunteer congregate meal sites in Iowa. Eleven years ago, Mr. Sinclair helped establish the meal site at his church. Every Tuesday, he and his wife spend the their day serving a meal to 25-30 seniors. Mr. and Mrs. Sinclair do everything from meal pick-up in the morning to clean-up in the afternoon. Although Mr. Sinclair has the formal title of meal site manager, he gives much of the credit to his wife. He says the two of them make a "pretty good team."

Mr. Sinclair also is highly active in the Great River Bend Area Agency on Aging. He has been a member of the agency's policy board for the past six years, serving as its president last year and vice president this year. As an Operation Restore Trust volunteer he makes presentations to various senior groups, nursing homes and assisted living facilities about Medicare fraud and abuse. He has served as a delegate to aging association meetings in Washington, DC, and he is a member of the agency's nutrition committee and services committee.

In 1959, Mr. Sinclair became a charter member of the West Park Presbyterian Church and he is still actively involved in serving the congregation. Friends know that if they need help, Mr. Sinclair is the first one to call. He serves as an elder in the church and chairman of the committee that is responsible for programming church activities and fundraisers. Mr. Sinclair says he feels it is important for people like him, who have the time to help, to do what they can to keep the church growing for younger members.

A devoted family man, Mr. Sinclair has been married to his wife Sylvia for 50 years. The couple has three daughters, four grandchildren and one great-grandchild. Mr. Sinclair stays physically active by walking with his wife three miles a day. In addition, he enjoys golfing and biking.

With all of these activities, Mr. Sinclair's friends sometimes wonder if he is one of those people who just can't say no. But, Mr. Sinclair refutes that characterization, saying he chooses not to say no because he enjoys what he does.

I want to thank Mr. Sinclair for his contributions to the Davenport community. His initiative and compassionate concern for others is an example to us all that we should always be willing to help others, no matter what our age.●

DR. J. ROBERT SCHRIEFFER

• Mr. GRAHAM. Mr. President, I rise today to recognize a distinguished Floridian, and noted scientist, Dr. J. Robert Schrieffer.

On May 31, 2001, Dr. Schrieffer will celebrate his 70th birthday, and I would like to join his many friends and colleagues in extending my best wishes on this special day.

Dr. Schrieffer is a graduate of Eustis High School in Florida, whose studies took him to the University of Illinois, the University of Pennsylvania, and the University of California in Santa Barbara. In 1972, he won the Nobel Prize in Physics for his research on superconductivity.

We welcomed Dr. Schrieffer back to Florida in 1991 when he became the Chief Scientist of the National High Magnetic Field Laboratory at Florida State University in Tallahassee. His dedication has meant that this laboratory has become one of the world's preeminent sites for high magnetic field research.

Dr. Schrieffer also serves as a University Eminent Scholar at Florida State. He received the National Medal of Science in 1984. He has been a member of the Council of the National Academy of Science since 1990. He served as President of the American Physical Society in 1996, and was the recipient of the prestigious Oliver E. Buckley Solid State Physics prize in 1968.

The State of Florida, and the Magnetic Laboratory, are fortunate to have Dr. Schrieffer's expertise and enthusiasm. I join Dr. Schrieffer's many friends and colleagues who will undoubtedly be wishing him all the best on May 31st of this year.●

RETIREMENT OF CAROL HURT

● Mr. BOND. Mr. President, I rise to make a few comments on the retirement of Carol Hurt and her 25 years of dedication to Missouri.

On June 1, 2001, Carol Hurt will retire from the State of Missouri. Her long and varied career has spanned more than 25 years, beginning at the Department of Revenue in 1976. Since then she has held the position of Assistant Director of Administration in the Attorney General's office and Director of Administration in the State Auditors office. As Governor, I had the privilege to work with Carol Hurt when she was Office Manager for the Governor's office, as did my successor John Ashcroft.

Carol currently serves as a member of the Professional Advisory Board for the Business and Public Administration department for the University of Missouri, the Missouri Institute of Public Administrators and the Association of Governmental Accountants. She has also served the community as a board member for the Greater Missouri Women's Leadership Foundation, Homemaker Health Care and Rotary International.

Carol will complete her distinguished career of dedication and service at the Missouri Department of Transportation where she is a Senior Human Resource Specialist.

I would like to thank Carol Hurt for her commitment to the state of Missouri and for all her hard work. I join with her family, friends, and colleagues in congratulating her on this outstanding accomplishment and wish her the best in all her future endeavors.●

DEPARTURE OF JAMES A. HARMON FROM THE U.S. EXPORT-IMPORT BANK

● Mrs. CLINTON. Mr. President, I would like to recognize the accomplishments of James A. Harmon, the outgoing Chairman of the Export-Import Bank of the United States. When Chairman Harmon steps down from this position on May 25, he will have served Ex-Im Bank for 4 years, one of the longest terms as Chairman in the Bank's history.

Chairman Harmon came to Ex-Im Bank in 1997 after a distinguished 38-year career as an investment banker in New York. He brought his wealth of private sector experience to Washington and immediately set about the task of enhancing Ex-Im Bank's ability to achieve its important mission, supporting U.S. jobs through exports.

One of the early challenges he had to face was the global financial crisis that hit Asia and other emerging markets in 1997-98. Recognizing the important role Ex-Im Bank could play in this crisis, Chairman Harmon directed the Bank to extend much needed credit to many of the impacted Asian nations to keep trade flowing between this region and the United States. Perhaps the most dramatic example was in South Korea, where Ex-Im Bank provided \$1 billion of short-term export credit insurance for South Korean banks that allowed South Korean businesses to purchase urgently needed raw materials and equipment from the United States. Ex-Im Bank supported more than 2,400 transactions in South Korea during this crucial period, compared to less than 60 the prior year. Ex-Im Bank also worked to shore up the struggling Asian markets by coordinating assistance for the region from the other major export credit agencies. Ex-Im Bank's aggressive response to the Asian financial crisis helped stabilize these economies and keep U.S. goods and services flowing to the region until commercial financing was once again available.

Under Chairman Harmon's leadership, Ex-Im Bank forged into new markets in an effort to increase opportunities for U.S. exporters. I am particularly pleased to cite the Bank's expanded involvement in Africa. During Chairman Harmon's tenure, Ex-Im Bank unveiled new programs for facilitating U.S. exports to sub-Saharan Africa and expanded the number of countries in this region for which financing support is available. Notably, Chairman Harmon demonstrated his personal commitment to sub-Saharan Africa by traveling to the region three times, becoming the first Ex-Im Bank Chairman to visit southern Africa. The results of these efforts have been dramatic. Ex-Im Bank support for transactions in sub-Saharan Africa rose from \$50 million in 1998 to nearly \$1 billion in 2000. I know from my own visits to sub-Saharan Africa the vital importance of increased U.S. trade with the region and I commend Chairman Harmon for his efforts.

Ex-Im Bank also enhanced its presence in Russia and the New Independent States, developing innovative financing structures that allowed U.S. exporters to capitalize on the vast opportunities of this market. In June 2000, Ex-Im Bank launched a Southeast Europe Initiative to develop U.S. trade opportunities in Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia and Romania, an initiative that can help foster the development of these emerging market economies as well as benefit U.S. exporters.

While working to support exports to new markets abroad, Chairman Harmon also pushed Ex-Im Bank to reach out to new groups of exporters here at home. During Chairman Harmon's tenure, Ex-Im Bank implemented program changes and marketing efforts aimed at expanding its support for women- and minority-owned businesses, two groups that have traditionally had difficulty accessing export financing. Chairman Harmon also made environmental exports a top priority, recognizing both the potential export opportunities for U.S. producers of environmental goods and services and the importance of promoting environmentally sound development. At the same time, Chairman Harmon championed the need for greater environmental responsibility in export financing, urging his G-7 and other major export credit agency counterparts to adopt uniform, meaningful environmental standards for the projects they finance.

Jim Harmon has worked tirelessly at Ex-Im Bank to create high-paying export-related jobs here at home by expanding opportunities for U.S. exporters abroad. I am pleased to welcome him back to New York after four years of distinguished service to Ex-Im Bank and the Nation.●

TRIBUTE TO KAHUKU HIGH AND INTERMEDIATE SCHOOL

● Mr. INOUE. Mr. president, I rise in tribute to Kahuku High and Intermediate School located in Kahuku, Hawaii, for its outstanding performance in the "We the People . . . The Citizen and the Constitution" national finals held on April 21-23, 2001, in Washington, DC.

The following Kahuku students competed in the Competition: Brooke Barker, Chenoah Couvillion, Daniel Ditto, James Hayes, Erin Hickman, Dana Ishii, Mostaffah Karodia, Rachael Kekaula, Justin Keys, Losaline Lautaha, Vaueli Ma Sun, Brad Makaiau, Brenda McCallum, Melodie Navalta, Kaulania Ostrem, Travis Ostrem, Jill Peterson, Andrew Pontti, Karess Purcell, Florangelie Ramirez, Dylan Small, Savani Toluta'u, Talahiva Tuifua, Masina Tutor, Jake Whetten, and Melissa Zolkepy.

I commend these young scholars for their remarkable understanding of the fundamental ideals and values of America's constitutional government.

Their hard work, sacrifice, and diligence have earned them national distinction, and I join their family and friends in applauding their efforts. These students are our Nation's future leaders, and they someday may be seated on this floor as Senators. Please join me in recognizing them for they are a source of pride, not only for their school and their home State, but also for our Nation.●

TRIBUTE TO FRED KOCHER

● Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to Fred Kocher of Portsmouth, New Hampshire, on being honored as the 2001 Journalist of the Year by the Small Business Administration.

Fred has been the host of New Hampshire's Business for eight years. Every week he reports on the local, regional and national business environment analyzing companies, business trends and economic indicators.

Fred has enhanced the awareness of the issues that face business owners in our state, region and country. He has worked diligently to benefit the business community and has also been a strong advocate on behalf of small business entrepreneurs in New Hampshire.

He is a former small business owner who helped create the New Hampshire International Trade Resource Center in Portsmouth. Fred is currently the Director of Corporate Communications and Investor Relations for NEON Communications, Inc.

Fred has been a contributor to his community serving as president of the New Hampshire High Technology Council and he also served as president of the New Hampshire International Trade Association. Fred is the creator and chairman of the "Politics & Eggs" statewide breakfast series that allows members of the business community to hear directly from presidential candidates every four years.

Fred Kocher has served the citizens of New Hampshire with selfless dedication. I commend him for his contributions to the business community of our state. It is an honor and a privilege to represent him in the United States Senate.●

TRIBUTE TO MARIE MEUNIER-BOUCHARD

● Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to Marie Meunier-Bouchard of Conway, New Hampshire, on being honored as the 2001 Small Business Exporter of the Year by the Small Business Administration.

Marie is the owner of Wild Things, Inc. which designs and manufactures state-of-the-art lightweight climbing equipment and clothing for expedition and mountain climbing. The business sells its products domestically and has also increased export sales to over \$3 million. The largest overseas accounts

for Wild Things, Inc. includes companies in Korea, Singapore and Hong Kong.

Marie has worked with selfless dedication to the success of her business. She has provided quality products to both the domestic and international markets resulting in impressive financial achievement for the company.

She is a native of France and graduate of the University of Geneva in Switzerland, and is an accomplished mountain climber. Her company was founded in 1981 and sales have grown to \$4 million in 2001. Wild Things, Inc. has 15 employees in North Conway and Gorham, and contracts other manufacturing jobs in Chatham and Silver Lake, New Hampshire.

Marie is a proven business leader in the New Hampshire community. I commend her for her selfless dedication to the betterment of her company and the business community in our state. It is an honor and a privilege to represent her in the United States Senate.●

TRIBUTE TO CHARLES W. KELLER

● Mr. SMITH of New Hampshire. Mr. President, I rise today to pay tribute to Charles W. Keller of Meredith, New Hampshire, for the honor of receiving the 2001 New Hampshire Small Business Person of the Year Award from the Small Business Administration.

Charles is the president and CEO of C.W. Keller & Associates, Inc., of Plaistow, New Hampshire. His firm manufactures high-end retail display fixtures and executive office furnishings.

He started his business in his garage in the early 1970's as a one-person business. Since then, his firm has experienced steady growth and now employs 35 people, grosses more than \$5 million annually, and has expanded its operation projects in Boston, New York, Washington, Los Angeles and the Middle East.

Charles has been recognized by the Small Business Administration as an outstanding business owner who has worked diligently and successfully at building his firm. His talented staff and quality products have attributed to the success of C.W.Keller & Associates, Inc.

Charles has been a strong supporter of the community at large and has served as a director with the New England Chapter of the Architectural Woodwork Institute, for five years. He is also a member of the National Association of Store Fixture Manufacturers. His company contributes to many charitable organizations including the American Cancer Society and the Diabetes Foundation.

Charles Keller has served the citizens of New Hampshire with dedication and charity. I commend him for his success in his business and for his generosity to the charitable organizations in our state. It is an honor and a privilege to represent him in the United States Senate.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Evans, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO THE GOVERNMENT OF LIBERIA—MESSAGE FROM THE PRESIDENT—PM 22

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Banking, Housing, and Urban Affairs.

To the Congress of the United States:

Pursuant to section 204(b) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(b) (IEEPA), and section 301 of the National Emergencies Act, 50 U.S.C. 1631, I hereby report that I have exercised my statutory authority to expand the scope of an existing national emergency in response to the unusual and extraordinary threat posed to the foreign policy of the United States by the Government of Liberia's complicity in the illicit trade in diamonds from Sierra Leone by the insurgent Revolutionary United Front of Sierra Leone (RUF) and by the Government of Liberia's other forms of support for the RUF. I also have exercised my statutory authority to issue an Executive Order that prohibits the importation into the United States of all rough diamonds from Liberia, whether or not such diamonds originated in Liberia. These actions are mandated in part by United Nations Security Council Resolution 1343 of March 7, 2001.

The Secretary of the Treasury, in consultation with the Secretary of State, is authorized to issue regulations in exercise of my authorities under the IEEPA and the United Nations Participation Act, 22 U.S.C. 287c, to implement this prohibition. All Federal agencies are also directed to take actions within their authority to carry out the provisions of the Executive Order.

I am enclosing a copy of the Executive Order I have issued. The Order was effective at 12:01 a.m. eastern daylight time on May 23, 2001.

I have authorized these measures in furtherance of Executive Order 13194 of January 18, 2001, and in response to the Government of Liberia's continuing facilitation of and participation in the

RUF's illicit trade in diamonds from Sierra Leone and its other forms of support for the RUF. The Government of Liberia's actions in this regard constitute an unusual and extraordinary threat to the foreign policy of the United States because they directly challenge United States foreign policy objectives in the region and the rule-based international order that is crucial to the peace and prosperity of the United States.

In Executive Order 13194, President Clinton responded to the RUF's illicit arms-for-diamonds trade that fuels the brutal, decade-long civil war in Sierra Leone by declaring a national emergency and, consistent with United Nations Security Council Resolution 1306, by prohibiting the importation into the United States of all rough diamonds from Sierra Leone except for those importations controlled through the certificate of origin regime of the Government of Sierra Leone. In a report issued on December 14, 2000, the United Nations Panel of Experts established pursuant to resolution 1306 found that diamonds represent a major and primary source of income for the RUF to sustain and advance its military activities; that the bulk of the RUF diamonds leaves Sierra Leone through Liberia; and that such illicit trade cannot be conducted without the permission and involvement of Liberian government officials at the highest levels. The Panel recommended, among other things, a complete embargo on all diamonds from Liberia until Liberia demonstrates convincingly that it is no longer involved in the trafficking of arms to, or diamonds from, Sierra Leone.

On March 7, 2001, the Security Council unanimously adopted resolution 1343 to impose sanctions against the Government of Liberia. The resolution determined that the Government of Liberia's active support for the RUF in Sierra Leone and other armed rebel groups in neighboring countries constitutes a threat to international peace and security in the region and decided that all states shall impose an immediate arms embargo on Liberia and also shall impose travel and diamond bans on Liberia on May 7, 2001, unless the Council determined before that date that the Government of Liberia had ceased its support for the RUF and for other armed rebel groups and, in particular, had taken a number of concrete steps identified in the resolution. In furtherance of this resolution, the Secretaries of State, Commerce, and Defense have taken steps, under their respective authorities, to implement the arms embargo.

With regard to the travel ban and diamond embargo, the Government of Liberia has failed, notwithstanding the two-month implementation period granted by resolution 1343, to honor its commitments to cease its support for the RUF and other armed rebel groups. As a result, the Security Council did not determine that Liberia has complied with the demands of the Council.

In Proclamation 7359 of October 10, 2000, President Clinton suspended the entry as immigrants and non-immigrants of persons who plan, engage in, or benefit from activities that support the RUF or that otherwise impede the peace process in Sierra Leone. The application of that Proclamation implements the travel ban imposed by resolution 1343.

Finally, for the reasons discussed above and in the enclosed Executive Order, I also have found that the Government of Liberia's continuing facilitation of and participation in the RUF's illicit trade in diamonds from Sierra Leone and its other forms of support for the RUF contribute to the unusual and extraordinary threat to the foreign policy of the United States described in Executive Order 13194 with respect to which the President declared a national emergency. In order to deal with that threat, and consistent with resolution 1343 and this finding, I have taken action to prohibit the importation into the United States of all rough diamonds from Liberia, whether or not such diamonds originated there, in order to contribute to the international effort to bring a prompt end to the illicit arms-for-diamonds trade by which the RUF perpetuates the tragic conflict in Sierra Leone. This action, as well as those discussed above, also expresses our outrage at the Government of Liberia's ongoing contribution to human suffering in Sierra Leone and other neighboring countries, as well as its continuing failure to abide by international norms and the rule of law.

GEORGE W. BUSH.
THE WHITE HOUSE, May 23, 2001.

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-1946. A communication from the Assistant Director for Executive and Political Personnel, Department of the Navy, transmitting, pursuant to law, the report of a nomination for the position of Under Secretary of the Navy; to the Committee on Armed Services.

EC-1947. A communication from the Assistant Director for Executive and Political Personnel, Department of Defense, transmitting, pursuant to law, the report of a nomination for the position of Assistant Secretary of Defense, International Security Policy; to the Committee on Armed Services.

EC-1948. A communication from the Assistant Director for Executive and Political Personnel, Department of the Air Force, transmitting, pursuant to law, the report of a nomination for the position of Secretary of the Air Force; to the Committee on Armed Services.

EC-1949. A communication from the Assistant Director for Executive and Political Personnel, Department of Defense, transmitting, pursuant to law, the report of a nomination confirmed for the position of Under Secretary of Defense, Acquisition, Tech-

nology and Logistics; to the Committee on Armed Services.

EC-1950. A communication from the Acting Chairman of the National Credit Union Administration, transmitting, pursuant to law, a report relative to establishing and adjusting schedules of compensation; to the Committee on Banking, Housing, and Urban Affairs.

EC-1951. A communication from the Secretary of the Bureau of Consumer Protection, Federal Trade Commission, transmitting, pursuant to law, the report of a rule entitled "Appliance Labeling Rule" (RIN3084-AA74) received on May 16, 2001; to the Committee on Commerce, Science, and Transportation.

EC-1952. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Two-Step Stock Acquisitions" (Rev. Ruls. 2001-26, -23) received on May 15, 2001; to the Committee on Finance.

EC-1953. A communication from the Assistant Director for Executive and Political Personnel, Department of Defense, transmitting, pursuant to law, the report of a nomination confirmed for the position of Assistant Secretary of Defense, Force Management Policy, received on May 17, 2001; to the Committee on Armed Services.

EC-1954. A communication from the Chief of the Programs and Legislation Division, Office of Legislative Liaison, Office of the Secretary, Department of the Air Force, transmitting, pursuant to law, a report relative to a cost comparison of the Personnel Computer Support function at Randolph Air Force Base, Texas; to the Committee on Armed Services.

EC-1955. A communication from the Chief of the Programs and Legislation Division, Office of Legislative Liaison, Office of the Secretary, Department of the Air Force, transmitting, a report relative to a cost comparison to reduce the cost of Heat Plant function at Whiteman Air Force Base, Missouri; to the Committee on Armed Services.

EC-1956. A communication from the Director of the Policy Directives and Instructions Branch, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, the report of a rule entitled "Adjustment of Status for Certain Syrian Nationals Granted Asylum in the United States" (RIN115-AG17) received on May 17, 2001; to the Committee on the Judiciary.

EC-1957. A communication from the General Counsel of the United States Marshal Service, Department of Justice, transmitting, pursuant to law, the report of a rule entitled "Revision to United States Marshals Service Fees for Services" (RIN1105-AA64) received on May 17, 2001; to the Committee on the Judiciary.

EC-1958. A communication from the Secretary of the Judicial Conference of the United States, transmitting, a draft of proposed legislation entitled "Federal Courts Improvement Act of 2001" received on May 10, 2001; to the Committee on the Judiciary.

EC-1959. A communication from the Chairman of the Broadcasting Board of Governors of the United States, transmitting, pursuant to law, a draft of proposed legislation entitled "International Broadcasting Authorization Act, Fiscal Years 2002 and 2003" received on April 25, 2001; to the Committee on Foreign Relations.

EC-1960. A communication from the Acting Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to law, the report under the National Defense Authorization Act for calendar year 1999; to the Committee on Foreign Relations.

EC-1961. A communication from the Acting Assistant Secretary of Legislative Affairs,

Department of State, transmitting, pursuant to law, Presidential Determination Number 2001-13, relative to the Palestine Liberation Organization; to the Committee on Foreign Relations.

EC-1962. A communication from the Acting Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to law, Presidential Determination Number 2001-14, relative to Ireland; to the Committee on Foreign Relations.

EC-1963. A communication from the Deputy Director and Senior Agency Official of the Institute of Museum and Library Services, transmitting, pursuant to law, the annual Performance Report for Fiscal Year 2001; to the Committee on Governmental Affairs.

EC-1964. A communication from the Deputy Archivist of the United States, National Archives and Records Administration, transmitting, pursuant to law, the report of a rule entitled "Records Disposition; Technical Amendments" (RIN3095-AB02) received on May 17, 2001; to the Committee on Governmental Affairs.

EC-1965. A communication from the Deputy Associate Administrator, Office of Acquisition Policy, General Service Administration, transmitting, pursuant to law, the report of a rule entitled "Federal Acquisition Regulation; Federal Acquisition Circular 97-25" (FAC 97-25) received on May 15, 2001; to the Committee on Governmental Affairs.

EC-1966. A communication from the Chairman of the Merit Systems Protection Board, transmitting, pursuant to law, a draft of proposed legislation entitled "Merit Systems Protection Board Reauthorization Act of 2001" received on May 17, 2001; to the Committee on Governmental Affairs.

EC-1967. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Thiamethoxam; Pesticide Tolerance" (FRL6784-7) received on May 17, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1968. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Extension of Tolerances for Emergency Exemptions (Multiple Chemicals)" (FRL6782-1) received on May 17, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1969. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Aspergillus flavus AF36; Extension of Temporary Exemption from the Requirement of a Tolerance" (FRL6781-7) received on May 17, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1970. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Cyfluthrin; Pesticide Tolerances for Emergency Exemptions" (FRL6781-8) received on May 16, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1971. A communication from the Acting Administrator of the Livestock and Seed Program, Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Amendment to the Beef Promotion and Research Rules and Regulations" (Doc. No. LS-98-005) received on May 15, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1972. A communication from the Acting Administrator, Agricultural Marketing

Service, Fruit and Vegetable Programs, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Tart Cherries Grown in the States of Michigan, et al.; Decreased Assessment Rates" (Doc. No. FV01-930-1 FIR) received on May 15, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1973. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting, pursuant to law, a draft of proposed legislation relative to authorization of appropriations for Fiscal Year 2002; to the Committee on Environment and Public Works.

EC-1974. A communication from the Acting Director of the Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled "Endangered and Threatened Wildlife and Plants; Final Rule for Endangered Status for *Astragalus pycnostachyus* var. *lanosissimus* (Ventura marsh milk-vetch)" (RIN1018-AF61) received on May 15, 2001; to the Committee on Environment and Public Works.

EC-1975. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Acquisition Regulation; Administrative Amendments" (FRL6955-3) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1976. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Allocation of Drinking Water State Revolving Fund Monies" (FRL6978-7) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1977. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Air Quality Implementation Plans; Commonwealth of Pennsylvania; Approval of Revisions to Stage II Vapor Recovery Regulations for Southwest Pennsylvania" (FRL6981-5) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1978. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Air Quality Implementation Plans; Maryland; Control of VOC Emissions from Distilled Spirits Facilities" (FRL6979-3) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1979. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Air Quality Implementation Plans; State of Maryland; Repeal of Petroleum Refinery Regulations" (FRL6979-6) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1980. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Implementation Plans; Arizona State Implementation Plan Revision, Coconino County, Mohave County, and Yuma County" (FRL6916-2) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1981. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Imple-

mentation Plans; New Jersey; Nitrogen Oxides Budget and Allowance Trading Program" (FRL6979-1) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1982. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Implementation Plans; New York; Nitrogen Oxides Budget and Allowance Trading Program" (FRL6979-2) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1983. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Revisions to the California State Implementation Plan, Ventura County Air Pollution Control District" (FRL6980-4) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1984. A communication from the Acting Director of the Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled "Endangered and Threatened Wildlife and Plants; Special Regulations for the Preble's Jumping Mouse (*Zapus hudsonius preblei*)" (RIN1018-AF30) received on May 16, 2001; to the Committee on Environment and Public Works.

EC-1985. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of State Plans for Designated Facilities and Pollutants; State of West Virginia; Control of Emissions from Existing Municipal Solid Waste Landfills" (FRL6983-6) received on May 17, 2001; to the Committee on Environment and Public Works.

EC-1986. A communication from the Director of Regulations Policy and Management, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Secondary Direct Food Additives Permitted in Food for Human Consumption; Alpha-Acetolactate Decarboxylase Enzyme Preparation" (Doc. No. 92F-0396) received on May 21, 2001; to the Committee on Health, Education, Labor, and Pensions.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-67. A concurrent resolution adopted by the House of the Legislature of the State of Louisiana relative to a comprehensive national energy policy; to the Committee on Energy and Natural Resources.

HOUSE CONCURRENT RESOLUTION No. 43

Whereas, the nation needs an effective, comprehensive national energy policy which will have an enduring impact on the supply and demand for energy in a manner that will help sustain the strength of the U.S. economy and improve the quality of life in this nation and around the world; and

Whereas, a national energy policy can help ensure that there are energy supplies sufficient to support economic growth with an eye towards improving the quality of life for people the world over; and

Whereas, a national energy policy should encourage responsible use of energy and responsible development of energy resources and efficiencies in order to meet the nation's expectations for secure energy sources while

preserving and protecting the nation's environmental health through performance-based regulations founded on sound science; and

Whereas, a national energy policy should support basic and applied scientific research to improve energy availability, conservation, utilization, and environmental performance and should encompass the development, availability, and use of a multitude of different energy sources and fuels; and

Whereas, a national energy policy should incorporate and encourage the significant advances in technology through the past several years which can improve energy production and delivery practices and should incorporate new discoveries and developments of energy resources, particularly those which will cause minimal environmental impact; and

Whereas, recent undesirable experiences with the inability to obtain sufficient energy in some states in this great nation are a good indication of the drastic consequences of a lack of preparation for the ever-changing and rapidly expanding universe of energy development, production, and consumption; and

Whereas, the oil and gas industry has developed technology which reduces the footprint of oil and gas development to a minimum and the industry mitigates this minimal wetlands impact with offsetting environmental enhancements in accordance with Louisiana's no net loss of wetlands policy; and

Whereas, the oil and gas industry has demonstrated its ability to develop outer continental shelf (OCS) resources in a manner which is environmentally responsible and technologically state of the art, resulting in minimal offshore environmental impact and extraordinary hydrocarbon production in the Gulf of Mexico; and

Whereas, Lease Sale 181 offers an area of the Gulf of Mexico with significant oil and gas potential which can be developed with minimal environmental risk, and it is responsible to include the potential of this sale in any national energy plan; and

Whereas, the Coastal Zone Management Act, reauthorization of which is currently pending in congress, contains certain provisions which have been applied in an unreasonable manner to the detriment of securing OCS energy, and congress should be urged, as a matter of national energy policy, to use the pending legislation to reform such provisions and to reform coastal zone management policies generally: Therefore, be it

Resolved, That the Legislature of Louisiana does hereby memorialize the U.S. Congress to adopt a national energy policy which will prepare our nation for the future through a comprehensive plan for the development, production, delivery, conservation, and consumption of all manner of sources of energy, for a future that includes economic growth and development which allow a better quality of life for all people of the world. Be it further

Resolved, That this policy should specifically include strong support for Lease Sale 181 and for reform of the Coastal Zone Management Act to reflect the original intent of the Act to encourage multiple-use and energy development in an environmentally responsible way. Be it further

Resolved, That a copy of this Resolution be transmitted to each member of the Louisiana congressional delegation and to the presiding officer of each house of the U.S. Congress. Be it further

Resolved, That a copy of this Resolution be transmitted to the President and Vice President of the United States.

