House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (MRS. BIGGERT).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC.
I hereby appoint the Honorable JUDY BIGGERT to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

PRAYER

Captain Leroy Gilbert, CHC, USN, The Chaplain of the Coast Guard, offered the following prayer:

Eternal God, before transacting the business of this country, we the people of the United States of America reverently pause to invoke Your blessings and presence upon the Representatives and the proceedings of this House today.

Lord, we are most grateful for our system of government inspired into existence by Your divine principles of humanity, service, freedom, equality and justice for all.

May Members of this governing body propose, debate, chisel and bring forth bills and ideas that are pleasing in Your sight and serve as a beacon of light to other nations of what can be accomplished by a country whose motto is “In God We Trust.”

Lord, we live in a rapidly changing world and we are faced with challenges that compel our country to make changes. Nevertheless, grant us the wisdom that our first response to a changing world will not be, “How should it be changed?” but “What do we stand for that should never change,” and then figure out how to change everything else.

As the decisionmakers in Congress contemplate the best course of action for the future of America, may the words of 2 Chronicles 7:14 be planted in their minds and hearts, "If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land." May God bless America. In Thy name we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Speaker pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC.
I hereby appoint the Honorable JUDY BIGGERT to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

Pledge of Allegiance

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Monahan, one of its clerks, announced that the Senate has passed without amendment a bill of the House of the following title:

H.R. 581. An act 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.

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

S. 143. An act to amend the Securities Act of 1933 and the Securities Exchange Act of 1934, to reduce securities fees in excess of those required to fund the operations of the Securities and Exchange Commission, to adjust compensation provisions for employees of the Commission, and for other purposes.

S. 378. An act to redesignate the Federal building located at 3348 South Kedzie Avenue, Chicago, Illinois, as the “Paul Simon Chicago Job Corps Center”.

S. 468. An act to designate the Federal building located at 6230 Van Nuys Boulevard in Van Nuys, California, as the “James C. Corman Federal Building”.

S. 757. An act to designate the Federal building and United States courthouse located at 904 West Hamilton Street in Allen- town, Pennsylvania, as the “Edward N. Cahn Federal Building and United States Courthouse”.

S. 774. An act 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”.

Matters set in this typeface indicate words inserted or appended, rather than spoken, by a Member of the House on the floor.
IT IS TIME FOR THE IRS TO GO

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

Mr. TRAFICANT. Madam Speaker, an investigation revealed that 16,000 IRS employees illegally used their computers. This report states IRS agents spent 50 percent of their time at work on personal business. If that is not enough to service your revenue, IRS agents illegally used their computers for shopping, stock trading, gambling and pornography. Unbelievable.

Think about it. While 60 percent of taxpayer calls to the IRS go unanswered, the IRS agents were watching Marilyn Chambers do the Rotary International. Beam me up here. It is time to pass a flat 15 percent sales tax and abolish this gambling, porn-watching IRS completely.

I yield back the internal reci
tice of the United States of America.

THE REAL ISSUE AT HAND IS ENERGY

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

Mr. McDERMOTT. Madam Speaker, today is a very important day. The one-party government in the United States is done. We had a vote of confidence in the other body today or yesterday and we are now back to two party government, and maybe, just maybe, we can get back to the issues the people really care about.

We are hanging around here today because we cannot seem to get the President's tax bill through. They cannot figure out how to give it all to the rich.

At the same time, we are failing to deal with energy. Now, the energy prices in my district, in Seattle, are facing a potential 250 percent increase from the Bonneville Power Administration. My estimates are that 102,000 jobs are at risk and that a whole quarter of a million jobs in Washington, Oregon, Idaho and Montana are at risk because of the runaway gouging costs of energy in the northwest.

Seattle City Light has already raised it 30 percent and it is coming up another 30 percent. When will we get down to the issues that matters?

SALUTE TO OUR VETERANS ON MEMORIAL DAY

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

Mr. MCNULTY. Madam Speaker, as we approach Memorial Day, I again want to salute our veterans. I was in Berlin in the spring of 1990 when the people were out there with their hammer and chisels taking down the Berlin Wall piece by piece, and then I listened to the East Berliners thank our American soldiers for their vigilance through the period of the Cold War.

The following year in September of 1991, I was in Armenia when people went out in overwhelming numbers to vote for those independence from the former Soviet Union. Then I was with them the next day in the streets of Yerevan and they danced and shouted and sang, "Ketez azat ankakh Hayastan," long live free and independent Armenia, pointing to the United States of America as their example of what they wanted to be as a democracy.

So it is important for all of us to know that we owe our freedom here in the United States to our American soldiers but also hundreds of millions of people all around the world today are enjoying the blessings of freedom because of the sacrifices of American soldiers. We salute them all.

CONSUMERS NEED HELP WITH ENERGY COSTS AND THEY NEED IT NOW

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

Ms. DeLAURO. Madam Speaker, each and every day all across America families are paying higher energy prices. In my State of Connecticut, a gallon of gas now goes for $1.82. In Illinois, the price has gone as high as $2.39. California citizens are being held hostage by out-of-state generators who have held down the production of energy in order to increase their own profits. In fact, if the price of milk had increased at the same rate as California's energy prices a gallon would cost $190. No family would accept such price gouging. Consumers need help with energy costs and they need it now.

What does the President and the Republican leadership do today in the midst of this crisis? They are locked behind closed doors deciding how much of a tax cut to give to the wealthiest 1 percent of Americans, while working and middle-class families spend more of their hard-earned dollars on unfair gas and electricity prices.

Republican remain focused on passing a tax cut that does little for these families but lines the pocket of people making more than $300,000 a year. The Vice President says the energy crisis is only an issue of supply and demand. His friends in the energy issue have the supply, and they are demanding an arm, a leg and family savings for it.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Under the previous order of the House, the gentlewoman from Illinois (Ms. SCHAKOWSKY) is recognized for 5 minutes.

Ms. SCHAKOWSKY. Madam Speaker, it is Memorial Day weekend, and while gasoline prices in my district are among the Nation's highest, at well over $2.00 a gallon, in fact it was about $2.22 for regular, it still does not appear that President Bush and Vice President CHENEY have any plans to bring gas prices down.

Big oil hit the jackpot last year, thanks to consumers in Chicago and across the country that paved the way for big oil's record profits. The top oil company profits last year went up over 100 percent on the average from the previous year, combining for almost $50 billion in profits. Now Exxon Mobile is number one on the ticker tape.

None of us should be surprised at the give-aways big oil is reaping from this administration and the Republicans. President Bush received $2 million in contributions for his re-election campaign and the Republican Party received over $25 million from big oil, with Enron and Exxon Mobile giving the most. It looks like those companies made the right bet.

Mr. President, I am again calling on you to persuade, in fact to jawbone, your friends in the industry to bring these prices down now. I hope you will think about that while you are relaxing at Camp David and my constitu

tants are cancelling their family's summer

SPECIAL ORDERS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Ms. CARSON) is recognized for 5 minutes.

Ms. CARSON of Indiana. I rise pursuant to the previous order of the House.

IT IS ALL ABOUT ENERGY, ENERGY, ENERGY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Ms. CARSON) is recognized for 5 minutes.

Ms. CARSON. Madam Speaker, it is Memorial Day weekend, and while gasoline prices in my district are among the Nation's highest, at well over $2.00 a gallon, in fact it was about $2.22 for regular, it still does not appear that President Bush and Vice President CHENEY have any plans to bring gas prices down.

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Mr. President, I am again calling on you to persuade, in fact to jawbone, your friends in the industry to bring these prices down now. I hope you will think about that while you are relaxing at Camp David and my constituents are cancelling their family's summer vacations.

Mr. OLVER. Madam Speaker, will the gentlewoman yield?

Ms. SCHAKOWSKY. I rise pursuant to the previous order of the House.

Mr. OLVER. Madam Speaker, I thank the gentlewoman from Illinois for yielding.

It turns out that we are talking about a very similar sort of thing.

I wanted to point out to people today that the President's energy plan utterly ignores a key fact; that if we are
to put limits on global warming and the inevitable resulting climate change, we must cut back on burning fossil fuels that release carbon dioxide, the most important greenhouse gas, into our atmosphere.

One of the least and most effective ways to reduce oil consumption is to increase the fuel efficiency of our cars and trucks. Currently, cars and trucks guzzle 40 percent of all the oil used in the United States and they produce 20 percent of the Nation's carbon dioxide pollution. Improved fuel efficiency would protect consumers from higher prices at the gas pump, reduce our dependence on foreign oil and decrease carbon dioxide emissions.

The gentleman from Maryland (Mr. GILCHREST), from the Republican Party, and I have together introduced, with bipartisan sponsors, a bill that would require light trucks and SUVs to meet the same fuel efficiency standards as other cars, gradually, by the year 2007. Once fully implemented, that would save the U.S. 1 million barrels of oil every day, reduce oil imports by 10 percent, and prevent over 200 million tons of carbon dioxide from entering the atmosphere.

Before we consider drilling in the Arctic National Wildlife Refuge or other ecologically sensitive areas, which could include the coastline of Florida on the West Coast of Florida in the Gulf of Mexico, we should first use common sense solutions like improving fuel efficiency, by simply improving the gas mileage that our cars and trucks achieve.

MISPLACED PRIORITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. GARY MILLER) is recognized for 5 minutes.

Mr. GARY MILLER of California. Madam Speaker, I had not planned on speaking today but it reminds me of a group of comedians coming forward today, and blaming President Bush for the energy crisis.

He has been in office a few months, yet the previous administration, President Clinton, did nothing about our energy problems. We became more reliant on foreign oil. We became more reliant on other products to provide services for our people, rather than providing for ourselves.

The Nation has changed dramatically. When I was a child, a person went to turn the light switch on and the lights came on. When they went to fill their gas tank, it was reasonable to fill their gas tank, it was reasonable to pump and surprise, prices are up, way up. But there is no market manipulation.

There is no market manipulation. Exxon Mobil, profits up $15.9 billion last year, profits up 102 percent in one year, there is no market manipulation. There is no role for the Federal Government here, except to enable them to drill for more oil and to cut their taxes. That is what the Bush energy plan proposes.

Now, the gentleman from California (Mr. GARY MILLER), I am very surprised that he did not want to talk about some of these things.

Yesterday I talked about Reliant Energy. Reliant Energy, based in Houston, Texas, profits up 1,800 percent in one year; bought a few generating
plants in California. It was revealed in the San Francisco Chronicle on Sunday, with interviews with some of their plant operators, that the plant operators were linked by telephone to their commodity trader speculators and the commodity trader speculators watched the charts and when the price of energy went up, they said crank up the plants. When the price of energy went down, they said crank down those plants. They did this on as frequently as 10-minute increments.