POM-68. A concurrent resolution adopted by the House of the Legislature of the State

of Hawaii relative to Pacific Basin Agricultural Research Center; to the Committee on Agriculture, Nutrition, and Forestry.

HOUSE CONCURRENT RESOLUTION NO. 87

Whereas, the Legislature in partnership with local citizens, the Department of Agriculture, the University of Hawaii, the United States Department of Agriculture, certain Hawaii and other states' congressional offices, the United States Army, through the Hawaii office of the Small Business Administration, the Rural Economic Transition Assistance—Hawaii Program, and after reviewing selected farming and business research over the last several years concluded that Hawaii's physical, biotic, cultural, and social environment is capable of serving the country's chocolate food needs by establishing a uniquely aligned full continuum of cacao farming and chocolate industry in Hawaii; and

Whereas, work by the private industry and state and federal governments to date has resulted in the scientific selection and planting of cacao trees of different varieties to match Hawaii's unique multi-climate environment and soil conditions that is conducive to growing high quality varieties of cacao trees all year long; and

Whereas, it is recognized that Hawaii's unique geographic location, climate, and biotic environment qualifies it as the nation's only state that can grow different varieties of cacao all year long; and

Whereas, there are forty seven cacao growing countries worldwide that currently harvest 3,000,000 metric tons of cacao beans annually to supply the world's growing chocolate industry worth \$50,000,000,000 in annual sales; and

Whereas, our nation's current and growing dependency on foreign cacao sources will now be partially relieved by Hawaii's high quality, sub-sector premium commodity priced cacao beans; and

Whereas, the United States is domestically growing a new agricultural product that is an important food for our nation's citizens and a food that incorporates other U.S. farm products, such as sugar, milk nuts, and others, to manufacture chocolate; and

Whereas, the United States Department of Agriculture historically and currently funds foreign cacao farming research, including cacao germplasm centers, pests and disease control work, and flavor testing; and

Whereas, by virtue of this Concurrent Resolution, Hawaii announces its intent to compete for such federal funds to shift certain existing funding and other support to Hawaii; and

Whereas, Hawaii will attract world attention to its cacao farming practices and its chocolate manufacturing work, which is aligned with its growing recognition as a high technology, knowledge-based industry state with a broad range of unique human, capital and other resource capabilities; and

Whereas, cacao farming in Hawaii provides a new domestic farming opportunity for Hawaii-based private industry to establish a full continuum of chocolate production including manufacturing, marketing, selling, and commodity trading of cacao beans and chocolate products for Hawaii, the mainland, and the rest of the world's markets; and

Whereas, the enactment of Act 188, Session Laws of Hawaii 2000 that provided \$10,000,000 to facilitate construction of new manufacturing facilities in Hawaii county significantly helped launch a new Hawaii-based \$22,000,000 (initial capitalization), high technology chocolate manufacturing industry that is fully integrated with multi-island private sector cacao nursery and farming operations located on former sugar cane lands in communities where there is high unem-

ployment and underemployment of farmers and manufacturing workers; and

Whereas, these displaced plantation workers are ideally suited for the continuing employment available through the cacao industry; and

Whereas, Hawaii recognizes the establishment of the new \$55,000,000 investment in the Pacific Basin Agricultural Research Center in Hilo, Hawaii, which significantly advances the work by the Center in the following areas:

(1) Tropical plant genetic resource management;

(2) Tropical plant physiology, disease and production;

(3) Tropical plant pests research;

(4) Post harvest tropical commodities research; and

(5) Tropical aquaculture management; and

Whereas, cacao farming and chocolate manufacturing in Hawaii is a generational opportunity given the thirty-plus year life of the cacao tree coupled with the additional value of cacao processing and chocolate manufacturing facilities; and

Whereas, cacao farming is a globally valuable food industry that can contribute to a healthy commercial economy that in turn materially contributes to the overall health and well-being of Hawaii; and

Whereas, continuous quality improvement from cacao seed to chocolate sale, over the full continuum of cacao farming, chocolate manufacturing, marketing and sales work, is at the center of Hawaii's national and global private and public operating strategies; and

Whereas, both the United States and Europe each annually consume about one-third of the \$50,000,000,000 in global chocolate industry production with the remaining third consumed in the growing Asian Pacific, South and Central American and other countries; and

Whereas, except for Hawaii, major world chocolate manufacturing facilities are located in temperate climate zones that cannot farm cacao; and

Whereas, only forty-seven countries located within twenty degrees of the equator can grow cacao with Hawaii predicting that it can grow approximately five per cent of the world's cacao production within a decade at which time it will rank in the top ten of cacao producing countries in the world; and

Whereas, certain cacao growing foreign countries also farm plants that supply the raw material for the growing worldwide of illegal drug crops; and

Whereas, the federal government funds initiatives to encourage these foreign countries to concentrate their farming efforts on new crops such as cacao farming instead of illegal drugs; and

Whereas, the county of Hawaii, the State, the United States Department of Agriculture, the Pacific Basin Agricultural Research Center, and Hawaii's congressional delegation have received solid synergistic encouragement and endorsement from the Chocolate Manufacturers Association, the National Confectioners Association, and the American Cocoa Research Institute to establish a world class U.S. Department of Agriculture—Pacific Basin Agricultural Research Center managed cacao germplasm center in Hawaii; and

Whereas, all of these organizations note that a Hawaii-based cacao germplasm center will provide high quality and professional cacao research in Hawaii, which is environmentally sound and historically safe from natural disasters and social turmoil; and

Whereas, support from the chocolate industry for Hawaii's cacao farming and chocolate enterprises was significantly advanced as a result of the authorization to issue \$10,000,000 in state special purpose revenue bonds to assist Hawaii Gold Cacao Tree, Inc., with the

construction of its chocolate and cacao manufacturing facility in Hawaii; and

Whereas, the special purpose revenue bonds demonstrated Hawaii's commitment to cacao farming and to securing a U.S. Department of Agriculture—Pacific Basin Agricultural Research Center-managed cacao germplasm center: Now, therefore, be it

Resolved by the House of Representatives of the Twenty-First Legislature of the State of Hawaii, Regular Session of 2001, the Senate concurring, That the Congress and the U.S. Department of Agriculture are urged to establish and fund a U.S. Department of Agriculture—Pacific Basin Agricultural Research Center-managed cacao germplasm center in Hawaii; and be it further

Resolved, That certified copies of this Concurrent Resolution be transmitted to the President of the U.S. Senate, the Speaker of the U.S. House of Representatives, the Secretary of the U.S. Department of Agriculture, and to the members of Hawaii's congressional delegation.

POM-69. A resolution adopted by the House of the Legislature of the State of Hawaii relative to children with disabilities; to the Committee on Appropriations.

HOUSE RESOLUTION NO. 38

Whereas, under Title 20, section 1411(a) of the United States Code, the maximum amount of federal funds that a state may receive for special education and related services is the number of children with disabilities in the State who are receiving special education and related services multiplied by forty per cent of the average per-pupil expenditure in public elementary and secondary schools in the United States; and

Whereas, since the enactment of the Education for All Handicapped Children Act of 1975 and its subsequent amendments, including the Individuals with Disabilities Education Act of 1990, Congress has appropriated funds for a maximum of ten per cent of special education and related services for children with disabilities when federal law authorizes the appropriation of up to forty per cent; and

Whereas, the Hawaii Department of Education received approximately \$23,500,000 in federal funds during fiscal year 1999-2000 for what was then referred to as "education of the handicapped". If this figure represented an appropriation of funds for ten per cent of special education and related services for children with disabilities, then an appropriation of forty per cent would have equaled \$94,000,000; and

Whereas, the difference between an appropriation of forty per cent and an appropriation of ten per cent for "education of the handicapped" would amount to \$70,500,000 just for the Department of Education. If the number of students receiving special education and related services equaled 22,000 during fiscal year 1999-2000, then the difference would have amounted to approximately \$3,200 per student; and

Whereas, the State of Hawaii, through the Felix consent decree, is being compelled by the federal district court to make up for more than twenty years of insufficient funding for special education and related services—funding that should have been borne substantially by Congress, which enacted the Education for All Handicapped Children Act of 1975 and the Individuals with Disabilities Education Act of 1990; and

Whereas, if Congress is going to mandate new programs or increase the level of service under existing programs for children with disabilities, and if it is going to give the federal courts unfettered power to enforce these mandates through the imposition of fines and the appointment of masters, then Congress should provide sufficient funding for special education and related services: Now, therefore, be it

Resolved, By the House of Representatives of the Twenty-first Legislature of the State of Hawaii, Regular Session of 2001, that the United States Congress is requested to appropriate funds for forty per cent of special education and related services for children with disabilities; and be it further

Resolved, That certified copies of this Resolution be transmitted to the Speaker of the United States House of Representatives, the President pro tempore of the United States Senate, the Vice-President of the United States, and the members of Hawaii's congressional delegation.

POM-70. A resolution adopted by the Senate of the Legislature of the Commonwealth of Kentucky relative to the Railroad Retirement and Survivors' Improvement Act; to the Committee on Finance.

RESOLUTION NO. 70

Whereas, the Railroad Retirement and Survivors' Improvement Act of 2000 was approved in a bipartisan effort by 391 members of the United States House of Representatives in the 106th Congress, including the entire Kentucky delegation to Congress; and

Whereas, more than 80 United States Senators, including both Kentucky Senator Mitch McConnell and Kentucky Senator Jim Bunning, signed letters of support for this legislation in 2000; and

Whereas, the bill now before the 107th Congress modernizes the railroad retirement system for its 748,000 beneficiaries nationwide, including over 16,600 in Kentucky; and

Whereas, railroad management, labor, and retiree organizations have agreed to support this legislation; and

Whereas, this legislation provides tax relief to freight railroad, Amtrak, and commuter lines; and

Whereas, this legislation provides benefits improvements for surviving spouses of rail workers who currently suffer deep cuts in income when the rail retiree dies; and

Whereas, no outside contributions from taxpayers are needed to implement the changes called for in this legislation; and

Whereas, all changes will be paid for from within the railroad industry, including a full share by active employees: Now, therefore, be it

Resolved by the Senate of the General Assembly of the Commonwealth of Kentucky:

Section 1. This honorable body hereby urges the United States Congress to support the Railroad Retirement and Survivors' Improvement Act in the 107th Congress.

Section 2. That the Clerk of the Senate is hereby directed to transmit a copy of this Resolution to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, members of the Kentucky Congressional delegation, and to the United Transportation Union, 3904 Bishop Lane, Suite #5, Louisville, KY 40218.

POM-71. A resolution adopted by the City Counsel of Napavine, Washington relative to the Memorial Day holiday; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SMITH, of New Hampshire, from the Committee on Environment and Public Works, without amendment:

H.R. 581: A bill to authorize the Secretary of the Interior and the Secretary of Agriculture to use funds appropriated for wildland fire management in the Department of the Interior and Related Agencies Appropriations Act, 2001, to reimburse the United States Fish and Wildlife Service and the National Marine Fisheries Service to facilitate the interagency cooperation required

under the Endangered Species Act of 1973 in connection with wildland fire management.

S. 378: A bill to redesignate the Federal building located at 3348 South Kedzie Avenue, in Chicago, Illinois, as the "Paul Simon Chicago Job Corps Center."

S. 468: A bill to designate the Federal building located at 6230 Van Nuys Boulevard in Van Nuys, California, as the "James C. Corman Federal Building."

S. 757: A bill to designate the Federal building and United States courthouse located at 504 West Hamilton Street in Allentown, Pennsylvania, as the "Edward N. Cahn Federal Building and United States Courthouse."

S. 774: A bill to designate the Federal building and United States courthouse located at 121 West Spring Street in New Albany, Indiana, as the "Lee H. Hamilton Federal Building and United States Courthouse."

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. GRAMM for the Committee on Banking, Housing, and Urban Affairs.

Alphonso R. Jackson, of Texas, to be Deputy Secretary of Housing and Urban Development.

Romolo A. Bernardi, of New York, to be an Assistant Secretary of Housing and Urban Development.

John Charles Weicher, of the District of Columbia, to be an Assistant Secretary of Housing and Urban Development.

Richard A. Hauser, of Maryland, to be General Counsel of the Department of Housing and Urban Development.

By Mr. MURKOWSKI for the Committee on Energy and Natural Resources.

Lee Sarah Liberman Otis, of Virginia, to be General Counsel of the Department of Energy.

Patrick Henry Wood III, of Texas, to be a Member of the Federal Energy Regulatory Commission for the term expiring June 30, 2005.

J. Steven Griles, of Virginia, to be Deputy Secretary of the Interior.

Nora Mead Brownell, of Pennsylvania, to be a Member of the Federal Energy Regulatory Commission for a term expiring June 30, 2006.

Nora Mead Brownell, of Pennsylvania, to be a Member of the Federal Energy Regulatory Commission for the remainder of the term expiring June 30, 2001.

(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.)

Jessie Hill Roberson, of Alabama, to be an Assistant Secretary of Energy (Environmental Management).

By Mr. SMITH for the Committee on Environment and Public Works.

Stephen L. Johnson, of Maryland, to be Assistant Administrator for Toxic Substances of the Environmental Protection Agency.

Linda J. Fisher, of the District of Columbia, to be Deputy Administrator of the Environmental Protection Agency.

James Laurence Connaughton, of the District of Columbia, to be a Member of the Council on Environmental Quality.

(The above nominations were reported with the recommendation that they be confirmed.)

By Mr. THOMPSON for the Committee on Governmental Affairs.

John D. Graham, of Massachusetts, to be Administrator of the Office of Information and Regulatory Affairs, Office of Management and Budget.

Stephen A. Perry, of Ohio, to be Administrator of General Services.

Angela Styles, of Virginia, to be Administrator for Federal Procurement Policy.

(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.)

Maurice A. Ross, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years.

Erik Patrick Christian, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years.

(The above nominations were reported with the recommendation that they be confirmed.)

NOMINATION DISCHARGED

The following nomination was discharged from the Committee on Foreign Relations pursuant to the order of May 23, 2001:

Howard H. Baker, Jr., of Tennessee, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Japan.

(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.)

Nominee: Howard H. Baker, Jr.
Post: U.S. Ambassador to Japan.
Contributions, Amount, Date, and Donee:
1. Self, Howard H. Baker, Jr.: 8/25/00, Frist 2000—General Election (In-kind contribution), \$1,550.00; 8/21/00, Frist 2000 General Election (In-kind contribution), \$300.00; 4/13/01, Frist 2000 Refund for In-kind contribution, —\$850.00; 9/25/00, Duncan for Congress—General Election, \$1,000.00; 6/9/00, Hal Rogers for Congress, \$1,000.00; 5/8/00, Henry J. Hyde for Congress Committee, \$100.00; 3/23/00, Friends of Guilianni Exploratory Committee, \$1,000.00; 3/23/00, Tennessee Republican Party, \$3,000.00; 10/25/99, Henry J. Hyde for Congress Committee, \$1,000.00; 9/24/99, Duncan for Congress—Primary Election, \$1,000.00; 8/24/99, Elizabeth Dole for President Exploratory Committee Inc., \$1,000.00; 8/9/99, Orrin Hatch Presidential Exploratory Committee Inc., \$1,000.00; 8/5/99, George W. Bush for President, Inc., \$1,000.00; 8/3/99, McCain 2000 Inc., \$1,000.00; 7/21/99, Friends of George Allen, \$1,000.00; 7/10/99, Van Hilleary for Congress (In-kind contribution) (\$1,000 was attributed to primary and \$1,000 was attributed to the general election. Remainder was refunded.), \$4,873.73; 9/22/99, Van Hilleary for Congress Refund for In-kind Contribution, —\$2,873.73; 6/28/99, Alexander for President, \$1,000.00; 6/7/99, Tennessee Republican Party, \$3,000.00; 3/16/99, Ed Bryant for Congress (In-kind contribution), \$300.00; 12/10/98, Frist 2000 Inc., \$1,000.00; 10/8/98, Van Hilleary for Congress, \$1,000.00; and 3/10/98, Tennessee Republican Party, \$3,000.00.

2. Spouse, Nancy Kassebaum Baker: 1/26/00, McCain 2000, \$1,000.00; 9/30/99, Greg Musil for Congress Committee, \$1,000.00; 6/17/99, WISH List, \$200.00; and 2/25/99, WISH List, \$250.00.

3. Children and Spouses: Cynthia Baker (daughter), 10/30/00, Van Hilleary for Congress, \$1,000.00; Darek D. and Karen Baker (son and daughter-in-law), none; Bill and Jennifer Kassebaum (stepson & stepdaughter-in-law), none; John and Elizabeth Kassebaum (stepson & stepdaughter-in-law), none; Richard Kassebaum (stepson), None; Maurice and Linda Johnson (stepdaughter & stepson-in-law), none.

4. Parents: Dora Ladd Baker, deceased; Howard H. Baker, Sr., deceased; Irene Bailey Baker (stepmother), deceased.

5. Grandparents: Christopher Ladd, deceased; Lillie Cox Ladd, deceased; James Baker, deceased; Helen Keen Baker, deceased.

6. Brothers and Spouses: None.

7. Sisters and Spouses: Mary Stuart (sister), None; Roger Stuart (brother-in-law) 3/10/99, Friends of George Allen, \$500.00; Beverly and Mike Patetides (sister & brother-in-law), none.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. BAUCUS:

S. 935. A bill to authorize the negotiation of a Free Trade Agreement with the Commonwealth of Australia, and to provide for expedited congressional consideration of such an agreement; to the Committee on Finance.

By Mr. ALLARD (for himself, Mr. JOHNSON, and Mr. THOMAS):

S. 936. A bill to amend the Internal Revenue Code of 1986 to expand S corporation eligibility for banks, and for other purposes; to the Committee on Finance.

By Mr. CLELAND (for himself, Mr. WARNER, Mr. LEVIN, Mr. KENNEDY, Mr. REED, Ms. LANDRIEU, Mrs. CARNAHAN, Mr. DAYTON, Mr. BINGAMAN, and Mr. LIEBERMAN):

S. 937. A bill to amend title 38, United States Code, to permit the transfer of entitlement to educational assistance the Montgomery GI Bill by members of the Armed Forces, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. JEFFORDS (for himself, Mr. DODD, Mr. FITZGERALD, and Mr. BROWNBACK):

S. 938. A bill to amend the Internal Revenue Code of 1986 to provide that the exclusion from gross income for foster care payments shall also apply to payments by qualifying placement agencies, and for other purposes; to the Committee on Finance.

By Mrs. HUTCHISON:

S. 939. A bill to amend the Immigration and Nationality Act to confer citizenship automatically on children residing abroad in the legal and physical custody of a citizen parent serving in a Government or military position abroad; to the Committee on the Judiciary.

By Mr. DODD (for himself, Mr. KENNEDY, and Mr. WELLSTONE):

S. 940. A bill to leave no child behind; to the Committee on Finance.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 941. A bill to revise the boundaries of the Golden Gate National Recreation Area in the State of California, to extend the term of the advisory commission for the recreation area,

and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. GRAHAM (for himself, Mrs. HUTCHISON, Mr. BINGAMAN, Mr. HUTCHINSON, Mr. BREAU, Mr. ENSIGN, Mr. BAUCUS, Mrs. LINCOLN, and Mr. THOMPSON):

S. 942. A bill to authorize the supplemental grant for population increases in certain states under the temporary assistance to needy families program for fiscal year 2002; to the Committee on Finance.

By Mr. BAUCUS:

S. 943. A bill to authorize the negotiation of a Free Trade Agreement with New Zealand, and to provide for expedited congressional consideration of such an agreement; to the Committee on Finance.

By Mr. BAUCUS:

S. 944. A bill to authorize the negotiation of a Free Trade Agreement with the Republic of Korea, and to provide for expedited congressional consideration of such an agreement; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BROWNBACK (for himself and Mrs. BOXER):

S. Con. Res. 42. A bill condemning the Taleban for their discriminatory policies and for other purposes; to the Committee on Foreign Relations.

ADDITIONAL COSPONSORS

S. 60

At the request of Mr. BYRD, the names of the Senator from Virginia (Mr. ALLEN) and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 60, a bill to authorize the Department of Energy programs to develop and implement an accelerated research and development program for advanced clean coal technologies for use in coal-based electricity generating facilities and to amend the Internal Revenue Code of 1986 to provide financial incentives to encourage the retrofitting, repowering, or replacement of coal-based electricity generating facilities to protect the environment and improve efficiency and encourage the early commercial application of advanced clean coal technologies, so as to allow coal to help meet the growing need of the United States for the generation of reliable and affordable electricity.

S. 145

At the request of Mr. THURMOND, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. 145, a bill to amend title 10, United States Code, to increase to parity with other surviving spouses the basic annuity that is provided under the uniformed services Survivor Benefit Plan for surviving spouses who are at least 62 years of age, and for other purposes.

S. 228

At the request of Mr. AKAKA, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 228, a bill to amend title 38,

United States Code, to make permanent the Native American veterans housing loan program, and for other purposes.

S. 229

At the request of Mr. HAGEL, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 229, a bill to amend Federal banking law to permit the payment of interest on business checking accounts in certain circumstances, and for other purposes.

S. 281

At the request of Mr. HAGEL, the names of the Senator from California (Mrs. BOXER) and the Senator from Alabama (Mr. SESSIONS) were added as cosponsors of S. 281, a bill to authorize the design and construction of a temporary education center at the Vietnam Veterans Memorial.

S. 413

At the request of Mr. COCHRAN, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 413, a bill to amend part F of title X of the Elementary and Secondary Education Act of 1965 to improve and refocus civic education, and for other purposes.

S. 472

At the request of Mr. DOMENICI, the name of the Senator from Texas (Mrs. HUTCHISON) was added as a cosponsor of S. 472, a bill to ensure that nuclear energy continues to contribute to the supply of electricity in the United States.

S. 497

At the request of Mr. JOHNSON, his name was added as a cosponsor of S. 497, a bill to express the sense of Congress that the Department of Defense should field currently available weapons, other technologies, tactics and operational concepts that provide suitable alternatives to anti-personnel mines and mixed anti-tank mine systems and that the United States should end its use of such mines and join the Convention on the Prohibition of Anti-Personnel Mines as soon as possible, to expand support for mine action programs including mine victim assistance, and for other purposes.

S. 583

At the request of Mr. KENNEDY, the names of the Senator from New Jersey (Mr. CORZINE) and the Senator from South Dakota (Mr. DASCHLE) were added as cosponsors of S. 583, a bill to amend the Food Stamp Act of 1977 to improve nutrition assistance for working families and the elderly, and for other purposes.

S. 598

At the request of Mr. BREAUX, the name of the Senator from Montana (Mr. BAUCUS) was added as a cosponsor of S. 598, a bill to provide for the reissuance of a rule relating to ergonomics.

S. 621

At the request of Mr. HAGEL, the name of the Senator from Connecticut

(Mr. DODD) was added as a cosponsor of S. 621, a bill to authorize the American Friends of the Czech Republic to establish a memorial to honor Tomas G. Masaryk in the District of Columbia.

S. 677

At the request of Mr. HATCH, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of S. 677, a bill to amend the Internal Revenue Code of 1986 to repeal the required use of certain principal repayments on mortgage subsidy bond financing to redeem bonds, to modify the purchase price limitation under mortgage subsidy bond rules based on median family income, and for other purposes.

S. 690

At the request of Mr. WELLSTONE, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 690, a bill to amend title XVIII of the Social Security Act to expand and improve coverage of mental health services under the medicare program.

S. 694

At the request of Mr. LEAHY, the name of the Senator from Vermont (Mr. JEFFORDS) was added as a cosponsor of S. 694, a bill to amend the Internal Revenue Code of 1986 to provide that a deduction equal to fair market value shall be allowed for charitable contributions of literary, musical, artistic, or scholarly compositions created by the donor.

S. 790

At the request of Mr. BROWNBACK, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. 790, a bill to amend title 18, United States Code, to prohibit human cloning.

S. 805

At the request of Mr. WELLSTONE, the name of the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 805, a bill to amend the Public Health Service Act to provide for research with respect to various forms of muscular dystrophy, including Duchenne, Becker, limb girdle, congenital, facioscapulohumeral, myotonic, oculopharyngeal, distal, and emery-dreifuss muscular dystrophies.

S. 839

At the request of Mrs. HUTCHISON, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of S. 839, a bill to amend title XVIII of the Social Security Act to increase the amount of payment for inpatient hospital services under the medicare program and to freeze the reduction in payments to hospitals for indirect costs of medical education.

S. 845

At the request of Mr. CRAPO, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. 845, a bill to amend the Internal Revenue Code of 1986 to include agricultural and animal waste sources as a renewable energy resource.

S. 913

At the request of Ms. SNOWE, the names of the Senator from Ohio (Mr.

DEWINE) and the Senator from New Jersey (Mr. CORZINE) were added as cosponsors of S. 913, a bill to amend title XVIII of the Social Security Act to provide for coverage under the medicare program of all oral anticancer drugs.

S. 917

At the request of Ms. COLLINS, the name of the Senator from Alaska (Mr. MURKOWSKI) was added as a cosponsor of S. 917, a bill to amend the Internal Revenue Code of 1986 to exclude from gross income amounts received on account of claims based on certain unlawful discrimination and to allow income averaging for backpay and frontpay awards received on account of such claims, and for other purposes.

S. 920

At the request of Mr. BREAUX, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 920, a bill to amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence.

S. RES. 16

At the request of Mr. THURMOND, the names of the Senator from Louisiana (Ms. LANDRIEU), and the Senator from Virginia (Mr. ALLEN) were added as cosponsors of S. Res. 16, a resolution designating August 16, 2001, as "National Airborne Day."

S. RES. 71

At the request of Mr. HARKIN, the names of the Senator from Vermont (Mr. LEAHY), the Senator from New Jersey (Mr. TORRICELLI), the Senator from Missouri (Mrs. CARNAHAN), the Senator from Louisiana (Ms. LANDRIEU), and the Senator from Illinois (Mr. DURBIN) were added as cosponsors of S. Res. 71, a resolution expressing the sense of the Senate regarding the need to preserve six day mail delivery.

S. RES. 92

At the request of Mrs. FEINSTEIN, the names of the Senator from Wisconsin (Mr. KOHL), the Senator from Rhode Island (Mr. REED), and the Senator from New Jersey (Mr. CORZINE) were added as cosponsors of S. Res. 92, a resolution to designate the week beginning June 3, 2001, as "National Correctional Officers and Employees Week."

AMENDMENT NO. 741

At the request of Mr. DOMENICI, his name was added as a cosponsor of amendment No. 741 proposed to H.R. 1836, a bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002.

At the request of Mr. WELLSTONE, his name was added as a cosponsor of amendment No. 741 proposed to H.R. 1836, supra.

AMENDMENT NO. 763

At the request of Mr. GRAHAM, the names of the Senator from Maryland

(Ms. MIKULSKI) and the Senator from Florida (Mr. NELSON of Florida) were added as cosponsors of amendment No. 763 proposed to H.R. 1836, a bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002.

AMENDMENT NO. 784

At the request of Mr. HARKIN, the names of the Senator from New Jersey (Mr. CORZINE) and the Senator from New York (Mrs. CLINTON) were added as cosponsors of amendment No. 784 proposed to H.R. 1836, a bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BAUCUS:

S. 935. A bill to authorize the negotiation of a Free Trade Agreement with the commonwealth of Australia, and to provide for expedited congressional consideration of such an agreement; to the Committee on Finance.

By Mr. BAUCUS:

S. 943. A bill to authorize the negotiation of a Free Trade Agreement with New Zealand, and to provide for expedited congressional consideration of such an agreement; to the Committee on Finance.

By Mr. BAUCUS:

S. 944. A bill to authorize the negotiation of a Free Trade Agreement with the Republic of Korea and to provide for expedited congressional consideration of such an agreement; to the Committee on Finance.

Mr. BAUCUS. Mr. President, I rise to send three separate bills to the desk, S. 935, S. 943, and S. 944. The bills I am introducing provide authority to negotiate bilateral free trade agreements with three important trading partners: New Zealand, Australia, and the Republic of Korea.

Over the next several months, the Senate will turn its attention to international trade. As we do so, we find ourselves under serious scrutiny. Will we be able to reach consensus? Will we be able to break the impasse?

I don't know the answers to these questions. I have been working hard to find common ground on issues like labor and the environment, and on ensuring the strength of our trade laws. I will continue to do so. But we have a long way to go.

As we think about these issues, though, there is another, more subtle logjam within the trade agenda. Right now, our vision of the future seems locked in on sweeping, multilateral agreements, Free Trade for the Americas, the launch of a new round of global trade negotiations under the WTO.

These are enormous and complicated undertakings. These agreements are also major opportunities for trade liberalization, and we should continue to work hard to get agreements that are good for our workers, farmers, and companies.

But it is interesting to listen to the rhetoric. Why can't we advance labor and environment issues in the WTO? Some say developing countries simply would not allow it. Why can't we agree that our fair trade laws are not for sale in FTAA negotiations? Some say Brazil will never relent.

Indeed, our trade policy seems to have become so focused on sweeping multilateral agreements, that we ignore other avenues to trade liberalization—much to the detriment of U.S. competitiveness.

Take a closer look at this so-called trade impasse: The U.S.-Jordan Free Trade Agreement contains extensive and enforceable provisions on labor and the environment. Our free trade agreement with Canada and Mexico also addresses labor and environmental issues, with potential recourse to trade sanctions. We are moving towards completing an agreement with Chile—a country we know is open to labor and environment issues because they just recently struck a free trade agreement with Canada that includes enforceable provisions on both.

What's the moral of this story? It's simple. These agreements demonstrate we can break the impasse on trade.

Indeed, we must move forward where we can, whenever we can. If not fast track for all, then fast-track for some, specifically, those countries where we have strategic commercial and political interests. Those countries that will share our commitment to open markets, and our values for environmental quality and labor rights.

Today, I am introducing legislation that would authorize trade negotiations with Australia, New Zealand, and the Republic of Korea. It would grant fast track consideration for these agreements, while also establishing a general policy framework for future negotiations.

Trade agreements must address the full range of issues, from guaranteeing national treatment and market access, to protecting intellectual property. From promoting electronic commerce to ensuring that countries do not gain unfair advantage by lowering labor and environmental standards. And these agreements must not weaken our fair trade laws.

I believe there are many countries ready to take that deal. Australia and New Zealand are two countries eager to negotiate free trade agreements. We must continue to build our economic alliances in the Asia-Pacific region, and both countries have been strong partners in trade. We must also be realistic. An FTA would present tremendous opportunities, but we must recognize where there are differences. One such difference is the operation of the Australian wheat board, which, despite recent reforms, still works to distort world markets. Agriculture negotiations with both countries would require careful treatment, but should allow us to better work together to reduce unfair trade barriers in other parts of the world.

A trade agreement with Korea will take more time, as the issues are more difficult to resolve. For example, Korea maintains very high tariffs on beef, hurting ranchers in my home state of Montana. High tariffs, high taxes, and other trade-restrictive practices in Korea, reduce the competitiveness of American automobiles from Michigan and Ohio. Government subsidies in Korea undercut American semiconductor manufacturers in Idaho and Utah.

But we must not wait to negotiate agreements until all these problems are solved. Rather, we should use FTA negotiations as part of the solution. And with Korea, there are benefits that extend well beyond trade. An FTA would help lock in Korea's economic and political progress, and would also be an important part of our strategic interests in Asia.

The bottom line is this: while America hesitates on trade liberalization, and while many reject trying to reach a bipartisan consensus, the rest of the world continues to move forward. Regional trade arrangements in Europe, Latin America, and Asia put U.S. exporters at a competitive disadvantage. We lose overseas markets to foreign competitors who enjoy trade preferences for which our farmers, manufacturers, and service providers are ineligible.

I hope this legislation will send a strong signal to the rest of the world: America intends to continue its leadership in the global trading system.

By Mr. ALLARD (for himself, Mr. JOHNSON, and Mr. THOMAS):

S. 936. A bill to amend the Internal Revenue Code of 1986 to expand S corporation eligibility for banks, and for other purposes; to the Committee on Finance.

Mr. ALLARD. Mr. President, today I am pleased to introduce legislation that will expand and improve Subchapter S of the Internal Revenue Code. I am joined in this effort by Senators TIM JOHNSON and CRAIG THOMAS. I have introduced this legislation over the last few years and I am hopeful that this year we can get this important tax legislation enacted.

The Subchapter S provision of the Internal Revenue Code reflect the desire of Congress to eliminate the double tax burden on small business corporations. Pursuant to that desire, Subchapter S has been liberalized a number of times, most recently in 1996. This legislation contains several provisions that will make the Subchapter S election more widely available to small businesses in all sectors. It also contains several provisions of particular benefit to community banks that may be contemplating a conversion to Subchapter S. Financial institutions were first made eligible for the Subchapter S election in 1996. This legislation builds on and clarifies the Subchapter S provisions applicable to financial institutions.

I ask unanimous consent that the text of the bill and an explanation of

the provisions of the bill be printed in the RECORD.

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

S. 936

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 "Small Business and Financial Institutions Tax Relief Act of 2001".

SEC. 2. EXPANSION OF S CORPORATION ELIGIBLE SHAREHOLDERS TO INCLUDE IRAS.

(a) IN GENERAL.—Section 1361(c)(2)(A) of the Internal Revenue Code of 1986 (relating to certain trusts permitted as shareholders) is amended by inserting after clause (v) the following:

"(vi) A trust which constitutes an individual retirement account under section 408(a), including one designated as a Roth IRA under section 408A."

(b) TREATMENT AS SHAREHOLDER.—Section 1361(c)(2)(B) of the Internal Revenue Code of 1986 (relating to treatment as shareholders) is amended by adding at the end the following:

"(vi) In the case of a trust described in clause (vi) of subparagraph (A), the individual for whose benefit the trust was created shall be treated as a shareholder."

(c) SALE OF STOCK IN IRA RELATING TO S CORPORATION ELECTION EXEMPT FROM PROHIBITED TRANSACTION RULES.—Section 4975(d) of the Internal Revenue Code of 1986 (relating to exemptions) is amended by striking "or" at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting "; or", and by adding at the end the following:

"(16) a sale of stock held by a trust which constitutes an individual retirement account under section 408(a) to the individual for whose benefit such account is established if such sale is pursuant to an election under section 1362(a)."

(d) CONFORMING AMENDMENT.—Section 512(e)(1) of the Internal Revenue Code of 1986 is amended by inserting "1361(c)(2)(A)(vi) or" before "1361(c)(6)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to trusts which constitute individual retirement accounts on the date of the enactment of this Act in taxable years beginning after December 31, 2001.

SEC. 3. EXCLUSION OF INVESTMENT SECURITIES INCOME FROM PASSIVE INCOME TEST FOR BANK S CORPORATIONS.

(a) IN GENERAL.—Section 1362(d)(3)(C) of the Internal Revenue Code of 1986 (defining passive investment income) is amended by adding at the end the following:

"(v) EXCEPTION FOR BANKS; ETC.—In the case of a bank (as defined in section 581), a bank holding company (as defined in section 246A(c)(3)(B)(ii)), or a qualified subchapter S subsidiary bank, the term 'passive investment income' shall not include—

"(I) interest income earned by such bank, bank holding company, or qualified subchapter S subsidiary bank, or

"(II) dividends on assets required to be held by such bank, bank holding company, or qualified subchapter S subsidiary bank to conduct a banking business, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 4. INCREASE IN NUMBER OF ELIGIBLE SHAREHOLDERS TO 150.

(a) IN GENERAL.—Section 1361(b)(1)(A) of the Internal Revenue Code of 1986 (defining small business corporation) is amended by striking "75" and inserting "150".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 5. TREATMENT OF QUALIFYING DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 of the Internal Revenue Code of 1986 (defining s corporation) is amended by adding at the end the following:

"(f) TREATMENT OF QUALIFYING DIRECTOR SHARES.—

"(1) IN GENERAL.—For purposes of this subchapter—

"(A) qualifying director shares shall not be treated as a second class of stock, and

"(B) no person shall be treated as a shareholder of the corporation by reason of holding qualifying director shares.

"(2) QUALIFYING DIRECTOR SHARES DEFINED.—For purposes of this subsection, the term 'qualifying director shares' means any shares of stock in a bank (as defined in section 581) or in a bank holding company registered as such with the Federal Reserve System—

"(i) which are held by an individual solely by reason of status as a director of such bank or company or its controlled subsidiary; and

"(ii) which are subject to an agreement pursuant to which the holder is required to dispose of the shares of stock upon termination of the holder's status as a director at the same price as the individual acquired such shares of stock.

"(3) DISTRIBUTIONS.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualifying director shares shall be includable as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received."

(b) CONFORMING AMENDMENTS.—

(1) Section 1361(b)(1) of the Internal Revenue Code of 1986 is amended by inserting ", except as provided in subsection (f)," before "which does not".

(2) Section 1366(a) of such Code is amended by adding at the end the following:

"(3) ALLOCATION WITH RESPECT TO QUALIFYING DIRECTOR SHARES.—The holders of qualifying director shares (as defined in section 1361(f)) shall not, with respect to such shares of stock, be allocated any of the items described in paragraph (1)."

(3) Section 1373(a) of such Code is amended by striking "and" at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting ", and", and adding at the end the following:

"(3) no amount of an expense deductible under this subchapter by reason of section 1361(f)(3) shall be apportioned or allocated to such income."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 6. BAD DEBT CHARGE OFFS IN YEARS AFTER ELECTION YEAR TREATED AS ITEMS OF BUILT-IN LOSS.

The Secretary of the Treasury shall modify Regulation 1.1374-4(f) for S corporation elections made in taxable years beginning after December 31, 1996, with respect to bad debt deductions under section 166 of the Internal Revenue Code of 1986 to treat such deductions as built-in losses under section 1374(d)(4) of such Code during the entire period during which the bank recognizes built-in gains from changing its accounting method for recognizing bad debts from the reserve method under section 585 of such Code to the

charge-off method under section 166 of such Code.

SEC. 7. INCLUSION OF BANKS IN 3-YEAR S CORPORATION RULE FOR CORPORATE PREFERENCE ITEMS.

(a) IN GENERAL.—Section 1363(b) of the Internal Revenue Code of 1986 (relating to computation of corporation's taxable income) is amended by adding at the end the following new flush sentence:

"Paragraph (4) shall apply to any bank whether such bank is an S corporation or a qualified subchapter S subsidiary."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 8. C CORPORATION RULES TO APPLY FOR FRINGE BENEFIT PURPOSES.

(a) IN GENERAL.—Section 1372 of the Internal Revenue Code of 1986 (relating to partnership rules to apply for fringe benefit purposes) is repealed.

(b) PARTNERSHIP RULES TO APPLY FOR HEALTH INSURANCE COSTS OF CERTAIN S CORPORATION SHAREHOLDERS.—Paragraph (5) of section 162(1) of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

"(5) TREATMENT OF CERTAIN S CORPORATION SHAREHOLDERS.—

"(A) IN GENERAL.—This subsection shall apply in the case of any 2-percent shareholder of an S corporation, except that—

"(i) for purposes of this subsection, such shareholder's wages (as defined in section 3121) from the S corporation shall be treated as such shareholder's earned income (within the meaning of section 401(c)(1)), and

"(ii) there shall be such adjustments in the application of this subsection as the Secretary may by regulations prescribe.

"(B) 2-PERCENT SHAREHOLDER DEFINED.—For purposes of this paragraph, the term '2-percent shareholder' means any person who owns (or is considered as owning within the meaning of section 318) on any day during the taxable year of the S corporation more than 2 percent of the outstanding stock of such corporation or stock possessing more than 2 percent of the total combined voting power of all stock of such corporation."

(c) CONFORMING AMENDMENT.—The table of sections for part III of subchapter S of chapter 1 of the Internal Revenue Code of 1986 is amended by striking the item relating to section 1372.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 9. EXPANSION OF S CORPORATION ELIGIBLE SHAREHOLDERS TO INCLUDE FAMILY LIMITED PARTNERSHIPS.

(a) IN GENERAL.—Section 1361(b)(1)(B) of the Internal Revenue Code of 1986 (defining small business corporation) is amended—

(1) by striking "or an organization" and inserting "an organization", and

(2) by inserting ", or a family partnership described in subsection (c)(7)" after "subsection (c)(6)".

(b) FAMILY PARTNERSHIP.—Section 1361(c) of the Internal Revenue Code of 1986 (relating to special rules for applying subsection (b)) is amended by adding at the end the following:

"(7) FAMILY PARTNERSHIPS.—

"(A) IN GENERAL.—For purposes of subsection (b)(1)(B), any partnership or limited liability company may be a shareholder in an S corporation if—

"(i) all partners or members are members of 1 family as determined under section 704(e)(3), and

"(ii) all of the partners or members would otherwise be eligible shareholders of an S corporation.

"(B) TREATMENT AS SHAREHOLDERS.—For purposes of subsection (b)(1)(A), in the case

of a partnership or limited liability company described in subparagraph (A), each partner or member shall be treated as a shareholder."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 10. ISSUANCE OF PREFERRED STOCK PERMITTED.

(a) **IN GENERAL.**—Section 1361 of the Internal Revenue Code of 1986 (defining S corporation), as amended by section 5(a), is amended by adding at the end the following:

"(g) **TREATMENT OF QUALIFIED PREFERRED STOCK.**—

"(1) **IN GENERAL.**—For purposes of this subchapter—

"(A) qualified preferred stock shall not be treated as a second class of stock, and

"(B) no person shall be treated as a shareholder of the corporation by reason of holding qualified preferred stock.

"(2) **QUALIFIED PREFERRED STOCK DEFINED.**—For purposes of this subsection, the term 'qualified preferred stock' means stock which meets the requirements of subparagraphs (A), (B), and (C) of section 1504(a)(4). Stock shall not fail to be treated as qualified preferred stock solely because it is convertible into other stock.

"(3) **DISTRIBUTIONS.**—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualified preferred stock shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received."

(b) **CONFORMING AMENDMENTS.**—

(1) Section 1361(b)(1) of the Internal Revenue Code of 1986, as amended by section 5(b)(1), is amended by striking "subsection (f)" and inserting "subsections (f) and (g)".

(2) Section 1366(a) of such Code, as amended by section 5(b)(2), is amended by adding at the end the following:

"(4) **ALLOCATION WITH RESPECT TO QUALIFIED PREFERRED STOCK.**—The holders of qualified preferred stock (as defined in section 1361(g)) shall not, with respect to such stock, be allocated any of the items described in paragraph (1)."

(3) Section 1373(a)(3) of such Code, as added by section 5(b)(3), is amended by inserting "or 1361(g)(3)" after "section 1361(f)(3)".

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 11. CHARITABLE CONTRIBUTIONS STOCK BASIS ADJUSTMENT.

(a) **STOCK BASIS ADJUSTMENT.**—Paragraph (1) of section 1367(a) of the Internal Revenue Code of 1986 (relating to adjustments to basis of stock of shareholders, etc.) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting "and", and by adding at the end the following:

"(D) the excess of the deductions for charitable contributions over the basis of the property contributed."

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 12. CONSENT TO ELECTIONS.

(a) **90 PERCENT OF SHARES REQUIRED FOR CONSENT TO ELECTION.**—Section 1362(a)(2) of the Internal Revenue Code of 1986 (relating to all shareholders must consent to election) is amended—

(1) by striking "all persons who are shareholders in" and inserting "shareholders holding at least 90 percent of the shares of", and

(2) by striking "ALL SHAREHOLDERS" in the heading and inserting "AT LEAST 90 PERCENT OF SHARES".

(b) **RULES FOR CONSENT.**—Section 1362(a) of the Internal Revenue Code of 1986 (relating

to election) is amended by adding at the end the following:

"(3) **RULES FOR CONSENT.**—For purposes of making any consent required under paragraph (2) or subsection (d)(1)(B)—

"(A) each joint owner of shares shall consent with respect to such shares,

"(B) the personal representative or other fiduciary authorized to act on behalf of the estate of a deceased individual shall consent for the estate,

"(C) one parent, the custodian, the guardian, or the conservator shall consent with respect to shares owned by a minor or subject to a custodianship, guardianship, conservatorship, or similar arrangement,

"(D) the trustee of a trust shall consent with respect to shares owned in trust,

"(E) the trustee of the estate of a bankrupt individual shall consent for shares owned by a bankruptcy estate,

"(F) an authorized officer or the trustee of an organization described in subsection (c)(6) shall consent for the shares owned by such organization, and

"(G) in the case of a partnership or limited liability company described in subsection (c)(8)—

"(i) all general partners shall consent with respect to shares owned by such partnership,

"(ii) all managers shall consent with respect to shares owned by such company if management of such company is vested in 1 or more managers, and

"(iii) all members shall consent with respect to shares owned by such company if management of such company is vested in the members."

(c) **TREATMENT OF NONCONSENTING SHAREHOLDER STOCK.**—

(1) **IN GENERAL.**—Section 1361 of the Internal Revenue Code of 1986 (defining S corporation), as amended by section 10(a), is amended by adding at the end the following:

"(h) **TREATMENT OF NONCONSENTING SHAREHOLDER STOCK.**—

"(1) **IN GENERAL.**—For purposes of this subchapter—

"(A) nonconsenting shareholder stock shall not be treated as a second class of stock,

"(B) such stock shall be treated as C corporation stock, and

"(C) the shareholder's pro rata share under section 1366(a)(1) with respect to such stock shall be subject to tax paid by the S corporation at the highest rate of tax specified in section 11(b).

"(2) **NONCONSENTING SHAREHOLDER STOCK DEFINED.**—For purposes of this subsection, the term 'nonconsenting shareholder stock' means stock of an S corporation which is held by a shareholder who did not consent to an election under section 1362(a) with respect to such S corporation.

"(3) **DISTRIBUTIONS.**—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to nonconsenting shareholder stock shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received."

(2) **CONFORMING AMENDMENT.**—Section 1361(b)(1) of the Internal Revenue Code of 1986, as amended by section 10(b)(1), is amended by striking "subsections (f) and (g)" and inserting "subsections (f), (g), and (h)".

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to elections made in taxable years beginning after December 31, 2001.

SEC. 13. INFORMATION RETURNS FOR QUALIFIED SUBCHAPTER S SUBSIDIARIES.

(a) **IN GENERAL.**—Section 1361(b)(3)(A) of the Internal Revenue Code of 1986 (relating to treatment of certain wholly owned sub-

sidiaries) is amended by inserting "and in the case of information returns required under part III of subchapter A of chapter 61" after "Secretary".

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

SMALL BUSINESS AND FINANCIAL INSTITUTIONS TAX RELIEF ACT OF 2001—SUMMARY

This legislation expands Subchapter S of the IRS Code. 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. By contrast, Subchapter C corporations pay corporate income taxes on earnings, and shareholders pay income taxes again on those same earnings when they pass through as dividends. Subchapter S of the IRS Code was enacted in 1958 to reduce the tax burden on small business. The Subchapter S provisions have been liberalized a number of times over the last two decades, significantly in 1982, and again in 1996. This reflects a desire on the part of Congress to reduce taxes on small business.

This S corporation legislation would benefit many small businesses, but its provisions are particularly applicable to banks. Congress made S corporation status available to small banks for the first time in the 1996 "Small Business Job Protection Act" but many banks are having trouble qualifying under the current rules. The proposed legislation:

Permits S corporation shares to be held as Individual Retirement Accounts (IRAs), and permit IRA shareholders to purchase their shares from the IRA in order to facilitate a Subchapter S election.

Clarifies that interest and dividends on investments maintained by a bank for liquidity and safety and soundness purposes shall not be "passive" income. This is necessary because S corporations are restricted in the amount of passive investment income they may generate.

Increases the number of S corporation eligible shareholders from 75 to 150.

Provides that any stock that bank directors must hold under banking regulations shall not be a disqualifying second class of stock. This is necessary because S corporations are permitted only one class of stock.

Permits banks to treat bad debt charge offs as items of built in loss over the same number of years that the accumulated bad debt reserve must be recaptured (four years) for built in gains tax purposes. This provision is necessary to properly match built in gains and losses relating to accounting for bad debts. Banks that are converting to S corporations must convert from the reserve method of accounting to the specific charge off method and the recapture of the accumulated bad debt reserve is built in gain. Presently the presumption that a bad debt charge off is a built in loss applies only to the first S corporation year.

Clarifies that the general 3 Year S corporation rule for certain "preference" items applies to interest deductions by S corporation banks, thereby providing equitable treatment for S corporation banks. S corporations that convert from C corporations are denied certain interest deductions preference items for up to 3 years after the conversion, at the end of 3 years the deductions are allowed.

Provides that non-health care related fringe benefits such as group-term life insurance will be excludable from wages for "more-than-two-percent" shareholders. Current law taxes the fringe benefits of these shareholders. Health care related benefits are not included because their deductibility

would increase the revenue impact of the legislation.

Permits Family Limited Partnerships to be shareholders in subchapter S corporations. Many family owned small businesses are organized as Family Limited Partnerships or controlled by Family Limited Partnerships for a variety of reasons. A number of small banks have Family Limited Partnership shareholders, and this legislation would for the first time permit those partnerships to be S corporation shareholders.

Permits S corporations to issue preferred stock in addition to common. Prohibited under current law which permits S corporations to have only one class of stock. Because of limitations on the number of common shareholders, banks need to be able to issue preferred stock in order to have adequate access to equity.

Facilitates charitable giving by S corporation shareholders by providing a basis increase for the excess of the charitable contribution deduction over the basis of property contributed. Current law penalizes a shareholder who makes a charitable contribution through an S corporation by limiting the charitable deduction that flows through to the shareholder to the basis of the donated property. This means that the shareholder is unable to benefit from the full fair market value deduction when the basis does not reflect the appreciation in the property. This differs from the full value deduction afforded the taxpayer who donates property in an individual capacity or through a partnership, instead of through an S corporation.

Reduces the required level of shareholder consent to convert to an S corporation from unanimous to 90 percent of shares.

Clarifies that Qualified Subchapter S Subsidiaries (QSSS) provide information returns under their own tax id number. This can help avoid confusion by depositors and other parties over the insurance of deposits and the payer of salaries and interest.

By Mr. CLELAND (for himself, Mr. WARNER, Mr. LEVIN, Mr. KENNEDY, Mr. REED, Ms. LANDRIEU, Mrs. CARNAHAN, Mr. DAYTON, Mr. BINGAMAN, and Mr. LIEBERMAN):

S. 937. A bill to amend title 38, United States Code, to permit the transfer of entitlement to educational assistance the Montgomery GI bill by members of the Armed Forces, and for other purposes; to the Committee on Veterans' Affairs.

Mr. CLELAND. Mr. President, I come before you today to introduce legislation that addresses the educational needs of our men and women in uniform and their families. I appreciate the support of my colleagues who have supported my provisions to enhance the GI bill, Senators LEVIN, KENNEDY, BINGAMAN, REED, DAYTON, LANDRIEU, and CARNAHAN. I also like to recognize the Chairman of the Senate Armed Services Committee, Senator WARNER, who himself went to school on the GI bill. I want to thank him for his co-sponsorship, support and encouragement in improving the GI bill for military personnel and their families.

I call this measure the HOPE, Help Our Professionals Educationally, Act.

In 1999, Time magazine named the American GI as the Person of the Century. That alone is a statement about

the value of our military personnel. They are recognized around the world for their dedication and commitment to fight for our country and for peace in the world. This past century has been filled with strife and conflict. During this period, the American GI has fought in the trenches during the first World War, the beaches at Normandy, in the jungles of Vietnam, in the deserts of the Persian Gulf, and most recently in the Balkans and Kosovo.

The face of our military and the people who fight our wars has changed. The traditional image of the single, mostly male, drafted, and disposable soldier is gone. Today we are fielding the force for the 21st century. This new force is a volunteer force, filled with men and women who are highly skilled, married, and definitely not disposable. Gone are the days when quality of life for a GI included a beer in the barracks and a three-day pass. Now, we know we have to recruit a soldier and retain a family.

We have won the cold war, this victory has changed the world and our military. The new world order has given us a new world disorder. The United States is responding to crises around the globe, whether it be strategic bombing or humanitarian assistance, and our military is the our most effective response. In order to meet these challenges, we are retooling our forces to be lighter, leaner and meaner. This is a positive move. Along with this lighter force, our military professionals must be highly educated and highly trained.

Our Nation has recently experienced the longest running peacetime economic growth in history. This economic expansion has been a boom for our Nation. However, there is a negative impact of this growing economy. With the enticement of quick prosperity in the civilian sector it is more difficult than ever to recruit and retain our highly skilled force.

The services have increased their budgets for advertising and refocused attention on recruiting. However, we still face problems in retaining some of the key skills that our service men and women possess—skills that our new economy is demanding. The highly trained technical skilled personnel are leaving the military to seek a better quality of life for their family outside of our military.

As I have heard so often, the decision to stay in the military is made at the dinner table. It was the wisdom of a young enlisted soldier at Schofield Barracks who noted, when the choice is 'stay in the military or stay married,' the soldier opts to stay married. In my travels across Georgia, around the country, and abroad, I have found that our men and women in uniform want to do what is right, for themselves and the country. However, our benefits systems have not kept pace and forcing our personnel to choose between family and service.

In talking with our military personnel, we know that money alone is not enough. Education is the number one reason service members come into the military and the number one reason its members are leaving. In recent years the Senate began to address this issue by supporting improved education benefits for military members and their families.

My amendment will improve and enhance the current educational benefits and create the GI bill for the 21st century and beyond.

One of the most important provisions of my amendment would give the Service Secretaries the authority to authorize a service member to transfer half of his or her basic MGIB benefits to family members. Many service members tell us that they really want to stay in the service, but do not feel that they can stay and provide an education for their families. This will give them, in affect, an educational savings account, so that they can stay in the service and still provide an education for their spouses and children. This will give the Secretaries a very powerful retention tool.

The measure would allow the Services to authorize transfer of unused basic GI bill benefits of a servicemember who has been in the military for 6 years. The spouse would be able to use these benefits immediately upon authorization by the services. This provision is designed to assist the spouse of a military member in pursuing their own education or assist them in gaining the necessary skills to prepare for an occupation in the new economy.

The measure also includes language that permits a servicemember with ten years of service to transfer GI bill benefits to a dependent child. This provision is designed to help a servicemember with the expected costs of a child's education. It could be used to help with secondary expenses as well as with college costs.