The destruction of the plants, obviously does not provide reliability or keep the lights on for the people in California and the Western United States, but it is incredibly profitable; 1,800 percent runup in profits in one year. But there is no manipulation.

The hear no evil, see no evil, speak no evil folks at the Federal Energy Regulatory Commission appointed by President George Bush, Mr. Hebert, the chairman; the Secretary of Energy; the President George Bush, Mr. Collins, are the no evil folks at the Federal Energy Regulatory Commission. That is the agenda of their entire administration. That does not matter. They want to manipulate this. Let us manipulate this. Let us do that. Why is it like this? It is because of the lack of planning and having a domestic energy policy for this Nation.

The previous administration avoided the issue, stayed away from the issue, did not want to address it, and over the last few years we have become more and more dependent on foreign oil, and that is wrong. But it is not only just the oil. We cannot even handle the refinery of oil for gasoline and fuel and other products.

What we do not hear them talk about is the price that Congress charges for gasoline and fuel, and the gentleman from Ohio (Mr. Traficant) is well aware of this. Yes, we charge, we the Congress of the United States, charge for every gallon of gasoline and diesel fuel that is used in this Nation. Eighteen cents a gallon for gasoline; 24 cents a gallon for diesel fuel, fuel that is used to transport products all over this Nation that we each buy as a consumer. People do not think that adds to the price of those products?

We charge 43 cents a gallon for aviation fuel. You do not think that does not add to the price of an airline ticket? 43 cents to the railroads. You do not think that does not add to the product they carry? 43 cents for barge service. You do not think that does not add to the price of the product that they carry? It does. But you do not hear anything about that from this well. But those are charges that are administered by the Congress of the United States.

But, you know, there are a couple of good things about that. We all pay that same rate, and those rates and those prices and those funds that come into the Congress are used for transportation products, for infrastructure, highways, bridges, things that we need, must have.

Of course, we have a few environmental laws that prevent us oftentimes from putting in the projects that are needed so we can commute without sitting in long lines. We all experience that. But we pay the same price for those things, and the funds are put to good use.

You do not hear them talking about the price charge that we are levying on every working person that is in this country to operate this government, and we have different charges to operate this government. You and I can pull up to the gas pump, we will pay the same price. You and I can walk into the same store, buy a like item, we will pay the same price for it. Anyplace in the marketplace that we go together, stand side-by-side and buy the same product, we will pay practically the same price for it, no matter who you are, what income level you are at.

But when it comes to paying for the operation of government, it is different, much different. We do not have the same price. In fact, we charge five different prices to operate this government five different prices. Yes, five different charges working people across this country to operate their government. Those five prices are the five marginal tax rates based on income.

They talk about the rich. Yes, the rich make a lot of money. But they pay a lot of tax too. A low income person, $30,000, $45,000 a year, they pay 15 percent. They are in that 15 percent bracket. That is a lot of money too. But it goes from 15 to 28, to 31, to 36, to 39.6 percent, based on the levels of income. Is anything fair about charging five different prices for the operation of government?

You never hear anything about that. I do not think it is fair. That is what we are trying to address with the tax bill in the conference that is going on today, is to reduce the charge that we charge for operation of government and try to make it a little more fair. Five different prices to operate the government, charged by the Congress of the United States.

HISTORIC TAX RELIEF

The SPEAKER pro tempore (Mrs. Biggert). Under a previous order of the House, the gentleman from Indiana (Mr. Pence) is recognized for 5 minutes.

Mr. PENCE. Madam Speaker, today we stand on the brink of an awesome opportunity, the opportunity to lift the burden of taxes of small businesses and family farms, the opportunity to pass the largest tax cut package in over 20 years. We have a moral obligation to act on this opportunity and remove Uncle Sam’s hand out of the pockets of hard-working men and women.

Under the current tax system, Madam Speaker, the average dual-earner family will pay more than $36,000 in taxes to the government. This equals out to be the first five months of their annual salary. This is more than the family will spend on food, clothing and shelter combined.
Madam Speaker, we often talk about the progress we have made. Yet, according to the Washington-based tax foundation, taxes at all levels now consume 39 percent of the average dual-earners’ family income. This is more than the amount that sores were obligated to their mid-evil lords. This, simply put, is wrong.

As we enter into the final stages of the bill’s passage that is being debated in conference committee today, I implore the Congress to stand firm in our commitment to working families. The House bill was a great start, but it is the bare minimum of what we can and should accomplish.

The decision to scale back tax relief over the next 10 years means that less than 25 percent of the surplus will be returned to taxpayers. Therefore, it is not only important, but imperative that we lower marginal rates on income if we are to improve the economy’s lagging performance.

It is true that a 3.5 percent reduction in the top rate tax is adequate for what ails our economy, history tells another story. Woodrow Wilson once said, “The Congress might well consider whether the higher rates of income and profit taxes can in peace times be effectively productive of revenue, and whether they may not, on the contrary, be destructive of the business activity and productive of waste and inefficiency. There is a point at which, in peace times high rates of income and profit taxes discourages energy, remove the incentive to new enterprise, encourage extravagant expenditures and produce industrial stagnation with consequent unemployment and other attendant evils.”

Woodrow Wilson was right. During the 1920s, Wilson’s leadership led to massive tax rate reductions. Amazingly, revenues actually increased. This is a fact that continues to resurface throughout the taxation history of this country.

The tax cuts which President John F. Kennedy passed in the 1960s ignited a huge economic expansion. The economy grew by more than 40 percent and tax revenues climbed by more than 62 percent.

The effects of the Reagan tax cuts, Madam Speaker, were just as impressive. The economy was pulled out of a severe downturn and a 7 year economic boom of record growth took its place.

During the 1980s, the goal of tax reformers on the left and the right was to reduce marginal rates as much as possible. At the beginning of the 1980s, the top marginal income tax rate was 70 percent; by the end it had fallen to just 28 percent. Support for low marginal tax rates had spread widely, and everyone seemed to believe that this was the right thing to do.

During the 1990s, the goal of tax reformers on the left and the right was to reduce marginal rates as much as possible. At the beginning of the 1980s, the top marginal income tax rate was 70 percent; by the end it had fallen to just 28 percent. Support for low marginal tax rates had spread widely, and everyone seemed to believe that this was the right thing to do.

The reasoning behind this phenomenon is simple: If history has taught us anything, it is that a high top rate reduction seldom produces much revenue. The principal effect is to make higher taxes on the poor and the middle class more palpable. In fact, because of inflation and real growth in the economy, in just a few years tax rates originally imposed on the rich often apply to those with middle incomes. The rich, meanwhile, often evade higher rates by making increased use of legal tax shelters. In short, Madam Speaker, higher rates tend to encourage the government to add new deductions to the already too-complex Tax Code.

Tax relief, Madam Speaker, could not be a more bipartisan issue. President Franklin Roosevelt warned of an increase in rates when he said, “Taxes are paid in the sweat of every man who labors because they are a burden on production and are paid through production, and the production is excessive.” President Roosevelt said, “they are reflected in idle factories, in tax-sold farms, in hordes of hungry people trampling the streets and seeking jobs in vain.”

Madam Speaker, we must pass this tax relief for all Americans.

TRIBUTE TO FALLEN HOUSTON LAW ENFORCEMENT OFFICERS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Madam Speaker, I rise this morning with a heavy burden for the Houston community and Harris County. I want to offer my deepest respect and sympathy to the families and friends and community of two very brave law enforcement officers, who lost their lives in Houston, Texas, this week.

First, Harris County Sheriff’s Deputy Joseph Dennis, 35 years old, was shot to death just a couple of days ago. Then, following his tragic death, Albert Vasquez, along with officer Enrique Duharte-Tur, were shot. Officer Duharte-Tur was injured and is now in critical condition, but, sadly, we lost our brother, Albert Vasquez.

It is important to realize that as we are a Nation of laws, we commit our principles and debate is all because we are freedom loving. We are better off because you lived. You, thank you, for ultimately we all are better off because you lived.

Freedom is not free, and we hold these truths to be self-evident, that we are all created equal, the men and women who have offered themselves in service and ultimately did not return to us, that we appreciate this Memorial Day weekend.

So as we leave this place, I would say to all, there may be those who are about to join their families for a good time, but I am very much aware that we should also be joining our families and appreciate what we have in this country. We have it because of the men and women who gave the ultimate sacrifice, whom we should be honoring on Memorial Day and every day, as those men and women gave their lives for this country.

It is my privilege to serve in the United States Congress, but that honor and the right to engage in democratic principles and debate is all because we are freedom loving. We are better off because you lived.

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But I hope we will be able to do that as we return.

MESSAGE FROM THE PRESIDENT

A message in writing from the President, a copy of which was transmitted to the House by Ms. Wanda Evans, one of his secretaries.

AMERICANS AFRAID OF THEIR OWN GOVERNMENT

The SPEAKER pro tempore. Under the Speaker’s announced policy of January 3, 2001, the gentleman from Ohio (Mr. TRAFICANT) is recognized for 60 minutes as the designee of the minority leader.

Mr. TRAFICANT. Madam Speaker, I want to thank the minority leader and his young floor man, Dan, who does a fine job and a fair job, for giving me this opportunity to speak. Many of the American people know that I go with- out a committee, but I am a Democrat. I want to talk about several issues here today that I think are very important. I very seldom take a special order, but while the Congress is involved in negotiations on an important bill affecting the lives of many people, I decided to take this time.

I heard my very good friend the gentleman from Georgia (Mr. COLLINS), a member of the Committee on Ways and Means, talking about the energy problem, and I could not agree with him more. His wisdom and wisdom like that is needed in this Congress. But I also have a different view that goes a little further.

I have a bill in that says that if there is price gouging in America, there should be a $100 million fine for any company that gouges American consumers of petroleum products. Mobil merged with Exxon; BP with Amoco. Competition is down. I think they are gouging us, and I think a $100 million fine for anybody artificially raising prices, 9 cents more on the weekend, $10 a barrel on Monday, is price gouging in America, there should be a $100 million fine for any company that gouges American consumers. It is price gouging in America, and I believe the psychology of this change occurred in 1963 with the assassination of John F. Kennedy. People look at the government. They look at the government. It was not designed to be that way. I personally believe the psychology of this change occurred in 1963 with the assassination of John F. Kennedy. If you believe what the government has told us about that, you believe in the tooth fairy.

But I want to get down now to some specifics that bother me. Before a sub-committee of the Committee on Government Reform of the United States House of Representatives, the people’s House, testimony just brought out that 43 years ago were convicted for murder. They were sentenced to life imprisonment. ‘Two of those four convicted murderers, supposedly, died in prison. The other two, Salvadi and Limone, were recently released, because the FBI finally admitted they had expected that Salvadi and Limone were not the killers, and they protected their valuable informants who did the killing.