I believe that the Services can use this much like a reenlistment bonus to keep valuable service members in the service. It can be creatively combined with reenlistment bonuses to create a very powerful and cost effective incentive for highly skilled military personnel to stay in the Service. In talking with service members upon their departure from the military, we have found that the family plays a crucial role in the decision of a member to continue their military career. Reality dictates that we must address the needs of the family in order to retain our soldiers, sailors, airmen, and marines.

Another enhancement to the current MGIB would extend the period in which the members of Reserve components can use this benefit. Currently they lose this benefit when they leave the service or after 10 years of service. They have no benefit when they leave service. My amendment will permit them to use the benefit up to 5 years

after their separation. This will encourage them to stay in the Reserves for a full career.

I believe that this is a necessary next step for improving our education benefits for our military members and their families. We must offer them credible choices. If we offer them choices, and treat the members and their families properly, we will show them our respect for their service and dedication. Maybe then we can turn around our current retention statistics. This GI bill is an important retention tool for the services. I believe that education begets education. We must continue to focus our resources in retaining our personnel based their needs.

By Mr. JEFFORDS (for himself, Mr. DODD, Mr. FITZGERALD, and Mr. BROWNBACK):

S. 938. A bill to amend the Internal Revenue Code of 1986 to provide that the exclusion from gross income for foster care payments shall also apply to payments by qualifying placement agencies, and for other purposes; to the Committee on Finance.

Mr. JEFFORDS. Mr. President, I am introducing today a bill that will simplify and make more fair the tax treatment of foster care payments. The bill will eliminate unnecessary distinctions drawn by the Internal Revenue Code in the treatment of payments received by people who open their homes to foster children and adults. I introduced this same bill in the 106th Congress, and it was passed by both Houses as part of a larger tax bill that was subsequently vetoed by the President. I am re-introducing the bill now, as I believe that this issue should not be overlooked as we debate tax reform this year. This bill not only simplifies the tax treatment of foster care payments, it will also remove inequities and uncertainties inherent in current law.

In my home State of Vermont, we are proud that we have been able to reduce our reliance on the institutional care of children and adults. We have accomplished this by developing an array of services that can be provided in typical family homes, in a cost-effective and fiscally responsible manner. I believe that this is not only good public policy, but that whenever possible we should encourage these alternatives. Equal tax treatment for all tax families that provide foster care services should provide some encouragement.

Under current law, foster care families are required to include foster care payments in income. They can offset this income with deductions for the expenditures they incur. Families must maintain detailed records to substantiate these deductions. In lieu of detailed record keeping, Section 131 of the Internal Revenue Code allows certain foster care families to exclude from income the payments they receive for providing foster care. Eligibility for this exclusion depends upon a complicated analysis of three factors: the age of the person in foster care; the

type of foster care placement agency; and the source of the foster care payments. For children under age 19 in foster care, Section 131 permits families to exclude payments when a State, or one of its political subdivisions, or a tax-exempt charitable placement agency places the individual in foster care and makes the foster care payments. For persons age 19 and older, Section 131 permits families to exclude foster care payments from income only when a State, or one of its political subdivisions, places the individual and makes the payments.

This bill is designed to provide tax fairness; it will simplify the anachronistic tax rules by amending the tax code's current exclusion to include foster care payments for all persons in foster care, regardless of age. The exclusion will also be available when the foster care placement is made by a private foster care placement agency and even when the foster care payments are received through a private foster care placement agency, rather than directly from a State. To ensure appropriate oversight, the bill requires that the placement agency be either licensed or certified by a State.

A qualified foster care payment under this bill must be made pursuant to a foster care program run by a State or county. My intention is for this bill to cover the wide variety of foster care programs developed by States. Recognizing foster care as an effective approach to provide support within the community to people with mental retardation and other disabilities, these programs place children, and in some cases adults, in homes of unrelated families who provide foster care on a full-time basis. Families providing foster care give those in their care the daily support and supervision typically given to a family member. Like traditional families, foster care families ensure that foster children and adults have a healthy physical environment, get routine and emergency medical care, are adequately clothed and fed, and have satisfying leisure activities. Foster families provide those in their care with stimulation and emotional support all too often lacking in large congregate and institutional settings.

In some State, the State itself administers both child and adult foster care programs. Many States, however, are increasingly entrusting administration of these programs to private placement agencies, approved through licensing or certification procedures, or to government-designated intermediary tax-exempt organizations. Through the approval process, private placement agencies are accountable for their use of funds and for the quality of services they provide. This bill is intended to cover governmental foster care programs funded solely by State or political subdivision monies, and, especially in the case of adult foster care, programs funded by the federal government, typical through a State's Medicaid Home and Community-Based Waiver program.

While foster care for children has been in existence for decades, foster care for adults is a more recent phenomenon. Sometimes referred to as "host homes" or "developmental homes," adult foster care facilities have proven to be an effective alternative to institutional care for adults with disabilities. In 1993, Vermont closed the State institution for people with developmental disabilities, choosing instead to rely on foster families. Under this approach, Vermonters with developmental disabilities can live in homes and participate in the routines of daily life that most of us take for granted. Vermont's approach has provided people with disabilities a cost-effective opportunity for successful lives in communities, with valued relationships with their foster families.

Vermont authorizes local developmental disability service organizations to act as placement agencies and contract with families willing to provide foster care in their homes. The current tax law's disparate tax treatment of foster care payments impedes these types of arrangements. Persons providing foster care for individuals placed in their homes by the government can exclude foster care payments from income, while foster care families receiving the same payments through private agencies under contract with State or local governments are not eligible for this exclusion, unless the individual in foster care is under age 19 and the placement agency is a nonprofit organization. Because of the complexity of current law, families often receive conflicting advice from tax professionals regarding the proper tax treatment of foster care payments. In addition, the law's complex rules discourage willing families from providing foster care in their homes to persons placed by private agencies, reducing the availability of care alternatives.

This bill will advance the development of family-based foster care services, a highly valued alternative to institutionalization. My home State of Vermont is proud of having closed its institutions and leading the nation in developing other support systems. The use of foster care services has facilitated this effort. I believe this represents good policy and is something to be encouraged. We should be removing disincentives and barriers to quality support for people with disabilities in our communities. I urge my colleagues to support this bill.

By Mrs. HUTCHISON:

S. 939. A bill amend the Immigration and Nationality Act to confer citizenship automatically on children residing abroad in the legal and physical custody of a citizen parent serving in a Government or military position abroad; to the Committee on the Judiciary.

Mrs. HUTCHISON. Mr. President, I am pleased to offer legislation on an issue important to many of our military and government families assigned

overseas. Currently, if one of these families adopts a child who is a citizen of the United States, that child is not automatically eligible for citizenship. Current law allows U.S. citizens residing in the United States to adopt children from overseas and to automatically confer citizenship on these children who are residing in the legal and physical custody of the citizen parent. My bill would allow U.S. military and government employees who are stationed overseas and adopt a child to enjoy the same ability to have citizenship automatically conferred.

Today many of our service members and government employees are stationed overseas serving their country. Some of these families want to offer their home and their hearts to children needing a good, loving family. The opportunity is often missed by these families because of this oversight in the current law. This amendment will ensure that those who are serving our nation and our government overseas are not penalized when adopting children during their tour.

By Mr. DODD (for himself, Mr. KENNEDY, and Mr. WELLSTONE):
S. 940. A bill to leave no child behind; to the Committee on Finance.

Mr. DODD. Mr. President, on behalf of myself, Senator KENNEDY, and Senator WELLSTONE, I rise today to introduce the Leave No Child Behind Act, legislation that will address the needs of our nation's children to deliver them from poverty, violence, abuse, neglect, and poor education.

This measure combines the best public and private ideas, policies, and practices into a comprehensive measure to improve the lives of all children. Not just poor children. But all children.

Many Members of Congress have contributed to this legislation, adding their ideas and their thoughts, including: Senator KENNEDY, Senator JEFFORDS, Senator ROCKEFELLER, Senator DEWINE, Senator HARKIN, Senator STEVENS, Senator BIDEN, Senator SNOWE, Senator BOXER, Senator GRASSLEY, Senator DASCHLE, Senator GORDON SMITH, Senator REED, Senator CHAFEE, Senator WELLSTONE, Senator KERRY, Senator DURBIN, Senator FEINSTEIN, Senator KOHL, Senator TORRICELLI, Senator SCHUMER, and Senator BAYH. A number of Members of the House have also contributed to this legislation. It is without hesitation that I say that this bill would not have been possible without the help of so many of my colleagues.

For the first time in more than a generation, our budget is in balance. Indeed, we have a surplus. At long last, we can talk about meeting the needs of the future, rather than paying off the debts of the past. For the first time in decades, we have an opportunity to put children first, to move them out of poverty, to end their hunger, to heal their wounds, to enrich and inform their minds.

We are on the verge of doing what many of us have long dreamed of doing for America's young people.

The legislation we are introducing today represents a vision for children in the 21st century.

It's more than a bill. More than pages of legislative language. It's a covenant that we are entering into today. Not only with each other, but with those who will stand in this place long after we have gone.

It's a declaration that we need to put children first, and that we intend to put children first. In doing so, we put America first.

A question that we must all ask ourselves and ask this country, is, what should our highest priority be? When I ask this question, the response I most often receive is our children.

Children are one-quarter of our population. But they are one hundred percent of our future.

Despite that fact, they are getting a fraction of our attention and a fraction of our resources.

Having languished in budget deficits for years, we now have the largest projected federal budget surpluses in the history of this Nation. We have witnessed unprecedented prosperity. We are so lucky to live in this free and dynamic society, a Nation at peace, of such great wealth.

But some are not so lucky. Some families struggle through each day. They live paycheck to paycheck. Their children are hungry. They're cold. They might have difficulty following the teacher's instructions on the blackboard because they can't see it clearly. But their parents haven't taken them to the doctor because they don't have health insurance.

Over 12 million children live in poverty.

Nearly 11 million children have no health coverage.

About 7 million children go home alone each week after school.

This is America, too.

The legislation we are introducing today is called, "An Act to Leave No Child Behind". We are committed to one principle beyond all others. Not just as a slogan, but as a means to define an urgent national priority.

Regrettably, however, for some those words are slogans, and nothing more. There are those who utter the words "Leave No Child Behind" in front of microphones and television cameras. They have adopted the words as a political mantra, repeating it endlessly during "photo-ops" with children and in press conferences with reporters.

We need to make sure that we not only talk about leaving no child behind, but that we actually take steps to do so. Introducing this bill is the first step.

Every word on every page is focused on the same purpose—lifting our children up, giving each child an opportunity, helping each child to have a safe and rewarding life.

Under the Act to Leave No Child Behind, every child in America would

have health coverage. No child in America would go to bed at night aching from hunger. We would use our tax code to lift millions of children out of poverty.

It's time to ensure that every American child has an opportunity to attend Head Start, Pre-K, or child care to begin a lifetime of learning. That every American child can read by 4th grade, and read at grade level. It's time to take dramatic new steps to address the needs of children who are abused and neglected every year.

Those who are truly committed to leaving no child behind will support this bill. It's about priorities. It's about values.

As we speak, Congress is considering how to spend our nation's surplus.

Sadly, a disproportionate share of that surplus will not go to our nation's children, but to those who least need our help and attention.

Most of the surplus will go to the tax cut. And, most of the tax cut will go to those who are doing the best in our society, those who least need a helping hand or a step up.

Are those the values that we want to instill in our children? That as a Nation we care not for those who need our help most?

It's time to take a stance for children.

It's time to invest in the needs of our children. Not in a token way, but in a real way. A meaningful way that will make a difference in a child's life.

We have the resources. The time is right.

If we join together, we can transform this Nation and give each and every child his God-given right to grow and flourish to all he can be. To grow to his or her fullest potential. We want an America where all children can realize their dreams.

I ask unanimous consent that a summary of the Act to Leave No Child Behind be printed in the RECORD.

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

THE ACT TO LEAVE NO CHILD BEHIND—
DETAILED SUMMARY, MAY 23, 2001

TITLE I. HEALTHY START—EVERY UNINSURED CHILD SHOULD HAVE COMPREHENSIVE HEALTH COVERAGE.

Section A. Children's health insurance

Create a new federal health program with comprehensive benefits similar to Medicare for uninsured children, who are not covered by existing programs.

Section B. Children's health insurance eligibility expansion and enrollment improvements

Expand existing federal children's health programs (CHIP/Medicaid) up to 300% of poverty through age 21 and require states to allow families above 300% of poverty to buy into the program for their uninsured children on a sliding scale premium basis.

Give states the option of providing coverage under CHIP and Medicaid to legal immigrant children and legal immigrant pregnant women.

Give states the option to allow families with too much income to qualify for Medicaid to purchase coverage for their disabled children.

Simplify outreach and enrollment for CHIP and Medicaid and enroll all children at birth.

Section C. Improving access to care

Establish Children's Access To Care Commission that shall make recommendations for improving children's access to care, removing barriers to care, and improving children's health status.

Strengthen the care of children under HMO's.

Require DHHS to collect data from states participating in the Medicaid program on the delivery of services to children through the early and Periodic Screening, Diagnosis and Treatment component of the program, in order to document the delivery of services through all service delivery arrangements.

Section D. Reducing public health risks for children

Appropriate \$50 million per year for grants to state to develop programs to prevent, treat and manage children asthma.

Implement an aggressive youth smoking cessation and education program and provide the FDA authority to regulate the marketing of tobacco products to children.

Increase funding for HUD's Lead-Based Paint Hazard Control grants and Healthy Homes grants.

All private insurance policies would be required to pay for immunizations as a benefit of coverage.

Section E. Reducing environmental health risks for children.

Require testing of chemicals to determine safe exposure levels for children.

Reduce the use of toxic chemicals in schools.

TITLE II. HEALTHY START—ALL PARENTS DESERVE HELP TO SUPPORT THEIR CHILDREN'S HEALTHY DEVELOPMENT

Promote State and Local Parenting Support and Education Programs. Provide grants to state parenting support and education councils to develop and expand local activities to help parents appropriately care for and respond to their children's needs, without having to wait until problems develop.

Extend Supports for Parents Caring for Children. Expand the Family and Medical Leave Act to apply to employers with 25 or more employees, rather than 50 as in current law.

Paid Family Leave. Establish demonstration projects with paid leave for new parents so that they are able to spend time with a new infant or newly adopted child.

Extend Health Care to Uninsured Parents. Expand the federal children's health programs, CHIP and Medicaid, to cover uninsured parents of children who are eligible for CHIP or Medicaid and to pregnant women.

Help Parents Reduce Environmental Health Risks for their Children. Strengthen consumer right-to-know laws to ensure that parents are fully aware of the presence of potentially harmful substances in products to which their children are exposed.

Encourage Support from Non-Custodial Parents. Provide grants to localities or non-profit providers for services to low-income non-custodial parents so that they can contribute financially, emotionally and in other positive ways to their children's development.

TITLE III. HEAD START—ALL CHILDREN SHOULD ENTER SCHOOL READY TO LEARN AND REACH THEIR HIGHEST POTENTIAL WHILE IN SCHOOL

Section A. Infants and toddlers

Increase the Early Head Start set-aside for infants and toddlers from 10 percent to 40 percent.

Allocate 5% of total CCDBG funds in FY 2003 to improve and expand infant child care, rising to 10% in FY 2007.

Section B. Child care access

Increase funding proportionately each year to ensure that every child eligible for assist-

ance under the Child Care and Development Block Grant (CCDBG) receives assistance by 2011.

Require that states make children in foster care an eligible category for CCDBG.

Require states to pay not less than the 100th percentile of the market rate for child care, with higher rates for higher quality care, hard-to-find care, care for children with special needs, and care in low-income and rural communities. States would also be required to adjust rates by inflation between market surveys.

Require that the CCDBG agency coordinate with the TANF agency to ensure that child care assistance staff are located on-site at TANF offices. Require that state CCDBG plans describe how they will ensure that TANF and other low-income working families are aware of their eligibility for child care assistance as part of their consumer education strategy.

Require no more than annual eligibility determination.

Section C. Child care quality improvements

Create a program to improve wages and skills of child care staff.

Improve child care quality by increasing the CCDBG quality set aside from 4 to 12 percent.

Require every state to have a state-based office that is charged with developing a system of local resource and referral agencies to provide parents with information and support, collect data on the supply and demand of child care in the community, develop linkages to businesses, and help to build the supply of quality child care.

Require child care centers operated on federal or legislative property to comply with either state and local child care operation and safety laws or similar safety rules established by the General Services Administration.

Provide \$500 million per year to support the construction of new child care facilities.

Expand the existing national 1% CCDBG set-aside to 2%. This set-aside will be used for training and technical assistance to states, communities, and CCDBG grantees.

Require all providers receiving CCDBG, or who work in programs receiving CCDBG, to have training in early childhood development.

Require at a minimum two annual unannounced visits for each facility accepting CCDBG funding.

Section D. Head Start and Early Head Start access

Increase funds proportionately each year to ensure that every three and four-year-old eligible for Head Start may participate by 2006 and 25% of eligible infants and toddlers may participate in Early Head Start by 2011.

Expand investments in the Early Learning Opportunities Act to provide increased resources to communities for early learning initiatives.

Section E. Education improvements

Early learning

Provide grants to states to ensure access to pre-kindergarten for families who choose to participate.

Amend the Reading Excellence Act to require that states support early literacy efforts in child care, pre-kindergarten, and Head Start programs.

Create a book stamp program that would enable proceeds from a children's literacy postage stamp to support a system to expand books in the homes of low income children that are enrolled in child care programs.

Authorize \$30 million in ESEA for the Education Excellence Act, which would provide professional development for early childhood educators in high poverty communities.

Increased accountability

Amend Title I of the Elementary and Secondary Education Act (ESEA) to require states and local school districts to establish specific goals and performance benchmarks aimed at improving the performance of all students, to strengthen requirements mandating corrective actions for failing schools such as school reconstitution and transfers to other public schools, and to require states to issue report cards detailing the performance of individual schools.

Reduce class size

Provide funding to help local school districts recruit, train, and hire additional teachers to reduce class size in grades K through 3.

Quality teaching and leadership

Provide incentives to teachers to obtain certification from the National Board for Professional Teaching Standards.

Improve student loan forgiveness program for aspiring teachers.

Provide support to recruit, prepare and place career-changing professionals as teachers.

Award competitive grants to establish programs for teacher quality improvement.

Provide for professional development services to increase leadership skills of school principals.

School construction

Provide new tax incentives for school construction/modernization bonds.

Establish a grant program to assist LEA's to increase the involvement of parents, teachers, students, and others in the planning and design of new and renovated elementary and secondary schools.

Community schools

Encourage communities to foster school-based or school-linked family centers.

TITLE IV. FAIR START—LIFTING ALL CHILDREN OUT OF POVERTY—TAX RELIEF TO ASSIST LOW-INCOME WORKING FAMILIES

Increase the child tax credit from \$500 to \$1000 and make it fully refundable.

Expand the EITC for families with three or more children and reduce the marriage penalty for families eligible for the EITC.

Expand the Dependent Care Tax Credit to increase the slide to 50%, make it refundable, and annually index income phase-outs and cost of care for inflation.

TITLE V. FAIR START—ENSURE THAT CHILDREN AND FAMILIES RECEIVE SUPPORTS TO PROMOTE WORK AND REDUCE POVERTY

Section A. Ensure children and families receive all supports for which they are eligible

Initiate a Gateways Program that provides grants to states, localities, and/or community based organizations to (a) train caseworkers about available support programs and their eligibility requirements; (b) expand outreach about available support assistance; (c) improve automation and application procedures; and (d) track the extent to which low-income families receive the benefits and services for which they are eligible.

Section B. Support from both parents

Improve child support collections and let families keep the money collected for their children; provide federal incentives for states to pass through payments collected for families receiving Temporary Assistance for Needy Families (TANF); and require families who have left TANF to receive any support collected through IRS intercepts.

Provide funding for child support assurance demonstration projects.

Section C. Fair wages and unemployment insurance

Increase the federal minimum wage to \$6.65 over three installments and index it for inflation.

Implement "living wage" policy for employees of federal contractors or subcontractors.

Make Unemployment Insurance more accessible to low income families with children, including more favorable counting of wages for the purpose of determining eligibility, expanding benefits to part-time workers, and making domestic violence and lack of child care causes for separation from employment.

Section D. Helping low income parents get and keep jobs with above poverty income

Add poverty reduction as a goal of the TANF program.

For those families who are working and playing by the rules, the TANF time limit is interrupted.

Allow a broader range of education and training to count as work activities under TANF.

Initiate a TANF poverty reduction bonus for states.

Require state and local TANF officials to participate in the Workforce Investment Boards.

Section E. Create incentives to serve families effectively

The Secretary of Health and Human Services shall develop model training materials for caseworkers.

TANF funds used by states to provide caseworker bonuses and new state initiatives to break down barriers to work shall not count towards the 15 percent administrative cap.

Strengthen Individual Responsibility Plans.

Section F. Addressing work barriers

Expand funding for the Department of Transportation's Access to Jobs program to allow parents better access to jobs and child care.

Require caseworkers with adequate training to identify work barriers of TANF recipients, including domestic violence, mental health, drug or alcohol problems, homelessness, or disability and to provide appropriate services to address these barriers.

Allow states to exempt families with severe barriers to employment from TANF time limits, even if the total exempted exceeds 20 percent of the current caseload.

Section G. Protections for families in need

Earn back months of TANF assistance for months worked.

Hold agencies accountable for ensuring that families who are unable to comply with complex TANF rules are afforded a real conciliation process.

Section H. TANF reauthorization

Reauthorize TANF.

Prohibit supplantation of state funding for programs serving needy families with children with federal TANF funds.

TITLE VI. FAIR START—ALL FAMILIES WITH CHILDREN SHOULD RECEIVE THE SUPPORT THEY NEED TO LIVE ABOVE POVERTY—NUTRITION

Section A. Child care nutrition

Allow for-profit child care centers to participate in the Child and Adult Care Food Program (CACFP) if 25 percent of their enrolled children are eligible for free and reduced-priced lunch.

Allow youth in after-school programs up to age 19 to participate in CACFP if they are enrolled in community-based programs including those outside of low-income areas.

Provide a dinner for after-school programs.

Standardize the categorical eligibility requirements for income determination in the family child care portion of CACFP.

Increase the CACFP sponsors' administrative reimbursement rate to reflect the in-

creased administrative burden of the means test system.

Section B. Food stamp program

Restore Food Stamp eligibility to legal immigrants.

Provide six months of transitional food stamp benefits to those who leave TANF.

Index the standard deduction for family size and inflation.

Eliminate the cap on excess shelter costs for families with children.

Include child support in earnings disregard.

Increase funding for The Emergency Food Assistance Program (TEFAP).

Reduce burden on eligible families in renewing benefits.

Improve incentives for states to serve low-income working families better.

TITLE VII. FAIR START—ALL FAMILIES SHOULD RECEIVE THE SUPPORTS THEY NEED TO LIVE ABOVE POVERTY—HOUSING

Provide 1 million new Section 8 vouchers over 10 years.

Establish a Voucher Success program for communities experiencing problems utilizing Section 8 vouchers.

Redirect surplus generated by federal housing programs into National Affordable Housing Trust to help alleviate the housing crisis by funding new construction of affordable rental housing.

Promote preservation of affordable housing units by providing matching grants to states that have developed and funded programs for preservation of privately owned housing that is affordable to low-income families.

TITLE VIII. SAFE START—ENSURING EVERY CHILD A SAFE, NURTURING, AND PERMANENT FAMILY

Section A. Promoting permanency for children

Enhance the likelihood that the goals for children in the Adoption and Safe Families Act will be met by offering states funding for preventive, protective, and crisis services for children and parents who come to the attention of the child welfare system, permanency services for families whose children end up in foster care, independent living services for young people transitioning from foster care, and post-permanency services for children who are reunited with their families, adopted, or placed permanently with relatives or other legal guardians.

Improve the quality of services for children by extending funding for training of staff of private child welfare agencies, judges and other court staff, and other children's service providers that serve abused and neglected children.

Offer kinship guardianship assistance payments to grandparents and other relatives who commit to care permanently for children for whom they have legal guardianship and that they have cared for in foster care.

Eliminate current federal disincentives to ensure that children who have been abused or neglected or are at risk of maltreatment receive the services and supports they need.

Eliminate current federal disincentives to promote adoption for children with special needs.

Support young people aging out of foster care by offering them increased opportunities for supervised living arrangements and tuition assistance to help them pursue a range of educational opportunities.

Increase accountability within the child welfare system to improve outcomes for children and services available to children and families.

Expand opportunities for Indian tribes to offer foster care and adoption assistance to Indian children.

Section B. Promoting safe and stable families

Reauthorize and increase funding for the Promoting Safe and Stable Families Program.

Section C. Social services block grant

Restore funding for the Social Services Block Grant, which supports a range of services for abused, neglected and other children, and also provides help for persons with disabilities, senior citizens, and other special populations.

Section D. Child protection and alcohol and drug partnerships

Address the treatment needs of families with alcohol and drug problems who come to the attention of the child welfare system by giving state child protection and alcohol and drug agencies incentives to offer joint screening, assessment, comprehensive treatment and after care services, and training.

Section E. One-time permanency grants

Offer one-time assistance to state child welfare agencies to help move children who were in foster care when the Adoption and Safe Families Act was passed, and will not be returning home, into adoptive families or other permanent placements with kin.

Section F. Helping children exposed to domestic violence

Promote multi-system partnerships to respond to the needs of children who have been exposed to domestic violence.

Promote cross-training for staff of child welfare agencies and domestic violence service providers about domestic violence and its impact on children and relevant child welfare policies.

Enhance research and data collection on the impact of domestic violence on children.

Offer grants to elementary and secondary schools and early care and education programs to help prevent domestic violence and its impact on its adult and child victims.

Support training for law enforcement and court personnel about domestic violence and its impact on children.

Section G. Enhancing healthy emotional development in young children

Assist networks of early childhood, child welfare, substance abuse, and/or domestic violence programs to promote the mental health and healthy emotional development of the young children they serve.

TITLE IX. SUCCESSFUL TRANSITIONS TO ADULTHOOD—YOUTH DEVELOPMENT

Section A. Youth development: Strengthening 21st Century Community Learning Centers

Increase funding for the 21st Century Community Learning Centers Program.

Allow community-based organizations to apply for 21st Century funds.

Create a 3 percent set-aside for training and technical assistance.

Section B. Youth development: Promoting positive activities for America's youth

Creation of a comprehensive program (the proposed Younger Americans Act) to mobilize and support communities in carrying out youth development activities.

Increase funding for Americorps, Youthbuild, Job Corps, and the Workforce Investment Act youth employment programs to open up more employment opportunities for teens.

TITLE X. SAFE START—EVERY CHILD SHOULD HAVE A SAFE ENVIRONMENT IN WHICH TO LEARN AND TO LIVE—JUVENILE JUSTICE

Amend the Juvenile Justice and Delinquency Prevention Act (JJDPA) by adding the definition of a "juvenile" as an individual less than 18 years of age.

Amend the JJDPA to mandate that not less than 75 percent of title V funds be used solely for the purposes of carrying out section 505. Increase funding for Title V to \$250 million for fiscal year 2002.

Disproportionate Minority Confinement (DMC)—Strengthen accountability standards

for states to take action to address the disparate treatment of minorities at all stages of the juvenile justice system, including intake, arrest, detention, adjudication, disposition and transfer.

Create a fifth core protection for juveniles by requiring that states provide every adjudicated juvenile with reasonable safety and security, with adequate food, heat, light, sanitary facilities, bedding, clothing, recreation, counseling, education, training, and medical care, including necessary mental health services.

Increase funding for the JJJPA Title II, Part B formula grants, to raise the small state minimum to \$750,000, create a 3% set-aside for the establishment of state juvenile justice coalitions and (include language that coalitions include participation of youth), and a 3% set aside for states to carry out state plans with respect to the DMC core requirement.

Repeal Part H of JJJPA (juvenile boot camps).

Amend title II of the JJJPA by adding Access to Mental Health and Substance Abuse Treatment, a grant program encouraging states to invest in and coordinate with other systems to provide appropriate treatment and other services for incarcerated juvenile offenders.

Fund Services for Youth Offenders at \$40 million for fiscal year 2002, providing funding for after care or wrap-around services for youth discharged from the adult criminal or juvenile justice system.

Authorize the Juvenile Accountability Block Grant, which would authorize and significantly modify the Juvenile Accountability Incentive Block Grant (JAIBG) to provide incentives to: build and maintain smaller juvenile facilities, including separate units within juvenile facilities for juveniles tried as adults; require all staff, whether supervising juveniles adjudicated in the adult or juvenile system, are trained appropriately; develop and utilize accountable community-based alternatives to incarceration; risk assessment; and enact Child Access Prevention (CAP) laws.

In order to receive funds under the new block grant, states are prohibited from applying the death penalty to juvenile offenders.

Increase funding for the Runaway and Homeless Youth Act to \$120 million for fiscal year 2002.

TITLE XI. SAFE START—EVERY CHILD SHOULD HAVE A SAFE ENVIRONMENT IN WHICH TO LEARN AND TO LIVE—GUN SAFETY

Close the gun show loophole by applying the Brady background check to gun sales conducted through private dealers at events where 50 or more firearms are offered for sale.

Require mandatory safety locks with the sale of all handguns and establish consumer safety standards for such safety locks.

Ban the importation of large capacity ammunition clips capable of holding more than 10 rounds.

Ban the possession of assault weapons by juveniles.

Require FTC study on marketing practices of gun industry.

Ban the possession of handguns by individuals under 21 years of age.

One-gun-a-month purchase limitation.
Regulation of internet sales of firearms.

ENFORCE—enhancements (both authorizing and appropriation) to strengthen enforcement of gun laws.

TITLE XII. MISCELLANEOUS

Direct the Secretary of HHS to establish a blue-ribbon commission to identify and highlight family-friendly practices that the private sector and other employers can promote.

Provide for collection and dissemination of data on the status of children and families who are or have been recipients of government assistance.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 941. A bill to revise the boundaries of the Golden Gate National Recreation Area in the State of California, to extend the term of the advisory commission for the recreation area, and for other purposes; to the Committee on Energy and Natural Resources.

Mrs. FEINSTEIN. Mr. President, today I am pleased to introduce legislation to add approximately 5,000 acres of pristine natural land to the Golden Gate National Recreation Area in San Mateo County. This addition will protect the sweeping views of the San Mateo Coast and ensure the protection of rich farmland, several miles of public trails, and incredible array of wildlife and vegetation. I am happy to be joined by Senator BOXER in sponsoring this legislation.

The property to be added is one of the most visible and important pieces of land on the San Mateo coast north of Half Moon Bay. The largest parcel to be added is a 4,262 acre stretch of land known as the Rancho Corral de Tierra. The Rancho Corral de Tierra is one of the largest undeveloped tracts remaining on the San Mateo Coast and is constantly under threat of development.

The mountainous property, which surrounds the coastal towns of Moss Beach and Montara, was previously purchased by the Peninsula Open Space Trust. The Trust has agreed to transfer the land to the Federal Government for about half of the purchase cost. It is this type of public-private partnership that Congress needs to support in our efforts to preserve open space.

The Rancho Corral de Tierra Golden Gate National Recreation Area Boundary Act of 2001 has the support of the entire Bay Area Congressional Delegation. Similar legislation is being introduced today in the House of Representatives by TOM LANTOS with co-sponsors ANNA ESHOO, NANCY PELOSI, GEORGE MILLER, LYNN WOOLSEY, ELLEN TAUSCHER, PETER STARK, MIKE THOMPSON, BARBARA LEE, MIKE HONDA, and ZOE LOFGREN.

The addition of the Rancho Corral de Tierra property will result in the protection of all or part of four watersheds, and several endangered species such as the peregrine falcon, San Bruno elfin butterfly, San Francisco garter snake, and the red-legged frog. Moreover, due to the coastal marine influence and dramatic altitude changes, plants grow on the property that are found nowhere else in the world.

This legislation will also reauthorize the Golden Gate National Recreation Area and Point Reyes National Seashore Advisory Commission for another 20 years. The Advisory Commission was established by Congress in 1972 to provide for the free exchange of ideas between the National Park Service and

the public. The Commission holds open and accessible public meetings monthly at which the public has an opportunity to comment on park-related issues.

I have always felt that protecting our nation's unique natural areas should be one of our highest priorities. The Golden Gate National Recreation Area is one of our Nation's most heavily visited urban national parks as it is in close proximity to millions of people. I invite my colleagues to join me in supporting this legislation.

By Mr. GRAHAM (for himself, Mrs. HUTCHISON, Mr. BINGAMAN, Mr. HUTCHINSON, Mr. BREAUX, Mr. ENSIGN, Mrs. LINCOLN, and Mr. THOMPSON):

S. 942. A bill to authorize the supplemental grant for population increases in certain states under the temporary assistance to needy families program for fiscal year 2002; to the Committee on Finance.

Mr. GRAHAM. Mr. President, I rise today on behalf of Senators HUTCHISON, BINGAMAN, HUTCHINSON, BREAUX, ENSIGN, BAUCUS, LINCOLN, THOMPSON, and myself to introduce a piece of legislation which will extend the Temporary Assistance for Needy Families supplemental grants for one year. This grant program has been critical to the success of welfare reform in our States.

The TANF block grant, as it is commonly known, was established in the 1996 welfare law. These were modest supplemental grants for 17 relatively poor or rapidly growing States. The grants were intended to reduce the very large disparity in welfare funding between poorer and wealthier States that resulted from the basic TANF funding formula. The TANF supplemental grants have afforded States, like ours a more adequate opportunity to achieve TANF goals. While TANF is scheduled to be reauthorized in 2002, the supplemental grants included in the 1996 law were authorized only through October 2001.

If the grants expire, 17 States will lose as much as 10 percent of their TANF funding beginning in October 1 of this year. Wealthy, low-growth States will experience no reduction.

These grants are not supplemental in the sense of being add-ons. They were designed as an integral part of the TANF allocation formula and are critical to the success of the TANF programs in the States that receive them. The decision to end the grants a year before reauthorizing the entire program was not a policy consideration, only a financial one. It was done in order to ensure a balanced budget by 2002.

The 2001 budget resolution, passed by both the House and the Senate, provides \$319 million for a one-year extension of these important grants. This provision acknowledges the Senate's commitment to maintaining the tools that many of our States require to continue efforts to help people move from welfare to work, from jobs to careers.

Since the passage of the welfare reform law in 1996, more is expected of state welfare systems than ever before. TANF agencies provide a broad range of social services that include job training and employment counseling, reducing out-of-wedlock births and promoting family formation, and addressing individual challenges such as domestic violence—just to name a few. Without the TANF supplemental grants, impacted states will find themselves unable to provide many of the programs that have enabled their citizens to successfully move from public assistance to independence.

Given the significant costs of work supports, many of the 17 States that receive supplemental TANF grants are now spending more TANF funds each year than they receive from their basic TANF grant. In fiscal year 2000, for example, TANF expenditures in nine of the 17 States that receive TANF supplemental grants exceeded 100 percent of their basic TANF allocation. These States are my own home State of Florida, Alaska, Arizona, Arkansas, Idaho, New Mexico, North Carolina, Tennessee, and Texas.

For these reasons, we are requesting that a one year extension of the TANF supplemental grants. This step will help to ensure that high-growth States can continue their welfare reform efforts and will enable the supplemental grants to be considered as part of the overall TANF reauthorization next year.

Support for the extension of this program should come from all Senators who want to see the goals of welfare reform fulfilled. Whether or not one comes from a State that receives TANF supplemental grant dollars, support for this bill will send a loud and clear message that the United States Senate adheres to the goal of ensuring that all States have the means to provide the services necessary to help all Americans, regardless of where they live, to move from dependence to independence.

That is a goal worth fighting for and I encourage all of my Senate colleagues to cosponsor this important piece of legislation.

Mr. BAUCUS. Mr. President, I am glad to cosponsor this bill from my colleagues Senators GRAHAM and HUTCHISON. It's an important matter for those of us who represent less prosperous States. I have worked hard to promote economic development in Montana. It is crucial to providing a better future for the children of my great State. Until the economy improves in Montana, I will advocate for measures such as this one, which help alleviate the difficulties that stem from our circumstances.

When we enacted welfare reform in 1996, a law I am glad to have supported, there was much discussion here about the appropriate way to allocate welfare funds among States. The old funding formula had produced wide disparities, especially between high per capita in-

come States and low per capita income States. In the end it was resolved to provide additional funding in the form of "TANF supplemental grants" to certain states which were poorer or had high growth rates or both. However, the funding was only provided through fiscal year 2001, while the rest of the welfare funds were provided through fiscal year 2002, as part of an effort to balance the budget.

Well, the budget is in surplus now. And we need to continue the TANF supplemental grants for one more year, as this legislation would do, so that we can assess it as a part of the policy on overall welfare funding during next year's reauthorization of the 1996 welfare reform law. The TANF supplemental grants represent a substantial source of welfare funds in several states. Failing to continue this funding would mean, in effect, a 10 percent reduction in the allocations for states such as Georgia, North Carolina, Florida, and Louisiana. My own state of Montana received \$1 million last year. I assure you we can use those funds to help poor children in Montana, especially the many who have low-income working parents, the kind who hold down two or three part-time minimum wage jobs, which is all too common in my State.

I thank my colleagues for their leadership and look forward to working with them on this bill.

SUBMITTED RESOLUTIONS

SENATE CONCURRENT RESOLUTION 42—A BILL CONDEMNING THE TALEBAN FOR THEIR DISCRIMINATORY POLICIES AND FOR OTHER PURPOSES

Mr. BROWBACK (for himself and Mrs. BOXER) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 42

Whereas the Taleban militia took power in Afghanistan in 1996, and now rules over 90 percent of the country;

Whereas, under Taleban rule, most political, civil, and human rights are denied to the Afghan people;

Whereas women, minorities, and children suffer disproportionately under Taleban rule;

Whereas, according to the United States Department of State Country Report on Human Rights Practices, violence against women and girls in Afghanistan occurs frequently, including beatings, rapes, forced marriages, disappearances, kidnappings, and killings;

Whereas Taleban edicts isolate Muslim and non-Muslim minorities, and will require the thousands of Hindus living in Taleban-ruled Afghanistan to wear identity labels on their clothing, singling out these minorities for discrimination and harsh treatment;

Whereas Taleban forces have targeted ethnic Shiite Hazaras, many of whom have been massacred, while those who have survived, are denied relief and discriminated against for their religious beliefs;

Whereas non-Muslim religious symbols are banned, and earlier this year Taleban forces

obliterated 2 ancient statues of Buddha, claiming they were idolatrous symbols;

Whereas Afghanistan is currently suffering from its worst drought in 3 decades, affecting almost one-half of Afghanistan's 21,000,000 population, with the impact severely exacerbated by the ongoing civil war and Taleban policies denying relief to needy areas;

Whereas the Taleban has systematically interfered with United Nations relief programs and workers, recently closing a new hospital and arresting local workers, closing United Nations World Food Program bakeries providing much needed food, and closing offices of the United Nations Special Mission to Afghanistan in 4 Afghan cities;

Whereas, as a result of those policies, there are more than 25,000,000 persons who are internally displaced within Afghanistan, and this year, contrary to past practice, the Taleban rejected a United Nations call for a cease-fire in order to bring assistance to the internally displaced;

Whereas, as a result of Taleban policies, there are now more than 2,200,000 Afghan refugees in Pakistan, and 500,000 more refugees are expected to flee in the coming months unless some form of relief is forthcoming;

Whereas Pakistan has closed its borders to Afghanistan, and has announced that Pakistani and United Nations officials will begin screening refugees in June with a view toward forcibly repatriating all those who are found to be staying illegally in Pakistan;

Whereas the Taleban leadership continues to give safe haven to terrorists, including Osama bin Laden, and is known to host and provide training ground to other terrorist organizations; and

Whereas the people of Afghanistan are the greatest victims of the Taleban, and in recognition of that fact, the United States has provided \$124,000,000 in relief to the people of Afghanistan this year: Now, therefore, be it Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) condemns the harsh and discriminatory policies of the Taleban toward Muslims, Hindus, women, and all other minorities, and the attendant destruction of religious icons;

(2) urges the Taleban to immediately reopen United Nations offices and hospitals and allow the provision of relief to all the people of Afghanistan;

(3) commends President George W. Bush and his administration for their recognition of these urgent issues and encourages President Bush to continue to respond to those issues;

(4) recognizes the burdens placed on the Government of Pakistan by Afghan refugees, and calls on that Government to facilitate the provision of relief to these refugees and to abandon any plans for forced repatriation; and

(5) calls on the international community to increase assistance to the Afghan people and consider granting asylum to at-risk Afghan refugees.

AMENDMENTS SUBMITTED AND PROPOSED

SA 785. Ms. STABENOW (for herself and Mr. DAYTON) submitted an amendment intended to be proposed by her to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table.

SA 786. Mr. GRASSLEY proposed an amendment to amendment SA 763 submitted by Mr. GRAHAM and intended to be proposed to the bill (H.R. 1836) supra.

SA 787. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra.

SA 788. Mr. CORZINE (for himself and Mr. KERRY) submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 789. Mr. GRASSLEY (for himself and Mr. BAUCUS) proposed an amendment to the bill H.R. 1836, supra.

TEXT OF AMENDMENTS

SA 785. Ms. STABENOW (for herself and Mr. DAYTON) submitted an amendment intended to be proposed by her to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 63, strike line 4 and all that follows through page 64, line 16.

On page 65, line 12, strike “and before 2011”.

On page 66, in the table between line 1 and line 2, strike “2007, 2008, 2009, and 2010” and insert “2007 and thereafter”.

On page 68, in the table between line 14 and line 15, add after the item relating to 2010 the following:

“2011 and thereafter \$20,000,000.”.

On page 106, after line 6, insert the following: “(g) Notwithstanding any other provision of law; this subtitle shall not apply to property subject to the estate tax.”

At the end of subtitle A of title VIII, add the following:

SEC. ____ . ENSURING FUNDING FOR PRESCRIPTION DRUGS.

(a) IN GENERAL.—Notwithstanding any other provision of this Act—

(1) except for section 1(i)(1) of the Internal Revenue Code of 1986, as added by section 101 of this Act, and any necessary conforming amendments, title I of this Act shall not take effect; and

(2) any provision of title V of this Act that takes effect after 2006 shall not take effect.

(b) STRATEGIC RESERVE FUND FOR LONG-TERM DEBT AND NEEDS.—Subtitle B of title II of H. Con. Res. 83 (107th Congress) is amended by inserting at the end the following:

“SEC. 219. STRATEGIC RESERVE FUND FOR PRESCRIPTION DRUG BENEFITS.

If legislation is reported by the Committee on Finance of the Senate or the Committee on Energy and Commerce or the Committee on Ways and Means of the House of Representatives, or an amendment thereto is offered or a conference report thereon is submitted, that would provide prescription drug benefits, the chairman of the appropriate Committee on the Budget shall, upon the approval of the appropriate Committee on the Budget, revise the aggregates, functional totals, allocations, and other appropriate levels and limits in this resolution for that measure by not to exceed \$55,000,000,000 for the total of fiscal years 2002 through 2011, as long as that measure will not, when taken together with all other previously enacted legislation, reduce the on-budget surplus below the level of the Medicare Hospital Insurance Trust Fund surplus in any fiscal year provided in this resolution.”.

SA 786. Mr. GRASSLEY proposed an amendment to amendment SA 763 submitted by Mr. GRAHAM and intended to be proposed to the bill (H.R. 1836) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

On page 1, line 2, strike all after the word “strike” through the end of page 1, line 3.

On page 20, strike lines 14 and 15 and insert the following:

“This section shall apply to policies issued after January 1st 2006.”

SA 787. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

On page 314, after line 21, add the following:

SEC. ____ . DISCLOSURE OF TAX INFORMATION TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.

Section 6103(d)(5) is amended to read as follows:

“(5) DISCLOSURE FOR COMBINED EMPLOYMENT TAX REPORTING.—The Secretary may disclose taxpayer identity information and signatures to any agency, body, or commission of any State for the purpose of carrying out with such agency, body, or commission a combined Federal and State employment tax reporting program approved by the Secretary. Subsections (a)(2) and (p)(4) and sections 7213 and 7213A shall not apply with respect to disclosures or inspections made pursuant to this paragraph.”.

SA 788. Mr. CORZINE (for himself and Mr. KERRY) submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 47, between lines 3 and 4, insert the following:

SEC. . EXCLUSION FROM INCOME OF CERTAIN AMOUNTS RECEIVED BY AMERICORPS PARTICIPANTS.

(a) IN GENERAL.—Section 117 of the Internal Revenue Code of 1986 (relating to qualified scholarships) is amended by adding at the end the following:

“(e) QUALIFIED NATIONAL SERVICE EDUCATIONAL AWARDS.—

“(1) IN GENERAL.—Gross income for any taxable year shall not include any qualified national service educational award.

“(2) QUALIFIED NATIONAL SERVICE EDUCATIONAL AWARD.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified national service educational award’ means any amount received by an individual in a taxable year as a national service educational award under section 148 of the National and Community Service Act of 1990 (42 U.S.C. 12604) to the extent (except as provided in subparagraph (C)) such amount does not exceed the qualified tuition and related expenses (as defined in subsection (b)(2)) of the individual for such taxable year.

“(B) DETERMINATION OF EXPENSES.—The total amount of the qualified tuition and related expenses (as so defined) which may be taken into account under subparagraph (A) with respect to an individual for the taxable year shall be reduced (after the application of the reduction provided in section 25A(g)(2)) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A with respect to such expenses.

“(C) EXCEPTION TO LIMITATION.—The limitation under subparagraph (A) shall not apply to any portion of a national service educational award used by such individual to repay any student loan described in section 148(a)(1) of such Act or to pay any interest expense described in section 148(a)(4) of such Act”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts received in taxable years beginning after December 31, 2001.

SA 789. Mr. GRASSLEY (for himself and Mr. BAUCUS) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002, as follows:

On page 18, between lines 14 and 15, insert the following:

SEC. 202. EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) IN GENERAL.—

(1) ADOPTION CREDIT.—Section 23(a)(1) (relating to allowance of credit) is amended to read as follows:

“(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

“(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

“(B) in the case of an adoption of a child with special needs, \$10,000.”.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137(a) (relating to adoption assistance programs) is amended to read as follows:

“(a) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program. The amount of the exclusion shall be—

“(1) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

“(2) in the case of an adoption of a child with special needs, \$10,000.”.

(b) DOLLAR LIMITATIONS.—

(1) DOLLAR AMOUNT OF ALLOWED EXPENSES.—

(A) ADOPTION EXPENSES.—Section 23(b)(1) (relating to allowance of credit) is amended—

(i) by striking “\$5,000” and inserting “\$10,000”;

(ii) by striking “(\$6,000, in the case of a child with special needs)”;

(iii) by striking “subsection (a)” and inserting “subsection (a)(1)(A)”.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(1) (relating to dollar limitations for adoption assistance programs) is amended—

(i) by striking “\$5,000” and inserting “\$10,000”;

(ii) by striking “(\$6,000, in the case of a child with special needs)”;

(iii) by striking “subsection (a)” and inserting “subsection (a)(1)”.

(2) PHASE-OUT LIMITATION.—

(A) ADOPTION EXPENSES.—Clause (i) of section 23(b)(2)(A) (relating to income limitation) is amended by striking “\$75,000” and inserting “\$150,000”.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(2)(A) (relating to income limitation) is amended by striking “\$75,000” and inserting “\$150,000”.

(c) YEAR CREDIT ALLOWED.—Section 23(a)(2) (relating to year credit allowed) is amended by adding at the end the following new flush sentence:

“In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.”.

(d) REPEAL OF SUNSET PROVISIONS.—

(1) CHILDREN WITHOUT SPECIAL NEEDS.—Paragraph (2) of section 23(d) (relating to

definition of eligible child) is amended to read as follows:

“(2) ELIGIBLE CHILD.—The term ‘eligible child’ means any individual who—

“(A) has not attained age 18, or

“(B) is physically or mentally incapable of caring for himself.”

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 (relating to adoption assistance programs) is amended by striking subsection (f).

(e) ADJUSTMENT OF DOLLAR AND INCOME LIMITATIONS FOR INFLATION.—

(1) ADOPTION CREDIT.—Section 23 (relating to adoption expenses) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

“(h) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(1)(B) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to—

“(1) such dollar amount, multiplied by

“(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2001’ for ‘calendar year 1992’ in subparagraph (B) thereof.”

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 (relating to adoption assistance programs), as amended by subsection (d), is amended by adding at the end the following new subsection:

“(f) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A) of subsection (b) shall be increased by an amount equal to—

“(1) such dollar amount, multiplied by

“(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2001’ for ‘calendar year 1992’ in subparagraph (B) thereof.”

(f) LIMITATION BASED ON AMOUNT OF TAX.—

(1) IN GENERAL.—Section 23(c) (relating to carryforwards of unused credit) is amended by striking “the limitation imposed” and all that follows through “1400C” and inserting “the applicable tax limitation”.

(2) APPLICABLE TAX LIMITATION.—Section 23(d) (relating to definitions) is amended by adding at the end the following new paragraph:

“(4) APPLICABLE TAX LIMITATION.—The term ‘applicable tax limitation’ means the sum of—

“(A) the taxpayer’s regular tax liability for the taxable year, reduced (but not below zero) by the sum of the credits allowed by sections 21, 22, 24 (other than the amount of the increase under subsection (d) thereof), 25, and 25A, and

“(B) the tax imposed by section 55 for such taxable year.”

(3) CONFORMING AMENDMENTS.—

(A) Section 26(a) (relating to limitation based on amount of tax) is amended by inserting “(other than section 23)” after “allowed by this subpart”.

(B) Section 53(b)(1) (relating to minimum tax credit) is amended by inserting “reduced by the aggregate amount taken into account under section 23(d)(3)(B) for all such prior taxable years,” after “1986.”

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

At the end of subtitle A of title VIII add the following:

SEC. ____ DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS INCREASED.

(a) IN GENERAL.—Section 162(l)(1) (relating to special rules for health insurance costs of

self-employed individuals) is amended to read as follows:

“(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer’s spouse, and dependents.”

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) (relating to other coverage) is amended to read as follows: “Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4) of the taxpayer or the spouse of the taxpayer.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

On page 314, after line 21, insert the following:

SEC. ____ DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS INCREASED.

(a) IN GENERAL.—Section 162(l)(1) (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

“(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer’s spouse, and dependents.”

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) (relating to other coverage) is amended to read as follows: “Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4) of the taxpayer or the spouse of the taxpayer.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

On page 41, strike line 15 and all that follows through line 18, and insert the following:

“(iii) LIMITATION ON CERTAIN ROLLOVERS.—Clause (i)(I) shall not apply to any transfer if such transfer occurs within 12 months from the date of a previous transfer to any qualified tuition program for the benefit of the designated beneficiary.”, and

On page 18, between lines 14 and 15, insert the following:

SEC. 202. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Any payment considered to have been made to any individual by reason of section 24 of the Internal Revenue Code of 1986, as amended by section 201, shall not be taken into account as income and shall not be taken into account as resources for the month of receipt and the following month, for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

On page 31, lines 3 and 4, strike “computer equipment (including related software and services)”.

On page 31, line 10, strike “and”.

On page 31, line 17, strike the end period and insert “, and”.

On page 31, between lines 17 and 18, insert:

“(iii) expenses for the purchase of any computer technology or equipment (as defined in section 170(e)(6)(F)(i)) or Internet access and related services, if such technology, equipment, or services are to be used by the beneficiary and the beneficiary’s family during any of the years the beneficiary is in school. Such terms shall not include computer software involving sports, games or hobbies unless the software is educational in nature.

At the end of the bill, add the following:

TITLE ____ SECTION 527 POLITICAL ORGANIZATION REPORTING REQUIREMENTS

SEC. ____ 01. EXEMPTION FOR STATE AND LOCAL CANDIDATE COMMITTEES FROM NOTIFICATION REQUIREMENTS.

(a) EXEMPTION FROM NOTIFICATION REQUIREMENTS.—Paragraph (5) of section 527(i) (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:

“(C) which is a political committee of a State or local candidate.”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by Public Law 106-230.

SEC. ____ 02. EXEMPTION FOR CERTAIN STATE AND LOCAL POLITICAL COMMITTEES FROM REPORTING AND ANNUAL RETURN REQUIREMENTS.

(a) EXEMPTION FROM REPORTING REQUIREMENTS.—

(1) IN GENERAL.—Section 527(j)(5) (relating to coordination with other requirements) 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:

“(F) to any organization described in paragraph (7), but only if, during the calendar year—

“(i) such organization is required by State or local law to report, and such organization reports, information regarding each separate expenditure and contribution (including information regarding the person who makes such contribution or receives such expenditure) with respect to which information would otherwise be required to be reported under this subsection, and

“(ii) such information is made public by the agency with which such information is filed and is publicly available for inspection in a manner similar to reports under section 6104(d)(1).

An organization shall not be treated as failing to meet the requirements of subparagraph (F)(i) solely because the minimum amount of any expenditure or contribution required to be reported under State or local law is greater (but not by more than \$100) than the minimum amount required under this subsection.”

(2) DESCRIPTION OF ORGANIZATION.—Section 527(j) is amended by adding at the end the following:

“(7) CERTAIN ORGANIZATIONS.—An organization is described in this paragraph if—

“(A) such organization is not described in subparagraph (A), (B), (C), or (D) of paragraph (5),

“(B) such organization does not engage in any exempt function activities other than activities for the purpose of influencing or attempting 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

“(C) no candidate for Federal office or individual holding Federal office—

“(i) controls or materially participates in the direction of such organization,

“(ii) solicits any contributions to such organization, or

“(iii) directs, in whole or in part, any expenditure made by such organization.”.

(b) EXEMPTION FROM REQUIREMENTS FOR ANNUAL RETURN BASED ON GROSS RECEIPTS.—Paragraph (6) of section 6012(a) (relating to persons required to make returns of income) is amended by striking “organization, which” and all that follows through “section” and inserting “organization—

“(A) which has political organization taxable income (within the meaning of section 527(c)(1)) for the taxable year, or

“(B) which—

“(i) is not a political committee of a State or local candidate or an organization to which section 527 applies solely by reason of subsection (f)(1) of such section, and

“(ii) has gross receipts of—

“(I) in the case of political organization described in section 527(j)(5)(F), \$100,000 or more for the taxable year, and

“(II) in the case of any other political organization, \$25,000 or more for the taxable year”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by Public Law 106-230.

SEC. 03. NOTIFICATION OF INTERACTION OF REPORTING REQUIREMENTS.

(a) IN GENERAL.—The Secretary of the Treasury, in consultation with the Federal Election Commission, shall publicize—

(1) the effect of the amendments made by this title, and

(2) the interaction of requirements to file a notification or report under section 527 of the Internal Revenue Code of 1986 and reports under the Federal Election Campaign Act of 1971.

(b) INFORMATION.—Information provided under subsection (a) shall be included in any appropriate form, instruction, notice, or other guidance issued to the public by the Secretary of the Treasury or the Federal Election Commission regarding reporting requirements of political organizations (as defined in section 527 of the Internal Revenue Code of 1986) or reporting requirements under the Federal Election Campaign Act of 1971.

SEC. 04. WAIVER OF PENALTIES.