When the FBI agent was asked if he had any remorse, his answer was, ‘What do you expect, tears?’ Thirty years, ladies and gentlemen, for a murder they did not commit.

Now, let us look at FBI agent Hanssen; 15 years selling our secrets to the Russians. Do you honestly believe he could do this with the direction of the Federal Bureau of Investigation with no one else knowing it? Come on now.

Now, how about the case in Boston, Massachusetts, where the FBI agent-in-charge has now been indicted? He has been indicted for over looking murder on behalf of his informants. And guess what the FBI agent-in-charge said? ‘I was told by my superiors to lie.’

Now let us take a look at Waco, David Koresh. They could have arrested him any morning out jogging, but they wanted a sensational bust. Eighty-some Americans killed. Tanks. Thirty children. They could have arrested him any morning. They wanted a sensational case; they now have sensational headaches. But how about Randy Weaver and his family? I did not agree with his politics. He was a white separatist. But his 14-year-old boy was shot and killed by the FBI when the FBI had been holding her infant child, standing in the doorway, horrified over the scene she was witnessing, was shot by one of the FBI’s best sharpshooters. Put your finger right between your eyes above your nose. And the court ruled accidental shooting. Why, then, did American taxpayers give $5 million to Randy Weaver? Was it for justice, or to shut him up?

But now I take you to northeast Ohio. I am the Member that is under indictment, the only American in history to have beaten the Justice Department in a RICO case, pro se, without being an attorney, through a full jury trial. Experts say my chances are 1 in 5 million. Well, there are 275 million Americans. That means I am one of about 55 Americans that have a shot. I am going to take that shot.

Now, here is why: In the early eighties, a man named Charles Carabba, an underworld figure, was killed in Youngstown, Ohio. Subsequent to that, the FBI said the second most important Mafia informant since Valachi, a man named Angelo Lonardo, gave the government, the FBI, information in 1984, and then gave this same testimony to a Senate subcommittee of the United States Senate.

Angela Lonardo, the underboss of Cleveland, was credited with helping to take down the Mafia in Kansas City and in New Orleans. But listen to what he told the U.S. Senate in 1987, and that he had told the FBI in 1984.

He said two underworld figures by the name of Joseph Naples and James Prato came to him in the early eighties and asked permission to kill Charles Carabba. He and his boss met with them personally and they said no, work it out. He later testified they came back and said they met with the Pittsburgh Mafia and the Pittsburgh Mafia wants Mr. Carabba killed. They said no, work it out.

Then Mr. Lonardo, not through Mr. Jones getting information, Mr. Lonardo testified that Mr. Carabba was missing and feared murdered. He said several weeks later he got a call from Mr. Prato and Mr. Naples, and Mr. Prato and Mr. Naples met with Mr. Lonardo and his boss, Mr. Licavoli, in a restaurant in Cleveland, and said, ‘We killed Charles Carabba, and we apologize for leaving his car in the Cleveland area.’

Ladies and gentlemen on the House floor, there was no grand jury investigation into the murder of Charles Carabba. Joseph Naples was murdered in the early nineties by a mob rival and James Prato died of old age, and now affidavits and documents reveal the Youngstown office of the FBI was on the payroll of the mob. Naples and Prato. Documents also show that Assistant U.S. Attorneys were on the payroll of the mob in Cleveland, Ohio.

What has happened to our country here? How did the FBI let the mob control the EPA, get so strong that we fear them? Who elected them? It is up to Congress to take our country back, so help me God. But there are several things that I have done since my first trial.

The bottom line is, the government can notify you, and by that I mean the real government, the middle management bureaucrats that are not elected, and if they do not like a Member of Congress, they will go after them. Think about that.

But, you see, since those incidents I have tried to crack down on some of the power. Since being in Congress, I passed four specific laws to deal with the IRS.

The first one said they have to treat us courteously across cultural lines. They have a training program with their agents about taxpayers’ rights. They oppose that. They oppose that. They passed a bill threatening them with a $100 million fine if they assaulted a taxpayer. They did. They passed a bill and killed a Treasury appropriations bill, they came to me and said, ‘We will build you a courthouse if you do not do that anymore.’ I said, ‘Go right ahead, but put my language in the next bill,’ and they did. They have to have a training program.

The next year I came back and said, what good is a training program if they
abuse us? So I was able to pass a little law that said if the IRS abuses you, you can sue them for $1 million. Shirley Barrons of Derry, New Hampshire, was the first to be successful. The IRS settled out of court for half a million dollars. She won her case.

One of the main reasons I voted for Mr. HASTERT, which caused the problems on my side of the aisle, was the Democrat Party would not even have a hearing on a Traficant bill that dealt with important IRS matters.

Before they were guilty and had to prove yourself innocent in a civil tax case. Most tax cases are civil. If it is crime or fraud, the IRS has the burden, but that is in very few cases. They are usually civil and the burden of proof was on the taxpayer.

The Traficant bill said, look, the IRS comes out to audit you, and you cooperate and they are not satisfied. They decide to litigate. The burden of proof transfers to the Secretary of the Treasury and the IRS. They should have the burden.

The second provision said they can no longer from a back room decide to take your home, they had to have judicial consent. But I gave credit on the floor to Mr. Archer, no longer here, former Republican Chairman of the Committee on Ways and Means, who called me.

My language was not in the original IRS reform bill in 1998 because it was going to be vetoed. It was too strong. Mr. Archer, the gentleman from Illinois (Mr. HASTERT), the gentleman from Tennessee (Mr. DUNCAN), the gentleman from Georgia (Mr. COLLINS), the gentleman from Ohio (Mr. CHABOT), the gentleman from Ohio (Mr. NEY), and the gentleman from Ohio (Mr. LATOURETTE), they helped get the Traficant language in.

I want to give you the statistics. The bill was passed in 1998. Comparing 1997 to 1998 figures, wage attachments, 1997, 3.1 million; 1999, 540,000. Property liens, 1997, 680,000; 1999, 161,000. But, listen to this: "Life, liberty and the pursuit of property." That was the language, the original founding fathers' language. The last change to one of our great documents was "life, liberty and pursuit of happiness." That is how important property was. Property seizures, 1997, 10,037; 1999, 151.

When they needed judicial consent and a hearing, they could not take our homes. They were stealing our homes. What is wrong with us, America?

So it is time now for some additional reforms. There are two of them. The major reform bill that I have before the Congress now is known as the Fair Justice Act. It requires the President nominate for a 10-year term a Director of the Fair Justice Agency, who must be confirmed by the Senate, with one exclusive role, to investigate and prosecute white-collar and crime in the Justice Department.

Madam Speaker, they investigate themselves. The fox in the hen house investigates the fox that raided the hen house. Do you really believe that jury in Waco got the true facts?

We spent $40 million on Monica. Now, look, the President may have been the threat to chastity, but he was not a threat to liberty. And we did not spend a dime on China, China, who has taken $100 billion of trade surplus out of America, buying nuclear attack submarines, intercontinental ballistic missiles, and have announced they have aimed them at us. We are financing World War III, and there was no investigation whether a Red Chinese general gave money to the Democratic National Committee. Shame, shame.

Lastly, dealing with the IRS, listen carefully. The gentleman from Georgia (Mr. COLLINS) touched on it. We need a flat tax in America. But why should it be an income tax? A recent study from Harvard said 24 percent of the cost of an American-made automobile is the Tax Code, and when it is shipped overseas it gets hit with a value added tax. Is it any wonder we do not export any cars? Thirty-three percent of the cost of a loaf of bread is the Tax Code.

I think, hey, you do not have to be a rocket scientist here. The Taulzin-Traficant 15 percent national retail sales tax will be introduced as soon as this tax bill is completed now before the Congress.

I am going to vote for those tax cuts. Here is how the Taulzin-Traficant bill works: No more income tax, no more withholding, no more capital gains tax, no more inheritance tax, no more tax on education, no more tax on investment, and the IRS is abolished. Nothing personal here.

Forty-five States already collect a State sales tax. They get one penny per dollar to collect the tax. The companies who do the selling get half a penny for their paperwork. We get 98.5 cents. You will be surprised to find out that 90 percent of all retail sales are conducted by less than 9 percent of American retailers.

Madam Speaker, what do we need the IRS for? How can there be freedom in America if you have to look through the Tax Code to see if you should buy a car this year or sell your apartment this year? Why should we have to look into a Tax Code to see if we can give our property to our kids? What is wrong? What happened to America? What has happened here? Something is very wrong.

MEMORIAL DAY, A SPECIAL THANKS TO WORLD WAR II VETERANS

Mr. TRAFICANT. Now we come to Memorial Day, and I want to thank all of the veterans. I recently spoke on the construction of the World War II Monument on the Mall; certainly hallowed ground indeed. Washington, Jefferson, Lincoln preserved America. All our veterans are special, but the generation of World War II, those who died and those who still live, they not only saved America, they saved the entire world. It is right and fitting that that monument be built on the mall.

Thank a veteran. I thank all veterans for preserving our freedom. I say this to all Americans, you have won the wars brought by God, the politicians have lost the peace.

It is time to bring our country back to the people. I have confidence in this Congress. I have confidence in Speaker HASTERT. IRS reform is important, but that is in very few cases. They are usually civil and the burden of proof was on the taxpayer. We are the government. I want to thank the Democrat leadership for allowing me this time, and I appreciate some of the things that they have done recently to promote involvement in school construction and other actions in education.

ETHANOL PRODUCTION IS PART OF THE ENERGY SOLUTION

The SPEAKER pro tempore (Mr. KIRK). Under a previous order of the House, the gentleman from Nebraska (Mr. OSBORNE) is recognized for 5 minutes.

Mr. OSBORNE. Mr. Speaker, over the last several days a great deal has been said about our national energy crisis. Unfortunately, much of the commentary has centered on finding blame. At various times, the Bush administration, the Clinton administration, the California legislature, energy companies, environmentalists and others have been blamed. As I see it, the main value of looking at the past is to make sure we do not repeat the same mistakes that caused the current problem. However, dwelling on the past and attempting to fix blame serves no useful purpose and actually impedes progress. What is needed now is to identify solutions and start moving toward those solutions.

In my previous profession, which was coaching, there are all kinds of people that could say what went wrong and why it went wrong, but this really did not accomplish anything. What we were looking for was people with proactive ideas, because they were able to help relieve the situation.

Part of the solution to the current energy crisis that would appear to benefit all factions involved would be that of ethanol production. The use of ethanol in gasoline has been proven to reduce harmful emissions by 30 to 50 percent and is a renewable source of energy. Therefore, it benefits the environment and should certainly please the environmental community. It has a potential to reduce our dependence on foreign oil by a small but significant amount, which serves our national interests and benefits.

It utilizes grain surpluses, improves commodity prices and benefits the agricultural community. If you look at
thought is going on in agriculture today. Ethanol may be about the only real bright spot out there for those who grow row crops. We are poised to increase our ethanol production by 200 to 300 percent, as dozens of new ethanol plants are in various stages of development.

The one deterrent to this development is uncertainty as to whether the 2 percent oxygenation requirement for fuel is going to be waived. Currently, about eight-tenths of 1 percent of our national oxygen requirement is provided by ethanol. It could very easily go to as high as 5 or 6 percent. If the oxygenation requirement is waived, the demand for ethanol could go down close to zero.

So this is a huge factor for those who are involved in the ethanol industry. It is extremely important for all concerned that the matter of whether or not the waiver for oxygenation standards will be granted or not be granted. Further delay will only serve to exacerbate the problem.

ETHNICITY WE HAVE COME A LONG WAY IN THIS COUNTRY BUT WE STILL HAVE A WAY TO GO

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Oregon (Mr. Wu) is recognized for 60 minutes.

Mr. Wu. Mr. Speaker, an odd thing happened to me 2 days ago on my way down to the Department of Energy. I was going down to give a talk to employees there, and I was stopped by the guards when I was trying to enter the building and I was asked repeatedly, my staffer and I were asked repeatedly, whether we are American citizens. This occurred both before and after I presented my congressional identification card.

Now I have walked around the White House, the Supreme Court, this United States Capitol, and I know that there is sensitive information at the White House, at the Supreme Court and sometimes here, but maybe, maybe the Department of Energy is a special case, perhaps.

What they said was that they asked everyone, everyone, whether they are a U.S. citizen or not, but that proved not to be a and collected from a gentleman from Massachusetts (Mr. Capuano), went yesterday and he was not asked the way that I was at all.

The ultimate irony is that I went to the Department of Energy 2 days ago to give a talk, at their request, about the progress of Asian Americans in America as part of Asian Pacific American Heritage Month celebration activities by the employees there.

There has been progress over the last 200, 215 years for Asian Americans in America but apparently we have a little ways to go yet.

Now I am reluctant to make much of this incident and I was just going to let it go, but upon reflection, Mr. Speaker, I cannot just let this go because it would be wrong and it would break a promise that I have made to students in Oregon and that I have made to students across this country.

When I was a student at home and in other places around the country, sometimes they ask, are you treated fairly? Is there any difference because of ethnicity in the U.S. Congress? And I always answer, no, I am treated very well and very fairly and there is no question about ethnicity in the House, and that is absolutely true.

Then sometimes there is a follow-up question, have there ever been incidents in your life that caused you to reflect upon or make you think that you are discriminated against?

At that point, I generally try to refocus the direction of the discussion. I say, look, look, you are here in school to study, to work hard. You need to focus on those things that you can change that, and if you focus on those things then this country will give you a chance to succeed and, please, do not obsess about things that you cannot change because some of the attitudes you cannot change right away. If you obsess about those things, they will take away from your efforts at focusing on your goals and your future success, because this country will give you that chance.

So I say to those, those other things, leave those things that cannot be changed in the short-term, leave those things to adults like me. Leave those things to people who are in a position to work on them, like me.

If I had just let this incident go, this incident of 2 days ago at DOE, I would have broken my promise to those students at home and across this country, because I believe that it is our obligation, despite whatever our reluctance might be, despite whatever our discomforts, but the things which are not right or to investigate them, to see if they need to be improved. I am going to encourage the Department of Energy to redouble its efforts, engage in a true process of soul searching. Do you really ask everyone, if you are discriminated against?

I do not know how many spies you have caught with that question, but I do not think you have anyone.

And I suspect that ultimately there is a connection to national security but in a way that you might not expect, and that is there is a tremendous number of Asian American scientists and engineers working at the Department of Energy and they have made valuable contributions to our national security by doing good research.

If the Department creates a work environment that is hostile or perceived to be hostile, we have already begun to lose some of those scientists, and my understanding is that some of the brightest graduate students in the country, who happen to be Asian American, are now refusing to go work for the Department of Energy. That is as damaging to our national interest, our national security, as anything that I can think of.

I want to underscore once again that this is not about the specific incidents of 2 days ago and this is not about me, but it is about a pledge to students to work on issues that they are not in a position to work on themselves, and it is about doing this job, my job, in the best manner that I know.

Being a Member of Congress is the greatest honor that I can imagine. We have no mission other than to get up each and every day and to try to make the world a little bit better, or to ameliorate some of the problems that people face. Today I want to give that effort to make the world a little bit better just one small further nudge.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 15 minutes a.m.), the House stood in recess subject to the call of the Chair.

☐ 1730

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. LaHood) at 5 o'clock and 30 minutes p.m.

REPORT ON PROGRESS TOWARD ACHIEVING BENCHMARKS IN BOSNIA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 107-78)

The SPEAKER pro tempore (Mr. LaHood) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations, the Committee on Appropriations, and the Committee on Armed Services, and ordered to be printed:

To the Congress of the United States:

As required by the Levin Amendment to the 1998 Supplemental Appropriations and Rescissions Act (section 7(b) of Public Law 105-174) and section 1203(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261), I transmit herewith a report on progress made toward achieving benchmarks for a sustainable peace process in Bosnia and Herzegovina.

In July 2000, the fourth semiannual report was sent to the Congress detailing progress towards achieving the ten benchmarks that were adopted by the Peace Implementation Council and the North Atlantic Council in order to evaluate implementation of the Dayton Accords. This fifth report, which also includes supplemental reporting as required by section 1203(a) of Public Law...
105-261, provides an updated assessment of progress on the benchmarks covering the period July 1, 2000, to February 28, 2001.

GEORGE W. BUSH.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

The SPEAKER pro tempore laid before the House the following communication from the chairman of the Committee on Transportation and Infrastructure; which was read and, without objection, referred to the Committee on Appropriations:

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,

Hon. J. Dennis Hastert,
Speaker, House of Representatives, Capitol,
Washington, DC.

DEAR Mr. Speaker: Enclosed please find copies of resolutions approved by the Committee on Transportation and Infrastructure on May 16, 2001, in accordance with 49 U.S.C. §606 and 49 U.S.C. §610.

Sincerely,

Don Young,
Chairman.

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 5 o’clock and 39 minutes p.m.), the House stood in recess subject to the call of the Chair.

NOTICE
Incomplete record of House proceedings. Today’s House proceedings will be continued in the next issue of the Record.
The Senate met at 10 a.m. and was called to order by the Honorable George Allen, a Senator from the State of Virginia.

The PRESIDING OFFICER. Today’s prayer will be offered by our guest Chaplain, Father Paul Lavin, of St. Joseph’s Catholic Church, Washington, DC.

PRAYER

The guest Chaplain offered the following prayer:

In the book of the prophet Amos, the Lord tells us:
I hate and despise your feasts,
I want none of your burnt offerings.
Let me have no more of the din of your chanting,
No more of your strumming on harps.
But let justice flow like water,
And integrity like an unflailing stream.

Let us pray.
Lord God, we praise You and bless You for the many gifts You have given to the United States, and for the gifts You have given to the men and women who serve in the Senate. Let our feasts be to come to the aid of the poor and the oppressed. Let our song be to practice justice, and let our sacrifice be the offering of a humble and contrite heart. Then, when our lips sing Your praise, You will listen to our song. Amen.

PLEDGE OF ALLEGIANCE

The Honorable George Allen 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 legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,

To the Senate:

Under the provisions of rule 1, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable George Allen, a Senator from the State of Virginia, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

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

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business with Senators permitted to speak therein for not to exceed 10 minutes.

Under the previous order, there will now be 30 minutes under the control of the Senator from Illinois, Mr. Durbin, or his designee.

Mr. Allen.

Mr. Durbin.

The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

STEEL REVITALIZATION ACT

Mr. WELLSTONE. Mr. President, I rise to speak in support of the Steel Revitalization Act of 2001. This is the companion measure to H.R. 808 which, as of this moment, has 189 cosponsors in the House of Representatives. The measure represents a comprehensive approach to a serious crisis which is facing our domestic iron ore and steel industry.

Several of the provisions contained in this act are ones that my colleagues in the bipartisan Steel Caucus have introduced in the Senate. I particularly thank Senators Rockefeller and Specter for their work in cochairing this caucus, and Senator Byrd for his unflinching support of the entire steel industry and his creative efforts on behalf of the industry’s working families. A special thank you to Senator Rockefeller, who has been absolutely the leader on this issue.

The Steel Revitalization Act includes the following components:

First, there is import relief. We go back to a 5-year period of quantitative restrictions on the import of iron ore. We go back prior to the import surge in 1997. We go to a 3-year average. That is where we hold the line. Between February and March, 2001, there was a 40 percent surge in the import of steel or semifinished steel, way under the cost of production, constituting unfair trade and putting people out of work.

Second, there is creation of a steelworker retiree health care fund which is administered by the steelworker retiree health care board at the Department of Labor. This fund would be underwritten through a 1.5 percent surcharge on the sale of all steel products in the United States, both imported and domestic.

One of the awful things about what is going on is many of the retirees worked their whole life, thought they had health care coverage, and are terrified they will not have the health care coverage. A 70-year-old struggling with cancer now is worried there will be no health care coverage.

Third, we have the enhancement of the current Steel Loan Guarantee Program which provides the steel companies greater access to funds needed to invest in capital improvements to take advantage of the latest technological advancements.

Finally, we have the creation of a $500 million grant program at the Department of Commerce to help defray the costs of environmental mitigation and the restructuring as a result of
Mr. DURBIN. Let me speak about the future of the Steelworkers. The United Steelworkers, approximately 700,000 strong, I think of this is not just a labor union, it is a group of working families that are struggling to make a living. You have workers that are steelworkers, but they work in the mines. These were good, middle-class jobs. It is not just these workers who have lost their jobs; it has the ripple effect on all the small businesses, all the subcontractors, all the suppliers—all the families.

I am in schools all the time. There is this pain, this concern about the future of their children and concern for economic pain, such concern about the future. From my point of view, and I know I speak for Senator DAYTON, there is probably not a more important piece of legislation to introduce.

The introduction of a piece of legislation is not symbolic politics. It does not mean it passes. We have a lot of work cut out for us, but I will say to my colleague from Virginia, I thank publicly on the floor of the Senate—Senatorlectomy—Secretary of Labor Chao. We are, again, in a situation right now where there is a lot of economic pain, a lot of economic desperation. The Secretary of Labor has provided the workers up there with at least some relief, which was extremely important. We were so hopeful we could get trade adjustment assistance benefits. The Secretary of Labor granted us an additional year, above and beyond unemployment benefits that workers receive through the State of Minnesota.

It is additional money for job relocation. For workers and their families to get that trade adjustment assistance is a lifeline. It gives them more time. It gives them an opportunity to think about what is going on in the world. It is for career retraining. It is for some financial assistance for their families. I have told Secretary Chao—I don’t know if I will get her in trouble with the administration by being so critical about what I have to say about her—I so appreciate it and so do the people in the State of Minnesota. I want to publicly thank her.