(a) WAIVER OF FILING PENALTIES.—Section 527 is amended by adding at the end the following:

“(k) AUTHORITY TO WAIVE.—The Secretary may waive all or any portion of the—

“(1) tax assessed on an organization by reason of the failure of the organization to give notice under subsection (i), or

“(2) penalty imposed under subsection (j) for a failure to file a report, on a showing that such failure was due to reasonable cause and not due to willful neglect.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to any tax assessed or penalty imposed after June 30, 2000.

At the end of subtitle A of title II insert the following:

SEC. . . . DEPENDENT CARE CREDIT.

(a) INCREASE IN DOLLAR LIMIT.—Subsection (c) of section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking “\$2,400” in paragraph (1) and inserting “\$3,000”,

(2) by striking “\$4,800” in paragraph (2) and inserting “\$6,000”,

(b) INCREASE IN APPLICABLE PERCENTAGE.—Section 21(a)(2) (defining applicable percentage) is amended—

(1) by striking “30 percent” and inserting “40 percent”, and

(2) by striking “\$10,000” and inserting “\$20,000”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

At the end of subtitle B of title IV add the following:

SEC. . . . EXCLUSION FROM INCOME OF CERTAIN AMOUNTS CONTRIBUTED TO COVERDELL EDUCATION SAVINGS ACCOUNTS.

(a) IN GENERAL.—Section 127 (relating to education assistance programs), as amended by section 411(a), is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

“(d) QUALIFIED COVERDELL EDUCATION SAVINGS ACCOUNT CONTRIBUTIONS.—

“(1) IN GENERAL.—Gross income of an employee shall not include amounts paid or incurred by the employer for a qualified Coverdell education savings account contribution on behalf of the employee.

“(2) QUALIFIED COVERDELL EDUCATION SAVINGS ACCOUNT CONTRIBUTION.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘qualified Coverdell education savings account contribution’ means an amount contributed pursuant to an educational assistance program described in subsection (b) by an employer to a Coverdell education savings account established and maintained for the benefit of an employee or the employee’s spouse, or any lineal descendent of either.

“(B) DOLLAR LIMIT.—A contribution by an employer to a Coverdell education savings account shall not be treated as a qualified Coverdell education savings account contribution to the extent that the contribution, when added to prior contributions by the employer during the calendar year to Coverdell education savings accounts established and maintained for the same beneficiary, exceeds \$500.

“(3) SPECIAL RULES.—

“(A) CONTRIBUTIONS NOT TREATED AS EDUCATIONAL ASSISTANCE IN DETERMINING MAXIMUM EXCLUSION.—For purposes of subsection (a)(2), qualified Coverdell education savings account contributions shall not be treated as educational assistance.

“(B) SELF-EMPLOYED NOT TREATED AS EMPLOYEE.—For purposes of this subsection, subsection (c)(2) shall not apply.

“(C) ADJUSTED GROSS INCOME PHASEOUT OF ACCOUNT CONTRIBUTION NOT APPLICABLE TO INDIVIDUAL EMPLOYERS.—The limitation under section 530(c) shall not apply to a qualified Coverdell education savings account contribution made by an employer who is an individual.

“(D) CONTRIBUTIONS NOT TREATED AS AN INVESTMENT IN THE CONTRACT.—For purposes of section 530(d), a qualified Coverdell education savings account contribution shall not be treated as an investment in the contract.”.

(E) FICA EXCLUSION.—For purposes of section 530(d), the exclusion from FICA taxes shall not apply.

(b) REPORTING REQUIREMENT.—Section 6051(a) (relating to receipts for employees) is amended by striking “and” at the end of paragraph (10), by striking the period at the end of paragraph (11) and inserting “, and”, and by adding at the end the following new paragraph:

“(12) the amount of any qualified Coverdell education savings account contribution under section 127(d) with respect to such employee.”.

(c) CONFORMING AMENDMENT.—Section 221(e)(2)(A) is amended by inserting “(other than under subsection (d) thereof)” after “section 127”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2001.

On page 18, between lines 14 and 15, insert the following:

SEC. 202. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(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), as amended by sections 619 and 620, is further amended by adding at the end the following:

“SEC. 45G. EMPLOYER-PROVIDED CHILD CARE CREDIT.

“(a) IN GENERAL.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to the sum of—

“(1) 25 percent of the qualified child care expenditures, and

“(2) 10 percent of the qualified child care resource and referral expenditures, of the taxpayer for such taxable year.

“(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed \$150,000.

“(c) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED CHILD CARE EXPENDITURE.—

“(A) IN GENERAL.—The term ‘qualified child care expenditure’ means any amount paid or incurred—

“(i) to acquire, construct, rehabilitate, or expand property—

“(I) which is to be used as part of a qualified child care facility of the taxpayer,

“(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

“(III) which does not constitute part of the principal residence (within the meaning of section 121) of the taxpayer or any employee of the taxpayer,

“(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees, to scholarship programs, and to the providing of increased compensation to employees with higher levels of child care training, or

“(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer.

“(B) FAIR MARKET VALUE.—The term ‘qualified child care expenditures’ shall not include expenses in excess of the fair market value of such care.

“(2) QUALIFIED CHILD CARE FACILITY.—

“(A) IN GENERAL.—The term ‘qualified child care facility’ means a facility—

“(i) the principal use of which is to provide child care assistance, and

“(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 121) of the operator of the facility.

“(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

“(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

“(ii) if the facility is the principal trade or business of the taxpayer, at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

“(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

“(3) QUALIFIED CHILD CARE RESOURCE AND REFERRAL EXPENDITURE.—

“(A) IN GENERAL.—The term ‘qualified child care resource and referral expenditure’ means any amount paid or incurred under a contract to provide child care resource and referral services to an employee of the taxpayer.

“(B) NONDISCRIMINATION.—The services shall not be treated as qualified unless the provision of such services (or the eligibility to use such services) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

“(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

“(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

“(A) the applicable recapture percentage, and

“(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

“(2) APPLICABLE RECAPTURE PERCENTAGE.—

“(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

If the recapture event occurs in:	The applicable recapture percentage is:
Years 1-3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

“(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

“(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term ‘recapture event’ means—

“(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

“(B) CHANGE IN OWNERSHIP.—

“(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer’s interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

“(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

“(4) SPECIAL RULES.—

“(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

“(B) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not

be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

“(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

“(e) SPECIAL RULES.—For purposes of this section—

“(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

“(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

“(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

“(f) NO DOUBLE BENEFIT.—

“(1) REDUCTION IN BASIS.—For purposes of this subtitle—

“(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

“(B) CERTAIN DISPOSITIONS.—If, during any taxable year, there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term ‘recapture amount’ means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

“(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting “, plus”, and by adding at the end the following:

“(14) the employer-provided child care credit determined under section 45G.”.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following:

“Sec. 45G. Employer-provided child care credit.”

(3) Section 1016(a) of such Code is amended by striking “and” at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting “, and”, and by adding at the end the following:

“(28) in the case of a facility with respect to which a credit was allowed under section 45G, to the extent provided in section 45G(f)(1).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

On page 18, between lines 14 and 15, insert the following:

SEC. 202. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business re-

lated credits), as amended by sections 619 and 620, is further amended by adding at the end the following:

“SEC. 45G. EMPLOYER-PROVIDED CHILD CARE CREDIT.

“(a) IN GENERAL.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to the sum of—

“(1) 25 percent of the qualified child care expenditures, and

“(2) 10 percent of the qualified child care resource and referral expenditures, of the taxpayer for such taxable year.

“(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed \$150,000.

“(c) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED CHILD CARE EXPENDITURE.—

“(A) IN GENERAL.—The term ‘qualified child care expenditure’ means any amount paid or incurred—

“(i) to acquire, construct, rehabilitate, or expand property—

“(I) which is to be used as part of a qualified child care facility of the taxpayer,

“(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

“(III) which does not constitute part of the principal residence (within the meaning of section 121) of the taxpayer or any employee of the taxpayer,

“(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees, to scholarship programs, and to the providing of increased compensation to employees with higher levels of child care training, or

“(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer.

“(B) FAIR MARKET VALUE.—The term ‘qualified child care expenditures’ shall not include expenses in excess of the fair market value of such care.

“(2) QUALIFIED CHILD CARE FACILITY.—

“(A) IN GENERAL.—The term ‘qualified child care facility’ means a facility—

“(i) the principal use of which is to provide child care assistance, and

“(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 121) of the operator of the facility.

“(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

“(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

“(ii) if the facility is the principal trade or business of the taxpayer, at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

“(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

“(3) QUALIFIED CHILD CARE RESOURCE AND REFERRAL EXPENDITURE.—

“(A) IN GENERAL.—The term ‘qualified child care resource and referral expenditure’ means any amount paid or incurred under a contract to provide child care resource and referral services to an employee of the taxpayer.

“(B) NONDISCRIMINATION.—The services shall not be treated as qualified unless the provision of such services (or the eligibility

to use such services) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

“(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

“(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

“(A) the applicable recapture percentage, and

“(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

“(2) APPLICABLE RECAPTURE PERCENTAGE.—

“(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

If the recapture event occurs in:	The applicable recapture percentage is:
Years 1-3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

“(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

“(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term ‘recapture event’ means—

“(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

“(B) CHANGE IN OWNERSHIP.—

“(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

“(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

“(4) SPECIAL RULES.—

“(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

“(B) NO CREDITS AGAINST TAX.—Any increase in tax under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

“(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by recon-

struction or replacement within a reasonable period established by the Secretary.

“(e) SPECIAL RULES.—For purposes of this section—

“(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

“(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

“(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

“(f) NO DOUBLE BENEFIT.—

“(1) REDUCTION IN BASIS.—For purposes of this subtitle—

“(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

“(B) CERTAIN DISPOSITIONS.—If, during any taxable year, there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term ‘recapture amount’ means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

“(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.”.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting “, plus”, and by adding at the end the following:

“(14) the employer-provided child care credit determined under section 45G.”.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following:

“Sec. 45G. Employer-provided child care credit.”

(3) Section 1016(a) of such Code is amended by striking “and” at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting “, and”, and by adding at the end the following:

“(28) in the case of a facility with respect to which a credit was allowed under section 45G, to the extent provided in section 45G(f)(1).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

On page 314, after line 21, add the following:

SEC. 803. CHARITABLE CONTRIBUTIONS OF CERTAIN ITEMS CREATED BY THE TAXPAYER.

(a) IN GENERAL.—Subsection (e) of section 170 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:

“(7) SPECIAL RULE FOR CERTAIN CONTRIBUTIONS OF LITERARY, MUSICAL, OR ARTISTIC COMPOSITIONS.—

“(A) IN GENERAL.—In the case of a qualified artistic charitable contribution—

“(i) the amount of such contribution shall be the fair market value of the property contributed (determined at the time of such contribution), and

“(ii) no reduction in the amount of such contribution shall be made under paragraph (1).

“(B) QUALIFIED ARTISTIC CHARITABLE CONTRIBUTION.—For purposes of this paragraph, the term ‘qualified artistic charitable contribution’ means a charitable contribution of any literary, musical, artistic, or scholarly composition, or similar property, or the copyright thereon (or both), but only if—

“(i) such property was created by the personal efforts of the taxpayer making such contribution no less than 18 months prior to such contribution,

“(ii) the taxpayer—

“(I) has received a qualified appraisal of the fair market value of such property in accordance with the regulations under this section, and

“(II) attaches to the taxpayer's income tax return for the taxable year in which such contribution was made a copy of such appraisal,

“(iii) the donee is an organization described in subsection (b)(1)(A),

“(iv) the use of such property by the donee is related to the purpose or function constituting the basis for the donee's exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described under subsection (c)),

“(v) the taxpayer receives from the donee a written statement representing that the donee's use of the property will be in accordance with the provisions of clause (iv), and

“(vi) the written appraisal referred to in clause (ii) includes evidence of the extent (if any) to which property created by the personal efforts of the taxpayer and of the same type as the donated property is or has been—

“(I) owned, maintained, and displayed by organizations described in subsection (b)(1)(A), and

“(II) sold to or exchanged by persons other than the taxpayer, donee, or any related person (as defined in section 465(b)(3)(C)).

“(C) MAXIMUM DOLLAR LIMITATION; NO CARRYOVER OF INCREASED DEDUCTION.—The increase in the deduction under this section by reason of this paragraph for any taxable year—

“(i) shall not exceed the artistic adjusted gross income of the taxpayer for such taxable year, and

“(ii) shall not be taken into account in determining the amount which may be carried from such taxable year under subsection (d).

“(D) ARTISTIC ADJUSTED GROSS INCOME.—For purposes of this paragraph, the term ‘artistic adjusted gross income’ means that portion of the adjusted gross income of the taxpayer for the taxable year attributable to—

“(i) income from the sale or use of property created by the personal efforts of the taxpayer which is of the same type as the donated property, and

“(ii) income from teaching, lecturing, performing, or similar activity with respect to property described in clause (i).

“(E) PARAGRAPH NOT TO APPLY TO CERTAIN CONTRIBUTIONS.—Subparagraph (A) shall not apply to any charitable contribution of any letter, memorandum, or similar property which was written, prepared, or produced by or for an individual while the individual is an officer or employee of any person (including any government agency or instrumentality) unless such letter, memorandum, or similar property is entirely personal.

“(F) COPYRIGHT TREATED AS SEPARATE PROPERTY FOR PARTIAL INTEREST RULE.—In the case of a qualified artistic charitable contribution, the tangible literary, musical, artistic, or scholarly composition, or similar property and the copyright on such work shall be treated as separate properties for purposes of this paragraph and subsection (f)(3).”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to contributions made after the date of the enactment of this Act in taxable years ending after such date.

At the end of subtitle A of title VIII insert the following:

SEC. ____ . WAIVER OF STATUTE OF LIMITATION FOR TAXES ON CERTAIN FARM VALUATIONS.

If on the date of the enactment of this Act (or at any time within 1 year after the date of the enactment) a refund or credit of any overpayment of tax resulting from the application of section 2032A(c)(7)(E) of the Internal Revenue Code of 1986 is barred by any law or rule of law, the refund or credit of such overpayment shall, nevertheless, be made or allowed if claim therefor is filed before the date 1 year after the date of the enactment of this Act.

At the end of subtitle A of title VIII insert the following:

SEC. ____ . RESEARCH CREDIT.

(a) **PERMANENT EXTENSION OF RESEARCH CREDIT.**—

(1) **IN GENERAL.**—Section 41 (relating to credit for increasing research activities) is amended by striking subsection (h).

(2) **CONFORMING AMENDMENT.**—Paragraph (1) of section 45C(b) is amended by striking subparagraph (D).

(3) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to amounts paid or incurred after the date of the enactment of this Act.

(b) **INCREASES IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.**—

(1) **IN GENERAL.**—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental credit) is amended—

(A) by striking “2.65 percent” and inserting “3 percent”;

(B) by striking “3.2 percent” and inserting “4 percent”;

(C) by striking “3.75 percent” and inserting “5 percent”.

(2) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

At the end of the matter proposed to be inserted, add the following:

SEC. ____ . CREDIT FOR MEDICAL RESEARCH RELATED TO DEVELOPING VACCINES AGAINST WIDESPREAD DISEASES.

(a) **IN GENERAL.**—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 620, is amended by adding at the end the following new section:

“SEC. 45G. CREDIT FOR MEDICAL RESEARCH RELATED TO DEVELOPING VACCINES AGAINST WIDESPREAD DISEASES.

“(a) **GENERAL RULE.**—For purposes of section 38, the vaccine research credit determined under this section for the taxable year is an amount equal to 30 percent of the qualified vaccine research expenses for the taxable year.

“(b) **QUALIFIED VACCINE RESEARCH EXPENSES.**—For purposes of this section—

“(1) **QUALIFIED VACCINE RESEARCH EXPENSES.**—

“(A) **IN GENERAL.**—Except as otherwise provided in this paragraph, the term ‘qualified vaccine research expenses’ means the amounts which are paid or incurred by the taxpayer during the taxable year which would be described in subsection (b) of section 41 if such subsection were applied with the modifications set forth in subparagraph (B).

“(B) **MODIFICATIONS; INCREASED INCENTIVE FOR CONTRACT RESEARCH PAYMENTS.**—For purposes of subparagraph (A), subsection (b) of section 41 shall be applied—

“(i) by substituting ‘vaccine research’ for ‘qualified research’ each place it appears in paragraphs (2) and (3) of such subsection, and

“(ii) by substituting ‘100 percent’ for ‘65 percent’ in paragraph (3)(A) of such subsection.

“(C) **EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.**—The term ‘qualified vaccine research expenses’ shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

“(2) **VACCINE RESEARCH.**—The term ‘vaccine research’ means research to develop vaccines and microbicides for—

“(A) malaria,

“(B) tuberculosis,

“(C) HIV, or

“(D) any infectious disease (of a single etiology) which, according to the World Health Organization, causes over 1,000,000 human deaths annually.

“(c) **COORDINATION WITH CREDIT FOR INCREASING RESEARCH EXPENDITURES.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (2), any qualified vaccine research expenses for a taxable year to which an election under this section applies shall not be taken into account for purposes of determining the credit allowable under section 41 for such taxable year.

“(2) **EXPENSES INCLUDED IN DETERMINING BASE PERIOD RESEARCH EXPENSES.**—Any qualified vaccine research expenses for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

“(d) **SPECIAL RULES.**—

“(1) **LIMITATIONS ON FOREIGN TESTING.**—No credit shall be allowed under this section with respect to any vaccine research (other than human clinical testing) conducted outside the United States.

“(2) **PRE-CLINICAL RESEARCH.**—No credit shall be allowed under this section for pre-clinical research unless such research is pursuant to a research plan an abstract of which has been filed with the Secretary before the beginning of such year. The Secretary, in consultation with the Secretary of Health and Human Services, shall prescribe regulations specifying the requirements for such plans and procedures for filing under this paragraph.

“(3) **CERTAIN RULES MADE APPLICABLE.**—Rules similar to the rules of paragraphs (1) and (2) of section 41(f) shall apply for purposes of this section.

“(4) **ELECTION.**—This section (other than subsection (e)) shall apply to any taxpayer elects to have this section apply for such taxable year.

(b) **INCLUSION IN GENERAL BUSINESS CREDIT.**—

(1) **IN GENERAL.**—Section 38(b), as amended by section 620, is amended by striking “plus” at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting “, plus”, and by adding at the end the following new paragraph:

“(16) the vaccine research credit determined under section 45G.”.

(2) **TRANSITION RULE.**—Section 39(d), as amended by section 620, is amended by adding at the end the following new paragraph:

“(12) **NO CARRYBACK OF SECTION 45G CREDIT BEFORE ENACTMENT.**—No portion of the unused business credit for any taxable year which is attributable to the vaccine research credit determined under section 45G may be carried back to a taxable year ending before the date of the enactment of section 45G.”.

(c) **DENIAL OF DOUBLE BENEFIT.**—Section 280C is amended by adding at the end the following new subsection:

“(d) **CREDIT FOR QUALIFIED VACCINE RESEARCH EXPENSES.**—

“(1) **IN GENERAL.**—No deduction shall be allowed for that portion of the qualified vaccine research expenses (as defined in section 45G(b)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 45G(a).

“(2) **CERTAIN RULES TO APPLY.**—Rules similar to the rules of paragraphs (2), (3), and (4) of subsection (c) shall apply for purposes of this subsection.”.

(d) **DEDUCTION FOR UNUSED PORTION OF CREDIT.**—Section 196(c) (defining qualified business credits) is amended by striking “and” at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting “, and”, and by adding at the end the following new paragraph:

“(10) the vaccine research credit determined under section 45G(a) (other than such credit determined under the rules of section 280C(d)(2)).”.

(e) **TECHNICAL AMENDMENTS.**—

(1) Section 1324(b)(2) of title 31, United States Code, is amended by inserting “or from section 45G(e) of such Code,” after “1978.”.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 620, is amended by adding at the end the following new item:

“Sec. 45G. Credit for medical research related to developing vaccines against widespread diseases.”.

(f) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

On page 55, strike line 8 and insert the following:

529(c)(1), or 530(d)(2). For purposes of the preceding sentence, the amount taken into account in determining the amount excluded under section 529(c)(1) shall not include that portion of the distribution which represents a return of any contributions to the plan.

On page 52, between lines 11 and 12, insert the following:

SEC. 423. TREATMENT OF BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.

(a) **IN GENERAL.**—Section 145 (defining qualified 501(c)(3) bond) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

“(e) **BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.**—

“(1) **IN GENERAL.**—If—

“(A) the proceeds of any bond are used to acquire land (or a long-term lease thereof) together with any renewable resource associated with the land (including standing timber, agricultural crops, or water rights) from an unaffiliated person,

“(B) the land is subject to a conservation restriction—

“(i) which is granted in perpetuity to an unaffiliated person that is—

“(I) a 501(c)(3) organization, or

“(II) a Federal, State, or local government conservation organization,

“(ii) which meets the requirements of clauses (ii) and (iii)(II) of section 170(h)(4)(A),

“(iii) which exceeds the requirements of relevant environmental and land use statutes and regulations, and

“(iv) which obligates the owner of the land to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction,

“(C) a management plan which meets the requirements of the statutes and regulations referred to in subparagraph (B)(iii) is developed for the conservation of the renewable resources, and

“(D) such bond would be a qualified 501(c)(3) bond (after the application of paragraph (2)) but for the failure to use revenues derived by the 501(c)(3) organization from the sale, lease, or other use of such resource as otherwise required by this part, such bond shall not fail to be a qualified 501(c)(3) bond by reason of the failure to so use such revenues if the revenues which are not used as otherwise required by this part are used in a manner consistent with the stated charitable purposes of the 501(c)(3) organization.

“(2) TREATMENT OF TIMBER, ETC.—

“(A) IN GENERAL.—For purposes of subsection (a), the cost of any renewable resource acquired with proceeds of any bond described in paragraph (1) shall be treated as a cost of acquiring the land associated with the renewable resource and such land shall not be treated as used for a private business use because of the sale or leasing of the renewable resource to, or other use of the renewable resource by, an unaffiliated person to the extent that such sale, leasing, or other use does not constitute an unrelated trade or business, determined by applying section 513(a).

“(B) APPLICATION OF BOND MATURITY LIMITATION.—For purposes of section 147(b), the cost of any land or renewable resource acquired with proceeds of any bond described in paragraph (1) shall have an economic life commensurate with the economic and ecological feasibility of the financing of such land or renewable resource.

“(C) UNAFFILIATED PERSON.—For purposes of this subsection, the term ‘unaffiliated person’ means any person who controls not more than 20 percent of the governing body of another person.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to obligations issued after January 1, 2002, and before January 1, 2005.

At the end of subtitle A of title VIII add the following:

SEC. ____ ACCELERATION OF BENEFITS OF WAGE TAX CREDITS FOR EMPOWERMENT ZONES.

(a) IN GENERAL.—Section 113(d) of the Community Renewal Tax Relief Act of 2000 is amended by striking “December 31, 2001” and inserting “the earlier of—

“(1) the date of the enactment of the Restoring Earnings To Lift Individuals and Empower Families (RELIEF) Act of 2001, or

“(2) July 1, 2001”.

At the end of subtitle D of Title IV add the following:

SEC. ____ CONTRIBUTIONS OF BOOK INVENTORY.

(a) IN GENERAL.—Section 170(e)(3) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new subparagraph:

“(D) SPECIAL RULE FOR CONTRIBUTIONS OF BOOK INVENTORY FOR EDUCATIONAL PURPOSES.—

“(i) CONTRIBUTIONS OF BOOK INVENTORY.—In determining whether a qualified book contribution is a qualified contribution, subparagraph (A) shall be applied without regard to whether or not—

“(I) the donee is an organization described in the matter preceding clause (i) of subparagraph (A), and

“(II) the property is to be used by the donee solely for the care of the ill, the needy, or infants.

“(ii) QUALIFIED BOOK CONTRIBUTION.—For purposes of this paragraph, the term ‘quali-

fied book contribution’ means a charitable contribution of books, but only if the contribution is to an organization—

“(I) described in subclause (I) or (III) of paragraph (6)(B)(i), or

“(II) described in section 501(c)(3) and exempt from tax under section 501(a) which is organized primarily to make books available to the general public at no cost or to operate a literacy program.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after the date of the enactment of this Act.

At the appropriate place, insert the following:

SEC. ____ TREATMENT OF CERTAIN HOSPITAL SUPPORT ORGANIZATIONS AS QUALIFIED ORGANIZATIONS FOR PURPOSES OF DETERMINING ACQUISITION INDEBTEDNESS.

(a) IN GENERAL.—Subparagraph (C) of section 514(c)(9) (relating to real property acquired by a qualified organization) is amended by striking “or” at the end of clause (ii), by striking the period at the end of clause (iii) and inserting “; or”, and by adding at the end the following new clause:

“(iv) a qualified hospital support organization (as defined in subparagraph (I)).”.

(b) QUALIFIED HOSPITAL SUPPORT ORGANIZATIONS.—Paragraph (9) of section 514(c) is amended by adding at the end the following new subparagraph:

“(I) QUALIFIED HOSPITAL SUPPORT ORGANIZATIONS.—For purposes of subparagraph (C)(iv), the term ‘qualified hospital support organization’ means, with respect to any eligible indebtedness (including any qualified refinancing of such eligible indebtedness), a support organization (as defined in section 509(a)(3)) which supports a hospital described in section 119(d)(4)(B) and with respect to which—

“(i) more than half of its assets (by value) at any time since its organization—

“(I) were acquired, directly or indirectly, by gift or devise, and

“(II) consisted of real property, and

“(ii) the fair market value of the organization’s real estate acquired, directly or indirectly, by gift or devise, exceeded 10 percent of the fair market value of all investment assets held by the organization immediately prior to the time that the eligible indebtedness was incurred.

For purposes of this subparagraph, the term ‘eligible indebtedness’ means indebtedness secured by real property acquired by the organization, directly or indirectly, by gift or devise, the proceeds of which are used exclusively to acquire any leasehold interest in such real property or for improvements on, or repairs to, such real property. A determination under clauses (i) and (ii) of this subparagraph shall be made each time such an eligible indebtedness (or the qualified refinancing of such an eligible indebtedness) is incurred. For purposes of this subparagraph, a refinancing of such an eligible indebtedness shall be considered qualified if such refinancing does not exceed the amount of the refinanced eligible indebtedness immediately before the refinancing.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to indebtedness incurred after December 31, 2003.

On page 314, after line 21, add the following:

SEC. ____ TAX-EXEMPT BOND AUTHORITY FOR TREATMENT FACILITIES REDUCING ARSENIC LEVELS IN DRINKING WATER.

(a) IN GENERAL.—Section 142(e) (relating to facilities for the furnishing of water) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(2) by striking “For purposes” and inserting the following:

“(1) IN GENERAL.—For purposes”, and

(3) by adding at the end the following:

“(2) FACILITIES REDUCING ARSENIC LEVELS INCLUDED.—Such term includes improvements to facilities in order to comply with the 10 parts per billion arsenic standard recommended by the National Academy of Sciences.”.

(b) FACILITIES NOT SUBJECT TO STATE CAP.—Section 146(g) (relating to exception for certain bonds) is amended—

(1) by striking “and” at the end of paragraph (3),

(2) by striking the period at the end of paragraph (4) and inserting “, and”, and

(3) by inserting after paragraph (4), the following new paragraph:

“(5) any exempt facility bond issued as part of an issue described in section 142(a)(4) (relating to facilities for the furnishing of water), but only to the extent the property to be financed by the net proceeds of the issue is described in section 142(e)(2).”.