I also want to say we are now waiting, of course, for the administration on a decision—Secretary Evans will make a decision soon—as to whether or not we will be taking some trade action to really make sure we have a future for this industry. The next big decision is going to be in mid-June about whether or not the administration—again, I think they will have a lot of allies—will in a strong voice say you have to take some action. For the Iron Range in Minnesota, northeast Minnesota, time is not neutral. Time moves on. It is extremely important, and beyond this lifeline assistance, that we get serious about fair trade policy so these workers and their families have a future.

There is companion legislation in the House. Very important work has been done by Senator ROCKEFELLER and Senator SPECTER. I think we can get some strong bipartisan support, but it is not going to be enough to just introduce a bill. We will need action from the administration. We need legislation if there is to be a future for this extremely important industry—which, by the way, I think is essential to our national security.

This legislation is legislation near and dear to my heart because it is so connected to the lives and people I truly love, that is to say the steelworkers and their families on the Iron Range of the State of Minnesota.

Mr. DORGAN. Mr. President, I suggest we move to the roll call. The ACTING PRESIDENT pro tempore. The clerk will please call the roll. The assistant legislative clerk proceeded to call the roll.

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

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

Mr. DORGAN. I ask consent to speak in morning business for 15 minutes.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

OUR TRADE DEFICIT

Mr. DORGAN. I want to speak this morning about international trade and our growing and troubling trade deficit. In March, the merchandise trade deficit surprised economists, jumping to $24 billion alone. That is the latest month for which we have data. In March imports into this country increased to $101 billion, while American exports decreased to $64 billion.

This is a very serious problem. The trade deficit continues to balloon. We had a $450 billion merchandise trade deficit last year and it continues to grow and grow. It increases our indebtedness in this country. Unlike a budget deficit, about which economists are so concerned, the country can make the point that we owe to ourselves, you cannot make the point that our trade deficit is owed to ourselves. It is owed to others outside this country and will be and must be repaid one day with a lower cost of living in this country. We must get a handle on this exploding trade deficit.

Let me speak to one portion of the trade issue. We are about to see the administration take a step that I vigorously oppose, the passage of a piece of legislation today on behalf of myself and my colleague from Nevada, Senator REID, that deals with the issue of Mexican trucks entering this country under the provisions of NAFTA, the North American Free Trade Agreement.

What is the issue? We signed a free trade pact with the country of Mexico. It has not turned out very well, as a matter of fact. We had a trade surplus with Mexico when we signed the trade pact. Now we have a $24 billion trade deficit with Mexico. So we went from a surplus to a very large and exploding deficit with Mexico.

But one aspect of the trade pact with Mexico is the question of movement of goods and individuals back and forth across the border. The question is the question of Mexican trucks coming into this country. President Clinton, I believe in violation of NAFTA, prescribed a 20-mile zone in which Mexican trucks could haul goods into this country for trade purposes. But they could not go beyond that zone. This administration is about to lift that and provide unrestricted access into this country for Mexican trucks. My legislation will say that is not possible, we will not allow that to happen until and unless the Administration implements certain safeguards to protect those who use America’s highways.

Let me describe why this is important. Do you want to drive down a highway in this country and drive next to a Mexican truck that is pulling double the load we allow pulled in this country behind our trucks, driven by a driver who is making less than the minimum wage in this country—on average, incidentally, of $7 to $10-a-day salary for that Mexican truck driver; a truck that has not been inspected in many cases, if inspected, not inspected in most cases, if inspected, not inspected to the same standards to which we inspect trucks in this country? This is a circumstance where the Mexican trucks are determined to be unsafe at the border crossings at which the trucks are inspected. In many cases, 40 percent are turned back because they are unsafe, do not meet standards. Is that what we want to have on American highways? I don’t think so.

This is what has happened. Mexico threatened, under NAFTA, to sue the U.S. for billions of dollars per year in compensation if the U.S. did not lift this longstanding control on allowing Mexican commercial trucks to operate within the United States. President Bush has agreed to allow them to operate in the United States beyond the limit, even though the Department of Transportation says it cannot certify
the safety of any, except a tiny fraction, of the Mexican trucks that enter this country.

This month, in fact, the Department of Transportation’s own inspector general concluded that the Department of Transportation’s enforcement program cannot reasonably assure the American people of the safety of Mexican trucks entering this country. Barely 1 percent of the 3.7 million Mexican trucks that enter the United States are inspected. Of those inspected, 36 percent are declared out of service for serious safety violations. At the border crossing in El Paso, TX, there are 1,300 trucks that come across every single day. One inspector is on duty—one—and he or she can inspect about 10 to 14 trucks a day. Most inspectors work only during daylight hours, leaving crossings with no inspectors at all during much of the day.

Now Mexico still lags far behind the United States. It comes to truck safety. They do not have an effective drug and alcohol testing program for truck drivers as we do. They simply do not have it. They have no hours-of-service regulations and only recently proposed the use of logbooks for hours of service from their own inspectors. The San Francisco Chronicle recently drove with a Mexican truck driver. They drove 20 to 21 hours straight—20 to 21 hours. That is significant and also dangerous. That cannot happen legally in the United States. Why don’t we want this? Let’s think about this. In the United States there are 13,000 truck accidents a year that happen along the border. There are 14,000 truck accidents in the United States every year. Let’s think about this. When we pull up to an 18-wheel truck that is hauling a load that is twice as heavy as that which could be hauled by an American trucker in this country, with a driver who has been driving 20 hours, who has never been drug tested, and driving equipment that doesn’t meet safety specifications on American roads. That is not what we want on American roads and not what we want for the safety of the American people.

Mr. President, I am happy to yield my colleague from Nevada.

Mr. REID. Mr. Reid. I am very happy to join with my colleague from North Dakota on this important legislation. He has outlined very clearly the problems we have.

Let’s think about this. In the United States there are 400,000 trailer truck accidents every year. Keep in mind, we have pretty strong, strict safety standards. Over 14,000 of those accidents involve hazardous materials. Do we want to add to that mix unsafe vehicles?

The trucks that have accidents in America that are American trucks are not unsafe. Those accidents are caused by driver errors, weather conditions. We need to move forward on this legislation yesterday, not today. I certainly hope, through administrative fiat, that the President does not allow this to happen. That is our fear. That is what we have heard.

The Senator from North Dakota is really a visionary as far as legislation goes, on what he has focused in making statements in this Chamber, what he has done as a Senator, and what he has done as a Member of the House, focusing attention on our trade deficits. It is a stealth monster. Ultimately, if we do not do something about it, it is going to destroy the economy of this country. It is getting bigger and bigger and bigger. As the Senator has outlined with the chart he has behind him, this balloon is going to continue to get bigger and bigger and thinner and thinner and thinner until we can say he is a visionary because he has talked about our trade situation. This legislation in regard to dangerous trucks is excellent legislation.

Also, we have an amendment pending on the education bill that I think says it all. What it says is we should have the House and the Senate have a joint committee and convene immediately to determine what is happening with the gasoline and fuel prices in this country.

They expect in California, which is a neighboring State to Nevada, that the price of gasoline will be $3 a gallon this year. If we can inspect and investigate the price of chickens, can’t we investigate the price of gasoline? Yes, we can.

So I say to my friend from North Dakota, I hope that when that amendment comes up—which was written by the Senator from North Dakota and on which I proudly joined as a cosponsor—when it is adopted overwhelmingly. I also acknowledge and appreciate his authoring the legislation that deals with these trucks, in which I happily join. Also, as an aside, I tell him how much I appreciate him being one of the lone voices who talks continually about the dangers of this burgeoning debt we have in the form of a trade deficit. It is just as dangerous as any debt we have. We need to do something about it. And it is a difficult issue to understand. It is in the background and people really don’t focus on it. I appreciate very much the Senator not letting us focus on it.

Mr. DORGAN. I thank the Senator from Nevada. I have a couple minutes remaining. Let me point out what is happening with our trade deficit.

As you can see: With Canada, our trade deficit has dramatically increased from 1990 to 2001. We have a $103 billion merchandise trade deficit in a year; European Union, $55 billion; Japan, $81 billion. Japan, a $50 billion-plus trade deficit for us almost forever. Mexico—this used to be a surplus, incidentally—now the trade deficit is $24 billion.

We cannot continue to do that. We just cannot continue to run up these kinds of trade deficits. Just for a moment, let me describe some of the circumstances of the trade deficit. When we want to ship apples into Japan, they say the apples must come from trees that are separated at least 500 feet from apple trees...
in the orchard that are not going to be shipped to Japan. So if we are going to ship apples to Japan, they have to be in a grove 500 feet away from other apple groves. What kind of sense is that?

We ship T-bone steaks to Japan. Guess what? The tariff is after 12 years of an agreement. Twelve years after an agreement with them, the tariff is 38.5 percent on beef going into Japan.

In Korea, just as an example, we exported 4,400 cars last year. They exported 370,000 to us. One might ask the question: the fair trade here? Where is the reciprocal treatment? This country needs to demand of its trading partners that they open their markets to us so we can have fair trade.

Our deficit with China is going up, up, way up. It is now $83.8 billion. We take all their trousers and shirts and tennis shoes and jeans. They ship them into our country, and guess what. When we try to penetrate the Chinese market, we see a pitiful amount of exports into China.

People say: Hooraah, it is increasing. Hooraah, it is increasing at a minuscule level, and we have an $83 billion deficit with them. We have to change that. I have other things to say.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. DORGAN. I ask for 30 additional seconds.

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

Mr. DORGAN. The President says he now wants fast-track trade authority. Fast-track trade authority to do more of this? Not on my watch. Let’s have some trade authority that says when we do trade agreements in the future, we do them on behalf of this country’s best interests. Maybe we should put some jerseys on those trade negotiators that read: USA. We do that for the Olympians. How about doing it for trade negotiators so they remember for whom they are negotiating.

My legislation on Mexican trucking is very important. I encourage my colleagues to cosponsor it.

Mr. President, I yield the remainder of my time.

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 30 minutes under the control of the Senator from Wyoming, Mr. THOMAS, or his designee.

Mr. DORGAN. Might I ask the Senator from Wyoming if he will yield for a question?

Mr. THOMAS. Certainly.

Mr. DORGAN. I ask the Senator from Wyoming if he would allow me to propound a unanimous consent request that at the conclusion of his 30 minutes, I have the floor for another brief statement in morning business? I believe his time will run until 11 o’clock. I ask him to transmit that I be recognized at that time.

Mr. THOMAS. I have no objection to that.

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

Mr. President, some good news came out this week. I don’t know how many people saw it. It was a report of the status of the surplus in our accounts for the United States. As it was reported in the Wall Street Journal and other organizations, for the month of April of this year, the surplus was $30 billion larger than the surplus for April of last year. For the first 4 months of this year, it showed that the surplus was $41 billion larger than the surplus of the first 4 months last fiscal year.

That is a rather significant event because we are in an economic slowdown. As everyone knows, a vibrant economy is the greatest motivator for creating surpluses.

There is a lot of fear out there that we may not continue to have surpluses. Since I have been in the Senate, going on my fifth year now, every projection on the status of the budget has understated the Federal Government. For the last 3 years, the surplus has substantially exceeded what OMB and the Congressional Budget Office have projected for the surplus.

To me, there has to be equal as a Congress and a Government: To try to make sure this economy gets on its feet again and gets humming and makes even more money for the taxpayers and for individual Americans. But at the same time, we have to look at what is happening.

The good news is that even in a time of slowdown, we have a real surplus churning out there. We have gone from a gross domestic product take by the Federal Government of 17.6 percent of GDP to 20.6 percent of GDP. The Government is taking a larger and larger percentage of American wealth to fund governmental programs.

That is a historic change. It may not sound like much to go from 17.6 to 20.6, but 20.6 represents the highest amount we have taken from the American economy for the Government since the height of World War II.

What is at work here is an opportunity for the American people to say: Great, we are paying down this debt in record numbers. We are paying down all debt that can be paid down without a penalty being paid on it. We are doing the right thing as far as debt is concerned. We are setting aside money for contingencies, $500 billion or so for contingencies. That is extra spending.

Remember, this surplus is calculated above inflation. When they figured how much the surplus would be, they figured in that the Government would increase spending at the rate of inflation every year. So we have the rate of inflation in there, another $500 billion for extra spending, and we are paying down debt at record numbers.

It is time for us to have at least this $1.35 trillion tax cut. We can do that. If we do not do that, we will spend more, and we will continue to take more of the overall wealth of the American economy. It will move us into a system such as those that exist in Europe that I am in this body admire and want for us.

Our economy is more vibrant. Our economy is more productive. Our people have better health care and better incomes than Europeans. Our unemployment rate is lower and larger than our competitors, even though they have so many good things to offer their people.

We are on the right track. I am pleased with where we are today. Nothing could give me greater anticipation that within hours, perhaps, we will be able to send to the President of the United States a piece of legislation that will represent perhaps the largest tax cut in over 20 years, that could allow him to fulfill the promise on which he was elected to allow the American people to keep a larger portion of their wealth, to be able to spend it on their needs for their families, and for their children.

It is a great day. I am excited about it. I hope the conferees can complete their work promptly and we can bring that bill to the floor and we can make it law promptly.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming, Mr. Thomas.

TAXES

Mr. THOMAS. Mr. President, I rise to talk about taxes, which is the focus of where we are, and prior to that, to mention that despite all the discussions we have had about certain issues, this Senate has accomplished quite a bit in the several months we have been in session. That is our task; we ought to be doing that.

A number of things have happened. First of all, we abolished the Clinton ergonomics regulation. We used a technique that allows the Congress to bring back regulations that are put in and to review them, which, quite frankly, is something we ought to be able to do on all regulations. I come from Wyoming. I was in the Wyoming Legislature. There, when you have a statute passed by the legislature, the rules are then put in by the appropriate agency, and those rules come back to the legislature to see if, indeed, they are consistent with the purpose of the legislation.

That doesn’t happen in the Congress. It is too bad. You can pass a law, and by the time the regulations are in, the concepts under the law can be quite different. In any event, this one was brought back on ergonomics. It was successfully overhauled in the Congress. That is good.

Of course, we approved a deficit reduction budget, a budget that still has more expenditures perhaps than we
ought to have. But in any event, it probably is about a 5-percent increase, which is less than the increases of the past number of years—less because when you have a surplus, it is awfully hard to hold down spending. It was an appropriate thing to have this budget that very rarely has a limit on spending and we are pleased about that.

Of course, currently pending and perhaps the most important thing we will do in a very long time will be the tax reduction that is now being considered by committee. It has passed the Senate as well as the House. And when the conference committee completes their work, it will be back here for consideration. We are anxious for that to happen.

The Bankruptcy Reform Act was passed as well. We had brownfields re-vitalization, which is something that has gone on for a very long time that allows lands to be put back into use more easily. We have construction of a memorial honoring World War II and those who served there. We have intellectual property, a number of things that are quite important and that have, in fact, been achieved during this relatively short time.

So we are looking forward to that. But in the meantime, I am going to soon yield the floor to my friend from Idaho. I believe one of the most important bills we will be passing in this session of the Congress is the bill to tax the death tax, bury the death tax, fix the marriage penalty, and double the child credit. We can do a lot to make this economy stronger, more fair, and to allow people to utilize more of their own money for the purposes upon which they decide.

I yield the floor.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

ENERGY POLICY

Mr. CRAIG. Mr. President, I thank the senior Senator from the State of Wyoming for yielding to me, and I thank him for his leadership on all of these many issues that he has discussed. He comes from a fascinating State, a State with a basket full of potential energy for this Nation if we can change a few of our policies and allow Wyoming, Montana, and other such States to be able to use the abundance of their coal to produce electricity at the mouth of the mine itself, and then through transmission lines to transport it across the Western States and to the State of California, where they are so desperately in need of more energy.

I say that in my opening comments because we are on the threshold of beginning to work on a national energy policy. The President has presented one. The Senate has produced a bill. The Energy Committee, on which I serve, will now begin to review all aspects of that proposed policy and begin to shape for our Nation new public laws, amended public laws, a new regulatory process, a reduced regulatory process that will allow this country, once again, after nearly a decade, to get back in the business of producing energy.

Senator THOMAS and I were downtown yesterday speaking to a group, and I, at that time, said we are a rich Nation. Compared with all other nations of the world, we are one of the wealthiest on earth because of a combination of assets that we have had and have uniquely combined in the American character.

First of all is the free enterprise system where an individual is allowed to create at his or her level and with his or her talent, and to use that creation not only to create wealth for themselves but for everyone around them. That is probably the No. 1 resource I have ever worked on in the Senate. It has cost thousands of jobs. It has cost hundreds of millions of dollars. Every day, the commuter to his or her job is paying higher electrical rates than at any time in our Nation's history. They are paying higher electrical rates than at any time in our Nation's history, and they are asking a fundamental question: Why? Why are we? Why do we have to?

Of course, we already know that those higher costs have depleted or reduced the wealth-generating capability of our country. It has cost thousands of jobs. It has hurt households. Every day, the commuter to his or her job is paying nearly double in the commuter costs than a year ago.

This country cries out for a new energy policy of production. But they also want to see it done in a clean and responsible way when it comes to the environment. All of those things can be accomplished if this Senate will put its mind to it to assure that we make that happen, and that we partner with States and local governments to assure they are fully involved and engaged with us in this most important process.

A lot of people are saying right now: Well, George Bush, why aren't you helping out in California?

After about 20 decisions coming out of the new administration, 3 decisions coming out of the FERC, at some point we have to do the very common and necessary thing and say to California: Help yourself.

California, finally, is beginning to do that. They are beginning to recognize that after 10 long years of not producing any energy, they are going to have to produce some. They used to buy a lot of energy from Idaho. We produced most of our power by turbines and dams and hydro power. As a result, this year we have less capability to produce and therefore we have less power to sell to California.

Those are some of the critically important dynamics of the policy we will have to develop in the Senate. I have already had some of my folks calling me from Idaho saying, with what happened yesterday and with Democrats taking control of the Senate, is the energy policy dead or least control in spending and we are pleased about that.

No, I don't think it will be. It can't be. My colleagues on the other side of the aisle cannot be viewed as obstructionists who are advocates of $2 or $3 gasoling or $400 or $500 megawatt power. They aren't going to play that game. They must work with us and the Bush administration to get this country back into the business of producing and conserving and balancing out our electrical needs.

President Bush said: Give me a tax cut now and give me some immediate response so at least in the short term a consuming family will have just a little bit of relief in their energy bill or another part of family expenses.

This is what we are going to do with this very moment. The House and the Senate are meeting in conference to work out the differences between what we have produced in the Senate and what our colleagues in the House produced. I hope we will look very closely like what our President is asking—to return some of their tax dollars to them in the form of tax relief, both in the short term and in the long term, to stimulate the economy, to assist the family and to keep more of his or her hard-earned cash.

In the midst of all of that, for just a little bit of time, maybe they can afford to pay just a little more for energy. I wish they didn't. I wish we had been smart enough 10 years ago, 5 years ago, 4 years ago, to shift the policy. But we had an administration that said all you have to do is conserve and maybe use a little gas—that is, natural gas—to generate electricity, and we would get through this. We know that didn't work very well. Conservation was an important part of that energy message, and it is today.

The average consumer today is now making a choice. I heard on the television a couple of mornings ago that the American Automobile Association says consumers are going to travel less this summer. Instead of a 10-day trip in their automobile, they are going to take a 5-day trip or a 6-day trip. That is the American consumer doing what the President told us to do. The best way to reduce the grid and what they have in their pocketbooks and what their family can afford and stepping back.

It is OK to do that in the short term, but when it comes to industry and the creation of jobs and the fact that industry may have to produce less and step back because of the input cost of energy, that then begins to hurt the whole economy of our country.

So how can I talk about tax relief and energy in the same conversation? They are, in fact, integrally related. The ability to create a job, the ability to earn a paycheck, and to have a fair
amount of that which you can apply to yourself, your family, and your kids’ education has, in part, always been in direct relation to the amount it takes you to live; and the cost of living has gone up substantially in the last 2 years because of the fundamental cost of energy. All of these issues are tremendously important. Thank goodness we now have a President who speaks boldly, clearly, and bluntly about these kinds of issues.

He says we are in an energy crisis and we can get out of it if we simply produce and get back to the business of providing for the consumer of this country. He has laid out a plan on how to do it. On most of it, I agree. I certainly hope this Senate in future days, and under its new leadership, will recognize the importance of such a policy to the American people. You simply cannot deny it any longer. If conservation is the only message out there, then look at California, the greatest conservator the Nation. They have conserved themselves right into darkness. That is no way to run a State. They now know they have to produce along with that conservation, and we ought to allow this great country of ours that opportunity.

I have always been one who believed that the freer our citizens, the freer our economy, the more flexibility to do what we do best—generate this great nation’s wealth. Wealthy nations can provide for their people, and we do. Poor nations cannot. There is nothing wrong with the idea of creating wealth and allowing people to share it, allowing people to have the fruits of their labor and their genius. It is what has made us great, and it is what allows us to turn to those less fortunate here and around the world, to say we can help, and the only reason we do it is because we are, fortunately, a rich nation.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. DORGAN. Mr. President, my understanding is the next 8 minutes are under the control of the Senator from Wyoming. Mr. THOMAS. I ask unanimous consent that I be recognized, and in the event someone comes to whom Senator Thomas wishes to yield that time, I will be happy to discontinue my comments.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from North Dakota is recognized.