(c) EXEMPT FROM AMT.—Section 57(a)(5)(C) (relating to tax-exempt interest of specified private activity bonds) is amended by adding at the end the following new clause:

“(v) EXCEPTION FOR CERTAIN WATER FACILITY BONDS.—For purposes of clause (i), the term ‘private activity bond’ shall not include any exempt facility bond issued as part of an issue described in section 142(a)(4) (relating to facilities for the furnishing of water), but only to the extent the property to be financed by the net proceeds of the issue is described in section 142(e)(2).”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

Beginning on page 19, line 21, strike all through page 22, line 1, and insert:

“(7) APPLICABLE PERCENTAGE.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

Table with 2 columns: 'For taxable years beginning in calendar year' and 'The applicable percentage is—'. Rows include years 2005 through 2009 and thereafter with percentages 174, 184, 187, 190, and 200.

(c) TECHNICAL AMENDMENTS.— On page 21, line 2, strike “2005” and insert “2004”.

On page 21, strike the table following line 21, and insert:

Table with 2 columns: 'For taxable years beginning in calendar year' and 'The applicable percentage is—'. Rows include years 2005 through 2009 and thereafter with percentages 174, 184, 187, 190, and 200.

At the end of subtitle A of title VIII, insert:

SEC. ____ TIME FOR PAYMENT OF CORPORATE ESTIMATED TAX PAYMENTS DUE IN 2011.

Notwithstanding section 6655 of the Internal Revenue Code of 1986, the amount of any required installment of any corporate estimated tax payment due under such section in July, August, or September of 2011 shall be equal to 170 percent of the amount of such installment determined without regard to this section.

NOTICE OF HEARING

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. THOMAS. Mr. President, I would like to announce for the information of

the Senate and the public that an oversight hearing has been scheduled before the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources. The purpose of this hearing is to review the implementation of the Recreation Fee Demonstration Program and to review efforts to extend or make the program permanent.

The hearing will take place on Thursday, June 14, 2001, at 2:30 p.m., in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, U.S. Senate, SD-354, Dirksen Senate Office Building, Washington, DC 20510-6150.

For further information, please contact Jim O'Toole or Shane Perkins of the Committee staff at (202) 224-1219.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet on May 23, 2001, to conduct a markup on the nomination of Mr. Alphonso R. Jackson, of Texas, to be Deputy Secretary of Housing and Urban Development; Mr. Richard A. Hauser, of Maryland, to be General Counsel of the Department of Housing and Urban Development; Mr. John Charles Weicher, of the District of Columbia, to be Assistant Secretary of Housing and Urban Development and serve as the Federal Housing Commissioner; and the Hon. Romolo A. Bernardi, of New York, to be Assistant Secretary of Housing and Urban Development for community planning and development.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet on Wednesday, May 23, 2001, at 9:30 a.m., on boxing.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, May 23, for purposes of conducting a business meeting which is scheduled to begin at 9:30 a.m. The purpose of this business meeting is to consider pending calendar business, as follows:

Agenda Item No. 1—S. 507—To implement further the Act (Public Law 94-241) approving the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, and for other purposes.

Agenda Item No. 5—Nomination of Patrick Henry Wood III to be a Commissioner of the Federal Energy Regulatory Commission.

Agenda Item No. 6—Nomination of Nora Mead Brownell to be a Commissioner of the Federal Energy Regulatory Commission.

Agenda Item No. 7—Nomination of Lee Sarah Liberman Otis to be General Counsel of the Department of Energy.

Agenda Item No. 8—Nomination of Jesse Hill Roberson to be Assistant Secretary of Energy for Environmental Management.

Agenda Item No. 9—Nomination of J. Steven Griles to be Deputy Secretary of the Department of the Interior.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, May 23, immediately following the committee business meeting to conduct a hearing. The committee will receive testimony regarding the administration's National Energy Policy Report.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet on May 23, 2001, at 11:30 a.m., for a business meeting.

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

COMMITTEE ON FOREIGN AFFAIRS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, May 23, 2001, at 10:30 a.m. and 2:30 p.m., to hold two hearings as follows:
10:30 a.m., room S-116—Nominee: The Honorable Howard H. Baker, Jr., of Tennessee, to be Ambassador to Japan, to be introduced by the Honorable Fred Thompson, the Honorable Bill Frist, and the Honorable Robert C. Byrd.

2:30 p.m., room SD-419—Witnesses: Dr. Norbert Vollertsen, Volunteer, German Emergency Doctors, Germany; Mr. Chuck Downs, Former Defense Policy Analyst, House Republican Policy Committee; and Consultant, McLean, VA; the Honorable James T. Laney, co-chair, Council on Foreign Relations Korea Task Force, Atlanta, GA; the Honorable Robert L. Gallucci, Dean, Georgetown University, Edmund A. Walsh School of Foreign Service, Washington, DC.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Com-

mittee on Governmental Affairs be authorized to meet on Wednesday, May 23, 2001, at 9:30 a.m., for a business meeting to consider pending committee business.

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

COMMITTEE ON THE JUDICIARY

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet to conduct a hearing on Wednesday, May 23, 2001, at 10 a.m., in Dirksen 226.

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

SUBCOMMITTEE ON SCIENCE, TECHNOLOGY AND SPACE

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on Science, Technology, and Space of the Committee on Commerce, Science, and Transportation be authorized to meet on Wednesday, May 23, 2001, at 2 p.m., on carbon sequestration.

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

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. BROWNBACK). Morning business is closed.

EXECUTIVE SESSION

NOMINATION OF HOWARD H. BAKER, JR., OF TENNESSEE, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO JAPAN

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to executive session to consider the nomination of Howard H. Baker, Jr. The nomination will be stated.

The bill clerk read the nomination of Howard H. Baker, Jr., of Tennessee, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Japan.

The Senate proceeded to consider the nomination.

The PRESIDING OFFICER. There are 2 hours equally divided for consideration of the nomination. Who yields time? The Senator from Wyoming.

Mr. THOMAS. Mr. President, I do want to talk a moment about the nomination of Howard Baker to be Ambassador to Japan. I am chairman of the Subcommittee on Asia and the Pacific Rim. We held a hearing today for Howard Baker. Fortunately, we were able to move it today so that his nomination can be voted on for confirmation.

Mr. President, I am pleased to accept Howard Baker as Ambassador to Japan. I am chairman of that subcommittee on Asia and the Pacific rim. Certainly one of the most important countries in that area is Japan, a country with which we have worked closely

for a very long time. We have had some of our highest profile Ambassadors in Japan, people in the past who had come from the Senate, also including a Speaker of the House and a majority leader of the Senate several years ago.

Now we have the opportunity—and I was very pleased to be able today to hold that hearing—to have Howard Baker as our nominee whom the President nominated to this important task. We are very proud to pass it on. We thank the leader for being able to bring it to the floor today so we can get our Ambassador in place in Japan.

Japan is key, of course, to much of what we do in the Asian area, and it is key to what we do in Korea, particularly North Korea and the Korean peninsula. We need to work with Japan to do that. The same is true with Taiwan and China. Japan is our partner.

Of course, they are the largest economy in that area and continue to have some economic problems, particularly banking problems. We have some things we have to work out with them with regard to our Armed Forces being in Okinawa and work out things to see if we can reduce the deficit with have in trade.

I cannot think of a better person to represent us. He has great experience and great compassion. He worked in the White House, in the Senate, and has been the Senate floor leader. He has done all things in public. I am delighted Howard Baker is our nominee.

I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I see other Senators who are here to speak on behalf of former Senate Majority Leader Howard Baker to be Ambassador to Japan. I will not be too long. I am delighted to have this opportunity. I think this is such a great selection for this very important position as Ambassador to Japan.

I feel a personal relationship with Howard Baker for a lot of reasons. First of all, I think Howard Baker was the first live Republican I actually saw up close in my life. When I was growing up in Pascagoula, MS, there was none. Then I had the good fortune of going to the great center of learning, Oxford, MS. There I saw this outstanding and very calming and articulate spokesman, Howard Baker, on Memphis television. I was impressed. And he was a Republican. I started listening to him and watching him and had occasion to meet him one time when he came down to the university.

Of course, this outstanding man from a small town in Tennessee ran for the Senate. He didn't go through the State legislature and through the House of Representatives and eventually to the Senate. He went straight to the Senate.

Of course, it is of interest that his mother and his father had also served in the House of Representatives. I believe his mother had been the sheriff of the county in Tennessee. I think that

is accurate. He had a pedigree of knowledge, the people of Tennessee and of governments. So it was a natural for him to go straight to the Senate.

His wife, of course, was the daughter of Everett Dirksen. He of the melodious voice, a legend in his own time, his portrait hangs on the majority leader's conference wall. He had that influence.

Immediately, he drew attention and respect. Immediately, he started to seek leadership in the Senate. He was not successful the first time. I think the Senator from Alaska can remember the details of that. He very quickly, comparatively speaking, became the leader of the Republicans of the Senate and then of course, in 1980, after the election, became the majority leader.

I remember watching him from my perch on the House side of the Capitol as the Republican whip at the time and having meetings with him in his room where he always had the fireplace going. I was always impressed. There were a couple of difficult issues with which we had to deal—the settling of AWAC, the Panama Canal. I can remember not agreeing with the position he took on at least one of those.

I watched how masterful he was. I remember coming over and watching one of the votes. We were standing in the back of the Chamber. As I recall, he sat on the corner of the table, and it seemed to have an influence on voters just because he was sitting there. Though both those motions prevailed, and they were in many ways unpopular, I remember sending him a handwritten note at the time how impressed I was at how he pulled those issues together in a bipartisan way.

Soft spoken; intellectual, actually. A lot of people would be surprised that an intellectual could rise to that kind of position, but he did.

Now I have an even greater respect for his leadership since I have for the past 5 years been able to serve as majority leader. I remember telling my immediate predecessor, Bob Dole: I thought your job was a piece of cake. Why wasn't it that way when I got here? This job is a challenge, every day. You have people who disagree with you around you, your friends on both sides of the aisle, and you try to give some direction to get some result. I truly now have a renewed and greater respect for the majority leader and the majority leader's position, and for Howard Baker in particular.

Of course, he went on to run for President. In fact, I think almost every majority leader except George Mitchell and Trent Lott have been candidates for President. I might note, none of them has been successful, although Lyndon Johnson did manage to come in sort of through the back door, after being selected to be Vice President. He did a wonderful job.

Then he showed even greater wisdom. He said: I've done that job; I'm out of here. And he went back to the private sector. And did he disappear into the

hills of Tennessee? No, though that is where he seeks refuge to this very day. He went into the private sector, went to a law firm. He is involved and thoughtful. He returned to public service as Chief of Staff to President Reagan.

Probably his greatest stroke of recent years is his marriage to the fine former Senator from Kansas, Nancy Kassebaum. What a duo that is.

Just a year or so ago in our continuing Leader's Lecture Series, Howard Baker was one of the speakers. It was extremely interesting. He gave us a Baker's dozen of suggestions of being in the Senate. That is 13, for those who are not from the South or who don't know a baker's dozen is 13. It was a great list, and he did a wonderful job.

Now he has been selected for this position. I received a call a couple weeks ago from none other than Senator BYRD who said: This is our colleague. We know him well. He was our majority leader. He wasn't just a member or just a leader; he was majority leader at a very tough, difficult time.

He worked with Senator BYRD across the aisle.

We don't have to wait for weeks or months for an investigation. We know this man. Let's move it. Let's expedite it.

The committee had its hearing today, and the Senate will vote tonight. We will vote to confirm Howard Baker, and he will be an Ambassador, very similar to the ones who have preceded him, former Majority Leader Mike Mansfield and former Speaker of the House Tom Foley.

Japan, I hope, recognizes and appreciates that we send them as our Ambassador the very best. That tradition continues with Howard Baker. I am delighted we are moving expeditiously. We will get this confirmation done. Senator Baker and his helpmate, Senator Kassebaum, will be great diplomats for America. They will be a tremendous asset for all who get to know him in Japan. I thank all of my Senate colleagues for agreeing to move this nomination expeditiously.

I invite Senator Baker to join us in about an hour and a half to hear the next Leader's Lecture presentation from former President of the Senate, former House Member, Gerald Ford.

The PRESIDING OFFICER. The Senator from the great State of Alaska.

Mr. STEVENS. Mr. President, I am delighted to follow our leader, speaking about our former majority leader, Howard Baker, and his lovely lady, Senator Kassebaum. As one whose home is closer to Tokyo than it is to Washington, DC, I welcome this appointment.

This is the century of the Pacific. If one really studies geopolitical affairs in this world, they can only come to the conclusion that the Pacific is going to be the region of great interest to the world, of great potential, and of great strife if we are not careful.

I am delighted the President has chosen Howard Baker to become the Ambassador to Japan. He has shown his

leadership on the floor of the Senate and in activities he has participated in around the world since he left the Senate. His wife, as we know, is one of the distinguished leading ladies of this country. The President is very smart. He gets two Ambassadors for the price of one.

We will welcome him going to Alaska on his way to Japan and on his way back because he is a great friend. It was my privilege to serve with Howard Baker. During the 8 years he was the leader I was assistant leader, and I consider him one of the finest Americans who has ever lived. I am glad to see he continues being willing to serve our country, and I shall vote for him.

I yield the floor.

Mr. WARNER. Mr. President, I rise today in strong support of the nomination of my good friend and former colleague Senator Howard Baker to be U.S. Ambassador to Japan. I can think of no finer individual to serve in this important post, for no finer person ever served in the U.S. Senate.

Having an Ambassador to Japan with Senator Baker's experience, knowledge, and statesmanship is crucial during this important period in U.S.-Japan relations. It is vital to America's goals for peace in this region. The overall security situation in Asia is of utmost importance. Having Senator Baker representing the United States in Japan will be a tremendous asset as we work to maintain security and stability in that vital region.

He proudly served as a sailor—P.T. boat sailor—who knows how to navigate rough seas.

Senator Baker's past service to the nation has been exemplary. He represented his home State of Tennessee for three terms in the Senate, from 1967 until 1985. Over the course of his final four years in the Senate, Howard Baker served with distinction as the Senate majority leader. After leaving the Senate, Senator Baker went on to serve the Nation as former President Reagan's Chief of Staff and as a member of the President's Foreign Intelligence Advisory Board.

Senator Baker, of all people, fully understands the demands and sacrifices we ask of our public officials and their families. His willingness to take on this challenge and once again return to public service is greatly appreciated. By his side, indeed a partner, will be his lovely wife, our former colleague, Nancy Kassebaum Baker.

Mr. President, I have been fortunate, to have worked with Senator Baker for many years. I have the great privilege to now be in my fourth term because of his help, and, above all, his advice and friendship. The Nation, the Senate wish them both good fortune.

Mr. HATCH. Mr. President, the Presidents of this country long ago established a tradition of nominating the most eminent of our political leaders to be ambassadors to Japan. Former Senators Mansfield and Mondale, and most recently, Speaker Tom Foley

have maintained that tradition of diplomatic excellence and service to our country up until this day.

When President Bush nominated my old friend, Howard Baker, to be our next ambassador to our most important Asian ally, he kept the highest standards of this important tradition. That is why I fully expect my colleagues today will concur in supporting this nomination. And while we will all miss the presence in Washington of our dear friend and his wife, another esteemed former colleague, Nancy Kassebaum Baker—who herself established a well-deserved reputation in this Senate as one of our most thoughtful leaders on foreign policy—what we will lose will be more than offset, once again, by the contribution that they will make for our country.

Howard Baker has been a public servant all of his life. It is an honor to serve in the Senate, not least because one serves with such distinguished and admirable colleagues, but I must say I have always considered myself particularly fortunate that my career overlapped in part with the three terms the distinguished Senator from Tennessee served here. I was particularly honored to have worked with him during the time he served as our party's majority leader. And as my colleagues well know, Senator Baker never really retired. He left the Senate and became the chief of staff to former President Reagan, serving that great President in an outstanding manner. While it would take too long to enumerate all of the contributions rendered since then by this exceptional public servant, it serves to note that he most recently was a leader of an important commission that conducted an essential review of our nuclear cooperation programs with Russia. The recommendations of that bipartisan commission were key in the new administration's policy review of this very important component of this important bilateral relationship. Now Howard Baker will go to serve another of America's important bilateral relations, as our Ambassador to Tokyo.

I have been saying for years that the strategic partnership American must nurture in Asia is not with China, but with Japan. President Bush clearly recognizes this reality, and he has demonstrated this with his appointments of Japan experts at the State Department, Pentagon and the National Security Council. The President has capped these selections by choosing Howard Baker as our Ambassador. I commend the President on his strategic thinking, and I think the President could not have made a better selection in filling this post.

Howard Baker brings to this position his long experience in the Senate, in the White House and in the corporate sector. All aspects of this experience will be beneficial to his efforts to represent the United States to our Japanese ally. For the Japanese leadership, which has warmly welcomed this nomi-

nation, former Senator Baker will bring an appreciation of all of aspects of American society, and a deep respect for Japanese society and culture. The new Japanese leadership of Junichiro Koizumi could not begin its relationship with Washington on a more auspicious note.

I have personally known Howard Baker for nearly a quarter of a century. I know him for his steady, calm presence and for his wise counsel. I know him for his love of country, and for his deep understanding of how the world beyond our borders works. He and his dear wife, former Senator Nancy Kassebaum, will be missed in Washington. But we can rest assured that our country's interests in Japan are superbly represented by this exceptionally dedicated and talented couple. I know that my colleagues concur and join me in wishing Howard Baker Godspeed.

Mr. FEINGOLD. Mr. President, I rise today to add my support to the nomination of Howard H. Baker, Jr., to be the U.S. Ambassador to Japan.

Howard Baker has an outstanding record of serving the people of the United States as an officer in the U.S. Navy, as a Senator, as White House Chief of Staff to President Reagan, and as a member of numerous Presidential Advisory Boards. During the nearly 20 years that he represented Tennessee in the U.S. Senate, he served as both the minority and majority leader, earning the respect of his colleagues and a reputation as a talented, fair leader, and consensus builder. Senator Baker also served on the Foreign Relations Committee and was a Congressional Delegate to the United Nations General Assembly.

The experience and the skill that Senator Baker has developed as a long time public servant will be valuable as he takes on the important role of working to strengthen U.S. relations with Japan. Howard Baker succeeds a long and illustrious line of envoys to Japan including former House Speaker Tom Foley, former Vice President Walter Mondale, Michael Hayden Armacost, and former Majority Leader Mike Mansfield. I am sure that he will represent the United States with honor, in a manner that reflects well upon his predecessors.

I am also especially pleased that the United States will benefit from the wisdom and expertise of Nancy Kassebaum Baker, our former colleague, who will accompany her husband in this important endeavor. I had the pleasure of working with Senator Kassebaum on many issues and know that America is getting a truly excellent team to represent our country in Japan.

Mr. ROCKEFELLER. Mr. President, I would like to state how delighted I am that the President has nominated a statesman of such skill and integrity to serve as our Ambassador in Japan. Senator Baker had just completed three terms when I entered this body, including terms as majority and minority leader. He was well known as a man

of courtesy and thoughtfulness, who managed difficult political battles with grace and good humor. He took those traits with him to the White House, where as Chief of Staff he played a key role in rebuilding public confidence in a presidency that was racked by foreign policy scandal. Throughout his career Senator Baker has often been called into service to help heal the ruptures created by difficult issues like Watergate, the Panama Canal and Iran-Contra; and he has repeatedly played a key role in forging the bipartisan consensus necessary to move our government and our nation forward.

There is no relationship more important for the U.S. than Japan. The vicissitudes of our difficult relationship with an emerging China, or the ongoing frictions on the Korean Peninsula, tend to attract most of the media attention devoted to Asia. But it is in fact Japan that is the indispensable country to the U.S. in Asia. Even after a decade of slow growth, Japan has by far the largest economy in Asia, and is the largest overseas market for U.S. products. Japan is an important investor in the United States, including in my state of West Virginia. Japan hosts the largest number of American troops in Asia, and is an important ally in our efforts to promote peace, prosperity and democracy throughout Asia.

The nomination of Senator Baker as Ambassador to Tokyo—the most recent in a series of senior statesman to serve in that critical post—will send confirmation to our Japanese allies the tremendous importance the United States attaches to our partnership with Japan. I know he will work with the new Government of Prime Minister Koizumi to express support for measures that will restart the Japanese economy, and enable Japan to resume its part as one of the locomotives of global growth. I know he will work with Japan to continue to re-invigorate our security alliance, which plays such an important role in maintaining peace in Asia. And I know he, by his very presence in Tokyo, will dispel Japanese perceptions that America is “Japan-passing.” Having followed U.S.-Japan relations for the past 40 years, I am confident that U.S. relations with Japan are not moribund but in fact mature.

I commend the President for his excellent selection of a representative for this critical post, and add how pleased I am that his wonderful and talented wife, our former colleague, Senator Nancy Kassebaum, will be in Tokyo with him. I can think of no one better to join him on this mission than my dear and most admired former colleague.

I will vote to support the nomination.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. Mr. President, I rise today also in enthusiastic and strong support for the nomination of Senator Howard Baker to be U.S. Ambassador

to the nation of Japan. In fact, Mr. President, I can think of no person who could represent America with more honor and more distinction than my fellow Tennessean, Howard Baker, a truly extraordinary man and an extraordinary leader in this body, in his community, and this Nation.

As we all know, Senator Baker served as the United States Senator from the great State of Tennessee for three terms. He served as minority leader, majority leader, and he served President Ronald Reagan as White House Chief of Staff.

More important than all of that, which we know, he has served America long and well, with unflinching grace, with inexhaustible courage, and with integrity; never hesitating, as we just heard from the majority leader, in taking on the tough tasks, the tough assignments, never failing to shoot straight with us, to call it like it is. Whether it was winning over, in Tennessee, traditional Democrats, union members, to become the first Republican in the history of Tennessee to be elected to the Senate and teaming up with Senators to pass monumental and historic clean air and water bills without a single dissenting vote, or lobbying his colleagues to allow the televising of Senate proceedings, which are routine today, or supporting plans to end the draft, or to provide for the direct election of the President, or give 18-year-olds the right to vote, or investigating a President of his own party, or forging a foreign policy consensus to check Soviet cold war expansion, Howard Baker never flinched from the tough decisions.

He always put principle before politics. He was not just a good Senator; he wasn't just a good leader; but he was a good mentor and friend to me personally.

What is remarkable as we hear people in this body talking about him, is his ability to build coalitions, his ability to disarm his opponents with compromise that addressed both the concerns of supporters and limited the problems of dissenters, bringing them together, addressing concerns from groups who would not normally be together—leaving all sides in good spirits.

I mentioned the personal reflection of being a good mentor and a good friend. Again, this comes from my own experience when 10 years ago I was trying to make a decision of how best to enter public service. I went by to see Senator Baker, someone whom I did not know, someone whom I had not met—sitting down with that person in conversation—and you know it is a conversation he has had with hundreds and hundreds of people thinking about public service—sitting down for an hour and listening to what not only a campaign would be like but what the privilege of serving the United States of America in this body was all about.

Over the next year and a half I made three more appointments with him and

took my wife Karen to listen to him, to talk to him. Indeed, he seemed to listen more to us than we did to him, in the thoughtful way of introspection and then comment. Yes, ultimately, after those conversations I decided, in large part based on those conversations, to run for the Senate.

At the height of his political power, Howard Baker stunned Washington by making a decision to leave the Senate, following his own advice of term limits, of the citizen legislator, only to be called back by President Reagan who tapped him as the White House Chief of Staff. He served President Reagan well.

The majority leader, a few minutes ago, mentioned that that legacy lives on. It was 2 years ago that he did come and give the lecture series—we will hear President Ford later tonight—and the title of that talk 2 years ago was “On Herding Cats,” talking about his experience in this body, each of the little points of the “Bakers Dozen,” of the 13 points I remember, as I listened in awe, as I listened in pride to my fellow Tennessean.

“Listen more often than you speak,” was one of the 13;

“Be patient,” another;

“Tell the truth, whether you have to or not,” was another;

“Be civil, and encourage others to do the same.”

So his story continues to unfold. Tonight, as we come together both to praise him and to support his nomination, we recognize that he remains an informal and trusted adviser, a model to which all politicians in Tennessee aspire, a friend to freedom, to democracy, a defender of principle, a man of honesty, integrity, and courage, who will represent America well.

His wife Nancy Kassebaum Baker has been mentioned, a friend to all of us. Together they make an experienced team, a knowledgeable team; together, a tremendous asset to the United States of America.

It is, indeed, with honor and pleasure, and I should say pride as a Tennessean, that I close in my support for Howard H. Baker, Jr., for the post of U.S. Ambassador to Japan.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. THOMPSON. Mr. President, I rise in support of the nomination of Howard Baker for Ambassador to Japan. I, first of all, compliment my colleague, Senator FRIST, for his eloquent remarks which encapsulated Senator Baker's career and his character. It is very gratifying to hear so many favorable remarks about someone whom we hold so dear.

This was the case this morning as we had the hearing on Senator Baker. We heard so many from both sides of the aisle—Senator BIDEN, Senator BYRD—say so many nice things about the Senator. It is a very personal matter to me in many respects.

Many years ago, I, with shaky hand, dialed a telephone number in order to

return a call from Senator Howard Baker. He had asked me to come up as counsel to the Watergate committee when he served as minority leader of that committee. Today that is the telephone number of my office because I have the privilege of occupying the chair. As I said earlier today, no one will be able to fill the shoes of Howard Baker, but I am privileged to occupy what we call the Howard Baker seat. I am sure others who have held that seat would not begrudge me referring to it in that way.

I would probably not be in politics were it not for Howard Baker. I left a job I dearly loved as assistant U.S. attorney many years ago, as a young lawyer, to go and manage middle Tennessee for Howard Baker, as if anyone could manage him, or as if he needed managing.

A young lawyer by the name of Lamar Alexander, later to be Governor of Tennessee, came to me and suggested this to me and suggested it to him and put us together. I asked how much the job paid and they said nothing. So with my usual business sense, I said that sounded good to me. I took on the job. Of course, he was the first popularly elected Republican in the history of Tennessee.

During Watergate, I had an opportunity that I know no other young man or young lawyer has ever had; that is, to sit at the right hand, literally and figuratively, of a man such as Howard Baker during the most tumultuous time in our generation and in American history. I saw him and the difficulties he encountered. We were dealing with a President of the United States who was a friend of Senator Baker. We were dealing with members of the Cabinet such as John Mitchell, who were friends of Senator Baker. I saw the agony that he went through as he tried to be fair. But he also tried to be steadfast to the Constitution of the United States. He walked that line and he showed the ethical and moral dimensions of his character.

He gave an example not only to this young lawyer at the time but to all of America of what it meant to be a statesman. In fact, I think the word "statesman" was coined for individuals such as Howard Baker because he demonstrated to all of us that it matters not only what you do but how you do it.

It is a great pleasure to see how revered he is by those who served with him, not the least of which, of course, is Senator BYRD of West Virginia, who served as the majority leader when Senator Baker served as minority leader. I heard them talk earlier today. I am looking forward to hearing Senator BYRD again on the floor, but I sat there and thought what two strong men, what two great men, oftentimes disagreeing but working together for the benefit of their country, what an example they set for us doing their job with mutual respect and only one thing in their minds—ultimately, serving their States and their country.

Senator Baker said earlier today that essentially, after all is said and done, he is a man of the Senate. Of course, the same could be said of Senator BYRD.

I compliment President Bush for making this appointment. Senator Baker—I assume; I have never really talked to him about it—was not an intimate of the Bush campaign, although I know he was a hard worker for it. I assume, looking back on it, that former President Bush and he were somewhat friendly competitors, as they were coming along about the same time. President Bush, the current President, obviously, has the good judgment to reach out and get the best for this most serious appointment.

This is a troubled part of the world. It is probably going to create more trouble for us in the years to come. We have a very unusual, ambiguous relationship with the country of China right now, as in many respects China is progressing in terms of its economy and in terms of its economic openness, while at the same time it is increasing its military might and has 300 missiles along its coast pointed toward Taiwan. It, clearly, has designs on being the predominant player in that part of the world, whether it be Taiwan or the South China Sea islands or various other parts of that area of the world.

It is extremely important that we maintain the best of relations with our friends and our allies in that area. There is none more important than the country of Japan.