ENERGY POLICY

Mr. DORGAN. Mr. President, my colleague from Idaho just discussed the energy issue. There is not any question the energy policy is a critical policy for this country. We must develop a national energy plan that makes sense for our long-term future.

Every American every day has a claim on the need for energy. We need a consistent, predictable supply of energy that is reasonably priced. We need a policy that allows that to happen. When the price of oil went to $10 a barrel for some long while, people stopped looking for oil and natural gas. It is pretty predictable. There were fewer people looking for oil and natural gas was very low. When the price of oil went up and natural gas spiked back up, there were more drilling rigs and more people are searching for more oil and natural gas. That is predictable. That is how the market system works.

It is not in this country’s best interest to have a roller coaster of exploration, and that is what happens. That is what describes only part of our current problem with the imbalance between supply and demand for energy.

We are too dependent on the OPEC countries. All of us know that. One day we will wake up—I hope this is not the case—it is likely we will wake up when some event occurs. In the Middle East interrupts the supply of oil, even if temporarily, and it will allow us to understand how overly dependent we are on a source of energy and oil, and natural gas from a region that is so unstable.

In addition to having this roller coaster on exploration and being overly dependent on a supply of energy from the Middle East, we also are a country that has largely decided to ignore conservation. One can drive down the road these days and see someone driving a new vehicle that looks a lot like a Humvee, except it is bigger and heavier and is sold at your local dealership as a family vehicle. People have a right to drive that, but the point is that is moving in the opposite direction of having a national conservation ethic.

It is true, as the Senator from Idaho says, that we must produce more. I do not think you will find Members of the Senate let’s just drill more. But that is one approach, but it is not a balanced plan. We can, should, and must do much better than that and have a plan that balances all of these interests.

And, finally, another thought on this issue of an energy plan. We have other dislocations occurring in this country in a very significant way. In California, the price of electricity is going through the roof. Some say that is supply and demand. That is nonsense. That market is broken. It is flat dead broke, and the regulators should have intervened.

The Federal regulators are doing their best imitation of potted plants. They sit on their hands, we pay them their best imitation of potted plants. What a wonderful thing to do.

We have big traders and big economic interests that take an Mcf of natural gas, trade it from an unregulated market to a regulated market, and in 24 to 48 hours, the price of that same Mcf of natural gas will double, triple, or quadruple. Guess who gets hit right square in the jaw with that. The consumer.

We also must have an efficiency process in this energy plan. All of the appliances, the things we use every day in our lives that make our lives better, easier, can be made more efficient and should be. We have efficiency standards. The question is whether we continue to put pressures on efficiency in all of these appliances or not. The answer should be yes.

Finally, renewable resources. We ought to use renewable forms of energy, and I know the big oil companies never liked that very much, but I happen to believe that using ethanol, taking a drop of alcohol from a kernel of corn and using it to extend our energy supply, makes good sense.

We can take a drop of alcohol from a kernel of corn and still have the protein feedstock left. So we have extended America’s energy supply and we still have protein feedstock for animals. What a wonderful thing to do. Plus, it is renewable. We are not dependent on it every year.

Wind energy. North Dakota happens to be the Saudi Arabia of wind, according to the Department of Energy. There is nothing wrong, as an important part of our energy plan, of putting more efficient wind turbines and using that wind energy to extend America’s energy supply.

It is true, as my colleague from Idaho says, we need to produce more, and all of us support that, but a balanced energy plan will include production, conservation, renewable energy, and also efficiency with appliances and the things we use day to day. If we have a bold energy plan that includes all of those components, I believe we will find a broad area of support for it in this Congress.

As I mentioned, we have a President and Vice President who come from the oil industry, so it is not unnatural for them to produce a plan that says: By the way, let’s just drill more. But that is not a balanced plan. We can, should, and must do much better than that and have a plan that balances all of these interests.
The price of power in California was $7 billion 2 years ago. It is expected to be $70 billion this year, a tenfold increase.

My point is this: Whether it is the price of natural gas that is being sold into the price of natural gas that is doubling around the rest of the country, or the price of gasoline at the gas pump, or the price of electricity, the fact is, we need to shine the spotlight of investigation on energy pricing in this country.

The Senator from North Dakota is going to be pending in the Senate when we return. It has an amendment that is pending which I offered calling for a joint House-Senate investigative committee on energy pricing. Is there some manipulation going on? Are there some interests that are manipulating both price and supply and driving up energy prices for the American people? I do not know, but I suspect so.

Some very limited investigations have shown that supply has been manipulated in a way to drive up price. It seems to me, given what is happening in California and the rest of the west coast, and given what is happening to natural gas prices and other things around, and the price at the gas pump for that matter, the American people will be served well by shining a spotlight of investigation on energy pricing practices all across this country.

That would represent a component to an energy plan that gives the American people some confidence that we are doing the right thing.

Mr. DURBIN. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. DURBIN. I thank the Senator from North Dakota for highlighting this energy issue. If there were ever a moment in time when we should talk about energy, it is on the Friday before the Memorial Day weekend when families are making plans to head out for vacations or family reunions. It is the time when they get in the car or decide whether to take a long or short trip and become sensitized to the price of gasoline.

In Chicago and in the Midwest, for the second year running, we have seen devastating increases in the price of gasoline. It seems Easter is the kickoff for the oil companies to start raising the prices and then to catch all sorts of criticism from the public and elected officials and to bring them down after Memorial Day. In the meantime, families and businesses are being socked by the high prices.

The Senator from North Dakota puts his finger on it. This Congress has been unwilling to take a look at the energy industry. Certainly, we do not expect the White House, with the President and Vice President, with their background in this field, to do it. If this Congress will not do it, the consumers of American energy know what to do. They stand on the sidelines with their pockets empty because each time they go to the gasoline station, they are putting more and more money into their cars and trucks, into their vehicles to move their families.

I ask the Senator from North Dakota, if we have an opportunity for a joint conference with the House and Senate on energy pricing, to get into the energy pricing, how soon can we have that hearing, what kind of things can we look into, what kind of relief can we offer to businesses and families across America who are being nailed by the high energy prices?

Mr. DORGAN. Mr. President, the Vice President CHENNY recently he saw no evidence of price gouging. Mr. Vice President CHENNY, come to Chicago, come to Illinois. Take a look at what happened in a 30-day period. The price of gasoline went up 50 cents a gallon. No price gouging?

I have a quote from Vice President CHENNY that said:

"We have more and more understanding and tolerant of high gas prices than most pundits believe.

Again, I invite the Vice President to speak not only to the families who are now paying $50 and $60 and $70 to fill their gas tanks but also to the small businesses that have been forced to consider layoffs and a reduction in their own activities because of high energy prices. To say people understand this and accept it is to ignore our responsibility. We are supposed to be there for these consumers and these businesses and these families who have no other voice in the process.

I have joined with the Senator from North Dakota. I think it is important we have this investigative hearing to make certain that the people who run this industry come in and are held accountable.

I also think when we get into the debate about energy, we ought to have consumers at the table. It is not enough to have the energy giants and the government agencies and people in pinstriped suits from K Street in Washington go in here representing small businesses in Illinois, in families from North Dakota, who can talk about the practical impact. I know the Senator from North Dakota supports that. I would appreciate it if he told me what he thinks we can do to deal with the market mechanism which always is stacked against the consumer.

Mr. DORGAN. Mr. President, the market is broken. It is clearly broken.

Look at what is happening in California $7 billion was the cost of power in California 2 years ago. This year it is estimated to be $70 billion, a tenfold increase. Who are the victims? The folks in California who are going to work every day, coming home to open their electric bills and figure out how to pay an electric bill that has dramatically increased.

That is why I say, look, we need a new energy plan. I don't disagree with that. We have not had a good energy plan in decades. We are too dependent on foreign sources.

The Senator from Idaho piqued my interest on the subject. There are a lot
of areas we can agree. I agree with the Senator from Idaho, that we do need to produce more oil and gas. I agree with that. We need to build more power lines and more transmission capability. I agree with that. We need to build more powerplants, I agree. We need to use more nuclear power, and coal technology, and do all of that while being sensitive to the needs of the environment. We can do that. I support that in a manner consistent with protecting our environment.

I support us on this. We need better conservation. More conservation. We need more effort towards renewable sources of energy. We need more effort towards greater efficiency of appliances and the rules that support that are in place. And now the administration threatens to retract on some of those rules.

Finally, we also need to have an investigation of pricing practices. Join us on that.

My colleague from Idaho and his colleagues would join in the resolution I have included on the Elementary and Secondary Education Act that calls for the selection of a House and Senate committee to investigate pricing, we will have a plan that seeks to identify a lot of the right things but also says, while we are doing this, let’s take a look to make sure the American people are not victims of pricing practices and supply manipulation that enriches some while stripping others of their pocketbook. This is not about pocketbook, but it takes it out of the pockets of the folks who are trying to gas up at the pump in order to go to work.

Mr. DURBIN. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. DURBIN. I follow up on a point. There was an old saying during debate of the Clean Air Act, a belief that once we established standards for clean air in America, it was said as a result of that Government decision, the people in this country will drive more efficient cars. The industry in Japan went out and hired an army of engineers to figure out how to make their cars cleaner and more fuel efficient.

The people in charge of the American automobile industry went out and hired an army of lawyers to fight the regulations at every possible level. That is an oversimplification.

But I want to say to the Senator from North Dakota that 8 years ago, during the Clinton-Gore administration, the Clinton-Gore administration, I introduced a bill that would have made every gallon of the energy we used more efficient. I think that would have made cars cleaner and more fuel efficient.

I ask the Senator from North Dakota if part of this energy debate should not include incentives for those who are making the automobiles and the trucks and other vehicles to come up with increased efficiencies. We can have safe vehicles that also reduce our need for foreign oil.

Mr. DORGAN. Mr. President, I say to the Senator from Illinois, I think that makes a great deal of sense. I know one of the old Model T’s that are now in the hands of a foreign automaker.

But the roads are not populated with people driving electric cars. I have seen it parked outside of the building when we have late votes. It is a car that runs on both gasoline and electricity. I understand they are very efficient.

But the roads are not populated with many of those cars, largely because we have an energy industry and auto industry that moves down the road with the internal combustion engine, and they fight every step of the way on increased efficiencies people propose in Congress.

Mr. President, I have told my colleagues this before, my first car was a 1924 Model T Ford. I bought an antique car and restored it. My dad told me where it was. He was hauling gasoline and was out on a farm and they had an old car in a granary. He told me about it and said you should write to this fellow and see if he wants to sell it. The guy had long since moved to Wisconsin. I wrote to this fellow from Wisconsin and asked if he wanted to sell an old Model T stored in a granary for 30 or 40 years. I was a teenager.