Japan is undergoing its own internal changes that at this point we are attempting, while not being an overbearing friend, to be a helpful friend, whether it be with regard to reform of their banking system or the other aspects of their economy, and to go through those tough changes, that we and other countries have had to go through, to get to where they need to get. It is a very delicate time. They are undergoing a change in their leadership right now.

For all of these reasons, it is going to take a wise person, a steady hand representing us in that part of the world. Thank goodness we have a man such as Howard Baker to take on that job.

We make it very difficult nowadays for people to come in and serve their country. Our nomination process takes too long. It is too intrusive. The rewards oftentimes do not outweigh the benefits. But, thank God, we still have people such as Howard Baker and so many others who are willing to give a portion of their time to serve their country.

I am totally content that Senator Baker is going to serve as another in a long line of illustrious predecessors who have held this job and made America proud. America and the world will be better because he has served.

I yield the floor.

THE PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, the Senate will soon vote on the nomination of

former Senator Howard Baker to be the next U.S. Ambassador to Japan. This will be a vote I will long remember and of which I will long be proud. It will be one of those proud moments in the history of the Senate.

I have voted on many nominations, and I have cast 16,027 votes as of now. This will be one of the best votes I have ever cast. I have no doubt that this former colleague, with whom I worked so closely, will be an excellent representative of the United States to the Japanese Government and the Japanese people.

Senator Howard Baker served his home State of Tennessee in this Chamber for three terms, from 1967 to 1985. As the country began to recover from the scandal of Watergate, Howard Baker was chosen to lead the other side of the aisle as minority leader while I served as majority leader, positions that we would later exchange. Senator Baker distinguished himself as a man of strong character, sound judgment, and good humor. Having followed his father, with whom I served in the House of Representatives, his stepmother, and his father-in-law in Congress—again, speaking of his father-in-law, I can see Everett Dirksen standing in his place. I can see his unruly hair. I can see him gesturing and uttering the most beautiful phrases. He could paint word pictures, Everett Dirksen—

Senator Baker comes with great credentials in many ways. He had a deep and abiding understanding of and respect for the legislative branch. There was no doubt in Howard Baker's mind as to where the legislative branch stood. He knew of the Constitution. He knew about the separation of powers and the checks and balances. He was one who would always uphold those principles. His love for the Senate, his love for his country always came before partisan imperatives.

Senator Baker was often a voice of reason in challenging times. As the ranking Republican on the select committee that investigated the Watergate affair, his stated intent for the hearings was to determine the answer to the memorable question, as he put it: What did the President know and when did he know it?

I think everyone in this country has heard those words and probably most of us will remember having heard them.

Senator Baker and I joined together on a number of major initiatives that were important to the country as well as to the Senate. I can remember the Panama Canal treaties. I was majority leader. I was against the treaties to begin with. Howard Baker was against the treaties. I went to Panama and took with me six other Senators: Senator SARBANES, Senator Metzenbaum, Senator Matsunaga, Senator Riegle. There were seven, I believe.

We went to Panama. We talked to Americans living there. We talked to our military people. We talked with our State Department people. We

talked with the representatives of the Government of Panama, including General Torrijos. I read all about the history of the Panama Canal by David McCullough, "The Path Between the Seas." It is fascinating. Anything David McCullough writes is fascinating. I changed my mind about it.

Both Howard Baker and I knew we were swimming uphill, so to speak. The polls showed that the great majority of the American people were against those treaties. There were two of them. They were against those treaties. A majority of the Members of the Senate were against the treaties. So we had an uphill battle. We both came to the conclusion that it was in the best interest of the United States to ratify those treaties. It was a difficult task.

I can remember coming in here on a Sunday and meeting with the Panamanian Ambassador to the United States and with our own State Department people right down the hall to my right here, in room 207, which was and is named the Mansfield Room. I remember our meeting; and then in the room there, which was formerly the room of the Presidents pro tempore of the Senate, we met to hammer out some differences.

Howard Baker and I formulated two amendments to the treaty, and but for those two amendments—which we called the leadership amendments because the two leaders were joining—but for the leadership amendments, the treaties would not have been approved.

What I am saying is this. Here was a man who stood above party and voted for what he thought was in the best interests of the country, realizing that in the next election he would pay a price for that. I am still paying a price in West Virginia. There are still those who remember my votes for the treaties and continue to write to me about them to remind me. But he was in a far more difficult position than I. The Democrats controlled the Senate. We had at that time a Democratic President, President Jimmy Carter. So it was more difficult for Howard Baker.

But notwithstanding the difficulties, notwithstanding the politics of the matter, which were adverse to the position we took, Howard Baker proudly took that position, stating it clearly, articulately, and effectively; and because he joined in approving the treaties, we were successful. We ended up, on both treaties, getting a vote of two-thirds of the Senate plus one vote. We had one vote to spare. So we joined together on that occasion. I can't forget that.

I have said many times—and I said it this morning in the Foreign Relations Committee hearing on the nomination—that there are several medallions in the Senate reception room just off the floor here, and in five of those medallions we find the pictures of Webster, Calhoun, Clay, La Follette, and Taft of Ohio. I have stated one day this Senate will determine the names of other Senators whose pictures and

names will go in those remaining medallions. The Senate has already made a decision, I believe, with regard to the next medallion or so.

But at some point in time Howard Baker's picture—it is my hope—will appear in those medallions. So today, for the RECORD—although I won't be here, I am sure, when that decision is made—I nominate Howard Baker because he was a Senator who stood above the fog in public duty and in private thinking and took a hard position. It was hard for him and hard for his party, more so than mine. He provided invaluable support in that instance, as I say. And he also joined me in my effort to bring television coverage to the floor of the Senate.

In later years, he served well. You see, he served as minority leader first with me when I was majority leader, and then I served as minority leader while he was majority leader. Always, I found Howard Baker to be a very agreeable, down-home, homespun person, a person who had great common sense, which is so often absent in the halls of Government—common sense, and a man of good humor, very intelligent, exceedingly knowledgeable, highly articulate, a man of the people.

He served as President Reagan's Chief of Staff at a time when mature counsel and moderate leadership in the White House were needed.

In a 1998 address to the Members of this body, Senator Baker recalled the lessons that helped him as majority leader from 1981 to 1985. This is what he said:

What really makes the Senate work—as our heroes knew profoundly—is an understanding of human nature, an appreciation of hearts as well as minds, the frailties as well as the strengths, of one's colleagues and one's constituents.

That is bringing it right down to the common understanding, bringing it right down to earth. I suggest that this lesson will continue to serve him well in his role as Ambassador to Japan.

Over the years, the United States has sent some of its finest citizens to Japan to act as the President's representative, most recently Tom Foley, former Speaker of the House of Representatives; and prior to him there was Walter Mondale, former Vice President of the United States, and Mike Mansfield, former majority leader of the Senate. The appointment of Senator Baker to this position will again demonstrate the importance of our relationship with Japan, the most prosperous country in Asia, and, more importantly, allow our Government to regain the services of a very talented individual who has spent more than half of his life in the service of this country.

As Senator THOMPSON mentioned a little while ago, Nancy Kassebaum, a former Senator, will be there likewise. Howard Baker and his wife Nancy will be a great team. She could well serve as U.S. Ambassador to Japan in her own right.

Japan will be a vital partner to the United States in what many are calling "the Pacific century." Senator Baker will represent our country in a nation of great importance, in a region of great change, in a world in transition. I am confident that he will work to the best of his considerable abilities to ensure a prosperous, peaceful, and productive relationship with Japan.

I don't know of anyone, Democrat or Republican, I would be happier to stand on this floor and recommend to the people of the United States as Ambassador of Japan, or anyone who could serve more ably, or one who would be more effective. There isn't anyone who would be more patriotic and dedicated to the service of his country than Howard Baker.

I came to the floor immediately after the hearing and urged the majority leader to bring this nomination up today. There is no point in waiting. Bring it up today. I asked my own leader on this side of the aisle if we could do this nomination today. Of course, they had already made up their minds to do it today.

I have looked forward to this moment. I am proud of my service with Howard Baker. I am proud of Howard Baker because he typifies to me a true Senator, a Senator who understands the importance of party, political party, but a Senator who puts the Senate and the Constitution and his country above political party. I know because I was here when he did it.

As my former colleague prepares to journey to Tokyo following his confirmation, Erma and I will be wishing him and Nancy, his lovely wife, the best and a very successful tenure in that office.

Mr. President, I close by those words first written by Horace Greeley because they typify what I think is best about Howard Baker and basically what is most needed by every statesman who serves in government, whether at the national or local level, and basically what distinguishes one individual from another perhaps:

Fame is a vapor, popularity an accident, riches take wing. Only one thing endures, and that is character.

This man has it. I yield the floor.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, I compliment the distinguished Senator from West Virginia on a characteristically extraordinary statement. He speaks for all of us. He spoke eloquently, sincerely, and truthfully.

Senator Mike Mansfield once called America's relationship with Japan our most important bilateral relationship. How right he was.

Combined, our two countries account for more than 40 percent of the world's gross domestic product. When our nations work together, we can make and have made Asia more stable, Japan stronger, and America more secure.

Today, during this time of transition in Asia, our alliance with Japan is

more important than ever. I can think of no individual better equipped than Senator Howard Baker to ensure that our two countries continue to work together and succeed together.

As our distinguished Senator from West Virginia noted, Senator Baker served not only as the Republican leader, as the minority leader of the party, but also as the majority leader at a time when America faced challenges at home and the monumental challenge of the cold war. He worked with his colleagues in the Senate without regard to party affiliation to lead us through countless legislative challenges, and he proved to be a statesman without equal.

By confirming Senator Baker's nomination, we are sending Japan more than an outstanding Ambassador. We are sending a message that we believe Senator Mansfield's observation is truer today than it has ever been. The alliance between our two great nations is so important that it demands an Ambassador of the caliber of Senator Howard Baker, and I am certain that Japan will recognize, by receiving Senator Baker and Senator Nancy Kassebaum, that America is clearly sending its very best.

I join with my colleagues this afternoon in expressing heartfelt congratulations to Howard and Nancy, to express a sentiment I know is shared by every Member of this body in our pride and admiration for them and in our hope that they continue to enjoy public service and our thanks for serving their country so well. I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I rise in strong support of the nomination of Howard Baker to be U.S. Ambassador to Japan. I must say, and I am merely here speaking to the Japanese, I think this nomination is yet again a clear indication of the importance the United States attaches to the relationship with Japan.

For now what will be a quarter of a century, we have sent Senator Mike Mansfield, Speaker Tom Foley, and now Senator Howard Baker as our representatives to the Japanese Government and to the Japanese people. I hope it is fully appreciated in Japan—and I think it is—exactly what this means in terms of how highly we value this relationship, how important we think it is to the course of events internationally and, of course, how much it reflects the very strong conviction on the part of all of us here that Howard Baker and his wife Nancy will do an outstanding job representing us.

I have taken the floor of the Senate on occasion to oppose ambassadorial nominations, particularly non-career ambassadorial nominations. I do not take the position that all Ambassadors should come out of the career service because I think we can draw from outside of the career service to bring people who can make a real contribution—

and there is something of a tradition of that in our country—although I think it is very important that the large majority of the positions go to career people in part to help maintain the morale of the Foreign Service, so someone going into the Foreign Service at a young age and committing a career to the Foreign Service, who has an opportunity to rise and become an Ambassador, is not cut off as they move up the ladder because the Ambassadors are all brought in from outside. That would have a very harmful impact on the morale of the Foreign Service, and I think having a Foreign Service with high morale is a very important thing in contributing to America's interests and objectives around the world.

If someone were to come to me and say, "You have admitted you would accept non-career people; you do not have an absolutely rigid position on that; what kind of people is it you are looking for in terms of non-career people to become Ambassadors," I would start right off by saying I would be looking for someone like Howard Baker. This can be the mold, in a sense, of what we are looking for from outside the career foreign service.

We have all known Howard well in the Senate. We hold him in enormous respect. He is a man of great wisdom and judgment, of never-failing courtesy. All here who have dealt with him always sensed the respect he extended to others which, of course, evoked a respect from others back towards him. We need to remember that lesson around here sometimes.

Over the years we saw him exercise power with a sensitivity and a responsibility that is a real tribute to him as a leader. We have a lot of difficult issues that arise from time to time with Japan.

We ought not let those issues cause us to lose sight of how important having a strong positive relationship is with that country. I am sure Howard Baker, as his predecessors, Tom Foley and Mike Mansfield, have done, will be able to communicate that to the Japanese people and communicate back to Members of the Congress the situation that exists.

One of the things that both Ambassador Mansfield and Ambassador Foley did was maintain contacts with Members of Congress. Having come out of the institution, they appreciated the role it plays in these relationships. I think that is one of the strengths that Howard Baker will bring to this ambassadorship. Second, he served in the White House as chief of staff, so he knows the workings of the executive branch. He can bring that expertise also to bear as he assumes this very important responsibility.

I think Nancy Baker will be an extremely important dimension to this ambassadorship. I know at one point there was talk of a co-ambassadorship. I don't quite see how you do that, given the direct responsibilities on an Ambassador, but I am sure she will add a

very significant and extra dimension to this representation that our country will have in Japan.

I am pleased to take the floor, along with my other colleagues, in support of this nomination. I thank the distinguished Senator from West Virginia for his very eloquent statement about Howard Baker, about their relationship in the Senate, and about his character.

This is a man of character. This is a man of wisdom. This is a man of judgment. This is a man of civility. I am delighted he will be our Ambassador to Japan.

I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. BROWNBACK. Mr. President, I rise to support the nomination as well of Senator Howard Baker to be Ambassador to Japan, and of Nancy Kassebaum, a good friend of mine, a former Senator from Kansas, to go along, as well.

Senator Baker I have gotten to know better. I have not served in this body with him.

I have known Nancy Kassebaum very well over the years, her political history in Kansas. Her family has great leadership in my State. Her dad, Alf Landon, was a Presidential nominee, and in 1936 was Governor of Kansas. Senator Kassebaum followed in his footsteps as a very able, qualified, wholesome, and dignified public servant. She did an excellent job. She will do an excellent job in Japan, as well.

Senator Howard Baker I have gotten to know later in life. Sometimes he has come to Kansas State University football games. A great fan—and he picks a great team to support. When we play Tennessee, I understand they have a family dispute between Kansas and Tennessee and he stays with Tennessee, while Senator Kassebaum stays with Kansas State University.

This is an important nomination for reasons already noted, but I will reiterate; that is, the significance of the stature of the Ambassador we are sending to represent us in Japan. Japan is a key ally of the United States. Japan is in a region that will draw increasing focus from the United States in the future and has in recent times even more so. So we are sending to Japan a man of stature from our Nation to represent us in a part of the world on which we will increasingly focus.

We have had difficulties recently in Asia, particularly in our relationship with China. We are expanding our relationship with other nations throughout Asia. We are expanding our relationship with India and South Asia. This entire region of the world is growing in significance globally and growing in significance to the United States.

It is important we send this level of leadership to this region in the form of Senator Baker, for him to be able to represent our interests and our thoughts at this time of expanded U.S. activity and engagement throughout that area.

I wholeheartedly endorse his nomination as a member of the Committee on Foreign Relations. I am delighted the United States will have this individual involved in its foreign affairs. He will make an outstanding representative, an outstanding Ambassador. Nancy Kassebaum will be a co-Ambassador. I think she will be dearly loved by the Japanese people, the same way she was loved by the people of Kansas. While she served in the Senate, there was no politician in the country who had a higher approval rating on a statewide basis than Nancy Kassebaum. There are some who say she ranked just below the sunset and the wheat harvest in her approval ratings in our State. She had a lofty stature, and she will carry that along with her to Japan. This is a great nomination that I wholeheartedly support.

I yield the floor.

The PRESIDING OFFICER (Mr. ALLARD). The Senator from North Carolina.

Mr. HELMS. I ask it be in order for me to deliver my brief remarks seated at my desk.

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

Mr. HELMS. Mr. President, I made some remarks this morning at the time of the reporting out of the Committee on Foreign Relations the very wise nomination of Howard Baker to be the U.S. Ambassador to Tokyo. I said then, and I repeat, there is not one Senator who ever served with the distinguished former majority leader of this Senate—and I see where he sat right there—not one Senator who would not be honored to join in paying his or her respects to one of the most respected Senators ever to serve in the Senate.

All of us have fond memories of our relationship with Senator Baker, and all of us like him and respect him and admire him for his intelligence and his legislative skills and his ability to broker meaningful compromises and for being just a darn nice guy.

I must confess, my affection for Howard is because he has been so gracious to my grandchildren, and that is the way to any man's heart. I recall that on one occasion, the day after one of my granddaughters was born, Howard was going to North Carolina with me for a little adventure. He called me before we left and he said: JESSE, who is going to meet us at the airport?

I said: I don't know, but I will find out.

He said: I just wondered if I could take a trip.

I said: You can go anywhere you want to go.

He said: I would like to go to the hospital where that young one of yours was born yesterday.

I said: Howard, you don't need do that.

And he said: No, I like grandchildren, and I would like to go, if you don't mind.

I said: Fine.

He said: As long as I'm going, can I take my camera with me?

A lot of people don't know that he is an accomplished photographer and has published two or three books of pictures that are outstanding. He took pictures of that young one just born 24 hours earlier, and her mama and proud daddy and granddaddy and all the nurses in the hospital.

Fast forward about 4 or 5 years and Katie Stuart visited us and Howard found out about it. He was then the chief of staff for the President of the United States at the White House, President Ronald Reagan. He called me up and said: We need to update that picture that we took at the hospital. So we went down to the White House and he had all the lights set up and he said: Now, JESSE, I want you to get Katie in your arms and I want to photograph the proudest granddaddy and the sweetest granddaughter I ever saw. And he took that picture. That picture is on my wall to this good day.

Howard Baker will make a great Ambassador. On his own hook he would be great, but he has a second advantage, and that is a lady named Nancy Kassebaum Baker, who sat right back there, as a great Senator herself. And as someone said this morning, Nancy herself would make a good Ambassador anywhere she was sent.

I could go on and on, but suffice it to say that Howard Baker's experience and personal qualities and those of Nancy Kassebaum Baker will serve him and her and them well. The United States relationship with Japan is critical in this new era. In sending an Ambassador such as Howard Baker, President Bush has chosen a superbly qualified American to represent the American people in Japan, an outstanding ally of our country, the United States of America.

I yield the floor.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. Mr. President, I rise in support of Howard Baker. I realize this is unusual; the chairman of the committee should be the one to close. I apologize. I didn't know you were speaking. I think I am the last to speak and I will be brief.

Howard Baker is one of the few men or women nominated for Ambassador that it would be warranted not to be briefed about because there is so much to say about Howard Baker. The distinguished senior Senator from Hawaii, standing in the well, knows him as well as I do—and maybe a little better. I have been here 28 years. He was as fine a leader of the Senate as we had in either party. He is a man who, as I said this morning, possessed not only good judgment but a strong dose of wisdom.

Howard Baker has a piece of the country lawyer in him, the country lawyer who knows how to cut through difficult circumstances in a way that resolves a situation and at the same time does no harm or damage to either the egos and/or positions of either of the parties. That is the mark of a leader. It seems to me that is the primary

ingredient that an Ambassador should possess.

The appointment of Howard Baker to be Ambassador to Japan is the single strongest signal that the people of Japan could have that we value this relationship with Japan.

Senator HELMS and I have been here the same length of time, Senator INOUE longer, but I doubt whether there is any country to which we have sent more distinguished men and women—men in this case—than to Japan. He goes in the tradition of some truly great Americans. That sounds like a trite thing to say, "great Americans," but Mike Mansfield, "iron Mike," from Montana had more integrity in his little finger than most have in their whole body, a man whom everyone admired, a distinguished Speaker of the House of Representatives, Tom Foley, a distinguished colleague of ours, and on the opposite side of my friend from North Carolina, but respected, Fritz Mondale, a man who graced this place—and I mean that literally, graced this body—and Howard Baker. And I am leaving out others of consequence as well.

Let me say it is not hyperbole to suggest, as I did this morning, and the Senator referenced it, that Senator Nancy Kassebaum, all by herself, would be fully capable of dispatching the responsibilities of the Ambassador to Japan. Really, as we always say, the Senator from North Carolina and I, because of our responsibilities on the Foreign Relations Committee and confirming all Ambassadors—we always say the spouse of the nominee is someone who makes a sacrifice as well as who makes a contribution. It is almost always true, in some cases more than others.

This is a combination of political leadership, diplomacy, knowledge, and access—access to the corridors of power in the White House—that I think is unparalleled.

I join with my colleagues in saying that Howard Baker is a fine choice. More than that, he is a truly fine man.

As I said this morning, he and I have been on opposite sides of things—more together than on opposite sides—but I truly consider him a friend. It is presumptuous of me to say of a man of his stature that I am a friend. He was a man of consequence long before I arrived. I don't mean to be presumptuous in saying we are close friends. We are different in generations and different in age. But we are friends. I admire him. I admire him very much, and I compliment the President.

I will close with what I have always thought to be and I believe to be an old Anglo-Saxon expression. It says: Character is little more than the lengthened shadow of a man.

Howard Baker casts a very long shadow. He has great character. He will serve this Nation well at what I believe to be the single most critical time in U.S.-Japanese and U.S.-Asian affairs since the end of World War II. Words

matter; Howard Baker chooses his well, and I know of no place more than Japan where words, decorum, and diplomacy matter more.

No better choice could be made. I compliment the President.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Let me commend President Bush on his appointment of former Senator Howard Baker as the Ambassador to Japan. I guess, since we came to the Senate together, I know him about as well as any. I have traveled with him. I have seen him in action on trips. I have his photography in my home. I visited in his home at Huntsville, TN, with his former wife Joy and, since he lost Joy, he is now married to our great friend and distinguished former Senator from Kansas, Nancy Kassebaum.

They are a wonderful family, Nancy's son, daughter-in-law, the grandchildren. They are right down there in my hometown of Charleston, so I get to see them fortunately from time to time.

There is an old wag about coming to the Senate. You wonder how in the world, when you first get here, you got into this exclusive body. Then after a couple of years, you lose all humility and you wonder how the rest of them got here.

You observe them. Everyone here has a talent, all of high intellect and experience or they would not have been selected by their several States.

But what I really look for is that judgment. There is no question, more than a balanced budget we need balanced Senators around here, and that was Howard Baker. When I ran for President, I know no one remembers that—

Mr. BIDEN. I do.

Mr. HOLLINGS. You and I were out there together—to be forgotten.

We were asked that question, when you get along to a stage in your campaign, who would you select as Secretary of State? This is back in the early 1980s. And I said Howard Baker because of his sense of history, his capacity for reasoned judgment, and his intellect. He knows the world. He knows Japan. He knows our defense needs, our security needs in the Pacific rim, our trade problems and opportunities there and everything else.

Since others are here and ready and I take it we are ready to vote, let me simply say I am enthused about this particular appointment. I think the country is very fortunate to have him as our Ambassador.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, on behalf of the majority leader, I yield the remainder of the time.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

Mr. NELSON of Florida. Will the chairman allow me to say one short thing?

Mr. HELMS. I defer the question.

Mr. NELSON of Florida. I just wanted to say as a member of the Foreign Relations Committee, to the chairman and my ranking member, as a new Member, I was quite struck today at the testimony taken with regard to Senator Baker.

First of all, I saw the deep respect that Senator BIDEN and Senator HELMS had for him. And then I heard the testimony from Senator Dole as well, and Senator BYRD.

What struck me was Senator BIDEN's words, when he referred to Senator Baker as a man of the Senate. Before I came here, I would not have known the depth of feeling in that statement. But as I have had the privilege of getting to know all of you, and to interact with you on a daily basis, I now understand the respect that you accorded to Senator Baker by referring to him as a man of the Senate: Someone whose word can be counted on; someone who has principles; someone whose sense of integrity other people recognize. Isn't that what we need in our Government these days?

So it is with a feeling of great privilege that, as a new Senator, I join with all of you supporting Senator Baker to be our Ambassador to this very important country, to further the interests of the United States of America.

Mr. HELMS. Mr. President, I renew my request.

The PRESIDING OFFICER. All time having expired, the question is, Will the Senate advise and consent to the nomination of Howard H. Baker, Jr., of Tennessee, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Japan?

The yeas have and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Nevada (Mr. ENSIGN) is necessarily absent.

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 166 Ex.]

YEAS—99

Akaka	Daschle	Kennedy
Allard	Dayton	Kerry
Allen	DeWine	Kohl
Baucus	Dodd	Kyl
Bayh	Domenici	Landrieu
Bennett	Dorgan	Leahy
Biden	Durbin	Levin
Bingaman	Edwards	Lieberman
Bond	Enzi	Lincoln
Boxer	Feingold	Lott
Breaux	Feinstein	Lugar
Brownback	Fitzgerald	McCain
Bunning	Frist	McConnell
Burns	Graham	Mikulski
Byrd	Gramm	Miller
Campbell	Grassley	Murkowski
Cantwell	Gregg	Murray
Carnahan	Hagel	Nelson (FL)
Carper	Harkin	Nelson (NE)
Chafee	Hatch	Nickles
Cleland	Helms	Reed
Clinton	Hollings	Reid
Cochran	Hutchinson	Roberts
Collins	Hutchison	Rockefeller
Conrad	Inhofe	Santorum
Corzine	Inouye	Sarbanes
Craig	Jeffords	Schumer
Crapo	Johnson	Sessions

Shelby
Smith (NH)
Smith (OR)
Snowe
Specter

Stabenow
Stevens
Thomas
Thompson
Thurmond

Torricelli
Voinovich
Warner
Wellstone
Wyden

NOT VOTING—1

Ensign

The nomination was confirmed.

Mr. LEAHY. Mr. President, I move to reconsider the vote and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The President shall be immediately notified of the Senate's action.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now return to legislative session.

ORDERS FOR THURSDAY, MAY 24, 2001

Mr. SANTORUM. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 10 a.m. on Thursday, May 24. I further ask consent that on Thursday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business with Senators speaking therein for up to 5 minutes each, with the following exceptions: Senator THOMAS, or his designee, from 10 a.m. to 10:45 a.m., and Senator DURBIN, or his designee, from 10:45 to 11:30 a.m.

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

PROGRAM

Mr. SANTORUM. Mr. President, for the information of all Senators, the Senate will be in a period of morning business beginning at 10 a.m. tomorrow. Senators should be aware that votes may occur during tomorrow afternoon's session and throughout the remainder of the week. The Senate may consider the conference report to accompany the reconciliation bill and any executive or legislative items available for action prior to the Memorial Day recess.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. SANTORUM. Mr. President, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 5:57 p.m., adjourned until Thursday, May 24, 2001, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate May 23, 2001:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

RONALD ROSENFELD, OF MARYLAND, TO BE PRESIDENT, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, VICE KEVIN G. CHAVERS, RESIGNED.

DEPARTMENT OF THE INTERIOR

WILLIAM GERRY MYERS III, OF IDAHO, TO BE SOLICITOR OF THE DEPARTMENT OF THE INTERIOR, VICE JOHN D. LESHY, RESIGNED.

DEPARTMENT OF STATE

ROBERT D. BLACKWILL, OF KANSAS, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO INDIA.

ANTHONY HORACE GIOIA, OF NEW YORK, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF MALTA.

DEPARTMENT OF JUSTICE

J. ROBERT FLORES, OF VIRGINIA, TO BE ADMINISTRATOR OF THE OFFICE OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION, VICE SHELDON C. BILCHIK.

THE JUDICIARY

WILLIAM J. RILEY, OF NEBRASKA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE EIGHTH CIRCUIT, VICE CLARENCE A. BEAM, RETIRED.

CONFIRMATION

Executive nomination confirmed by the Senate May 23, 2001:

DEPARTMENT OF STATE

HOWARD H. BAKER, JR., OF TENNESSEE, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO JAPAN.