He said he would sell it for me for $25, and he sent me the owner’s manual and the key. So I went out and hauled the old Model T in and restored it.

It is interesting, that 1924 Model T Ford is fueled exactly the way a car built in 2001 is fueled. You pull up to a gas pump and you stick the nozzle in the tank and you pump gas in it. Think of the things that have changed in 75 or 80 or 90 years—almost everything has changed around us. Almost everything we do is dazzling, breathtaking new technology, technological change that takes your breath away. Guess what. Eighty years ago you pulled up to a pump and stuck a hose in and pumped a little gas in, and 80 years later you do exactly the same thing.

I wonder why we would do nothing change? Clearly, part of the solution is technology. I just described the technology of a car that is occasionally parked in front of the Capitol. We have the capability of making more efficient vehicles. Of course we have the capability. We ought to have the will. As the Senator from Illinois says and proposes, we ought to provide incentives as part of an energy plan to say to those who are interested in doing that: Here is your head, go do it. We encourage you to do it. Here are the financial incentives to do it.

That is another way to provide conservation and new technology to move out of this energy problem that we have. That is longer term, not short term. It is certainly part of what we ought to be doing.

Mr. DURBIN. If the Senator will yield, I would like to ask him this question. There are those who argue from the energy industry side that the only way we can improve our energy future in America is by compromising on air quality standards. They suggest it is environmental regulation which is causing the problem we face today.

I disagree with that. I think they ignore the epidemic of the air we breathe. We should not ignore is to perhaps visit a local hospital, go to an emergency room, and ask the doctor who is in control what is the No. 1 diagnosis of children going to emergency rooms in America today. I was surprised to learn it is not trauma, kids falling off a bicycle; it is asthma. The No. 1 reason kids miss school: Asthma. The No. 1 diagnosis in emergency rooms: Asthma. Pulmonary disease, lung problems, and asthma are parts of the growing epidemic in our country. I cannot give you the specific reason for all of it, but the people I have spoken to say air quality is part of it.

I will mention something else to the Senator from North Dakota. The former head of the Environmental Protection Agency, Carol Browner, told me that the Web site for the Environmental Protection Agency had a dramatic increase in visits from a few thousand to a few hundred thousand when they started posting ozone alerts on cities across America. Families literally got up in the morning and logged on, went to the EPA Web site to find out whether it was safe for their child to go outside. Think about that.

If we are talking about compromising air quality standards in America, more kids are going to be sitting inside their homes; more elderly people with pulmonary disease are going to be at risk. We cannot afford that. We can have a good energy policy and not compromise the public health of this Nation and the health of families across the board. I totally reject the concept that I have
heard from some in this administration and from the energy industry that the only way we can move forward in America is at the expense of our health.

This should not be ‘your money or your life.’ In the situation I think we can have good energy policy that does not compromise that basic quality standard. We have made amazing progress over the last 20 years. Visit any foreign industrialized country and take a look at the muck they call air. Go to Okla. You wake up in the morning and say it is a foggy day; at noon you say it is still a foggy day; midafternoon, still a foggy day; at night, still foggy; and the next morning, the same. Every day, day after day, the air quality is miserable.

I don’t pick on China. There are many other comparable countries. The United States should lead, not only being an industrial power but also sensitive to the health of its people. I ask the Senator from North Dakota to take another look at this comments on this relationship between energy and the environment.

Mr. DORGAN. Mr. President, the Senator from Illinois makes a good point. Increasing the supply of energy is not about taking coal out of the ground and from the energy industry that the big economic interests will not gouge the American people. New production, that the big economic interests get rich and you get gouged. Ask yourself then, on the west coast: Do you think this market works? Everyone in the country knows that is not the case.

And it is a great opportunity to have an investigation of energy pricing that shines a spotlight on pricing and supplies and evaluates whether they are being manipulated in a way that victimizes consumers.

As I said before, 100 years ago, Teddy Roosevelt took a big stick and said to John D. Rockefeller, you cannot do this any more, because he was manipulating the price of oil. And 100 years later it is useful for us to have a significant investigation of both the price and supply side. I will say to you that big economic interests get rich and you get gouged. Ask yourself then, on the west coast: Do you think this market works? Everyone in the country knows that is not the case.

And I am going to offer the opportunity to have an investigation of energy pricing that shines a spotlight on pricing and supplies and evaluates whether they are being manipulated in a way that victimizes consumers.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. ROBERTS). The distinguished Senator from Georgia is recognized.

Mr. CLELAND. Thank you very much.

Mr. President, I appreciate the magnificent discussion on energy policy and environmental concerns led by the distinguished Senator from North Dakota and the Senator from Illinois.

I would like to change the subject for a moment. I applaud Memorial Day weekend.

MEMORIAL DAY

Mr. CLELAND. Mr. President, on next Monday, May 28, and acting pursuant to a joint resolution actually approved by the Congress back in 1950, the President of the United States will issue a proclamation calling upon the people of the United States to observe a day of prayer for permanent peace in remembrance of all of those brave Americans who have died in our Nation’s service.

In many ways, this is part of our heritage and our history. In 1866, citizens from both the North and the South, after the Civil War, decided to form the first Memorial Day effort and place a flag on the grave sites of those brave Americans who had died in the Civil War.

That is actually how Memorial Day got started.

Whenever Memorial Day comes around, I am reminded of what may well have been the first, and is still one of the finest, memorials to fallen soldiers. Thousands of years ago: the Funeral Oration of the great Athenian leader Pericles, as recorded by the historian Thucydides, during the Peloponnesian War in the 5th century B.C.

For this offering of their lives made in common by them all each of them individually received that renown which never grows old, and for a sepulcher, not so much the stone in which their bones are deposited, but that noblest of shrines wherein their glory is laid up to be eternally remembered upon every occasion on which deed or speech shall call for its recital. For heroes have the whole earth for their tomb; and in lands far from their own, where the column with its epitaph declares it, there is enshrined in every heart a record unwritten with no tablet to preserve it, except that of the heart.

There are many thoughts as we approach Memorial Day weekend. In that spirit, I am pleased that both the House and the Senate have now passed legislation that will expedite a monument commemorating the sacrifice of those who served in World War II.

My father served in World War II after the attack at Pearl Harbor. This weekend I will be visiting some of my fellow veterans, and we will see the premiere of the new movie ‘Pearl Harbor.’

I introduced a resolution on Tuesday calling upon all Americans to especially dedicate Memorial Day of 2001 to those brave American men and women who have given their lives in service to their country especially since the end of the war in Viet Nam.

As a Vietnam veteran, I appreciate that moment in this great city, sometimes called ‘The Wall,’ the Vietnam Veterans Memorial.

But no grand edifices or other public monuments commemorate the deeds of those who have died after the Vietnam war, but their service to their country was just as strong, their sacrifice just as great, their families’ and communities’ loss just as keen as that of their predecessors in the two world wars of the 20th century, Korea and Viet Nam.

Honoring our fallen heroes is altogether fitting and proper, as President Lincoln said at Gettysburg. At this point, I thank my many colleagues, on both sides of the aisle, who joined me
in cosponsoring this resolution: Senators McCain, Levin, Hutchinson, Miller, Biden, Jeffords, Landrieu, Ben- nett, Murray, Johnson, Carnahan, Dayton, Conrad, Kennedy, Durbin, Hatch, Sessions, Clinton, and Allen. I also call on the entire Senate for adopting this measure by unanimous consent last evening.

I am reminded of the line from one of Wellington's troops that: "In time of war, and not before, God and the soldier men adore. And in time of peace, war, and not before, God and the soldier slighted.''

Mr. President, I am honored to live in a country that forgets not God and does not slight the soldier.

I yield the floor.

The PRESIDING OFFICER. The distinguished Senator from Missouri is recognized.

EXTENSION OF MORNING BUSINESS

Mr. BOND. Mr. President, on behalf of the leader, I ask unanimous consent that the Senate remain in a period of morning business with Senators speaking for up to 10 minutes each, with the following exceptions: Senator DURBIN or his designee will control the floor from 11 to noon and from 1 to 2 p.m.—and I ask within that timeframe, if no one seeks the floor, I may be recognized to introduce a bill—and Senator Thune or his designee will control the floor from noon to 1 p.m. and from 2 to 3 p.m.

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

Mr. BOND. 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. BOND. Mr. President, I ask unanimous consent to speak as in morning business for up to 10 minutes for the purpose of introducing legislation.

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

Mr. BOND. Mr. President, I ask unanimous consent to speak as in morning business for up to 10 minutes for the purpose of introducing legislation.

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

(The remarks of Mr. BOND pertaining to the introduction of S. 967 are located on pages 5641-5644 of this record under "Statements on Introductions and Joint Resolutions.")

Mr. BOND. I yield the floor.

The PRESIDING OFFICER. The distinguished Senator from North Dakota is recognized.

RURAL AMERICA

Mr. DORGAN. Mr. President, some weeks ago, I was on an airplane, and I had a laptop computer with me and my briefcase. Like most of my colleagues sitting on an airplane, I went through my briefcase and found a letter from the U.S. Park Service. I read the letter, and it provoked me to get my laptop computer out of its case and put it on the tray table, and I started typing.

I created a message for the U.S. Park Service. Here is what their letter said to me. The U.S. Park Service wrote me a letter about Teddy Roosevelt National Park, one of their picnic grounds was being colonized by prairie dogs. So they were going to do something called a "scoping" exercise and an EA, called an environmental assessment, to think about spending a quarter of a million dollars to move the picnic grounds.

I read and reread this Park Service letter about the scoping and the environmental assessment they were doing to spend a quarter of a million dollars to move the picnic grounds, and I sent them a letter.

What I said to the Park Service was that I found it interesting that they had the time to do scoping and EAs on these kinds of issues. I said, at the moment, we are in a rather complicated budget fight in Congress, but you have solicited my opinion, so let me give you a few thoughts.

I said: I am not unsympathetic to prairie dogs. I think they are cute little creatures. They are not rats. We were blessed with a furry tail and a button nose and they have a good deal more human sympathy, therefore, than rats do.

I asked the Park Service what would have been the Park Service's response if it had been a group of rats that had colonized the picnic area rather than prairie dogs. Then I thought better of asking because maybe they would have had a larger EA and scoping mission.

My point to them was: Do not waste the taxpayers' money; do not move the picnic grounds, move the prairie dogs.

I said: When I was growing up, about 50 miles from where they have this problem in the Badlands, I was growing up in Regent, ND, we had a group of rats "colonize," to use the Park Service's word, our horse barn. I was about 14 at the time, and my dad said the rats could live a very good life just under 1 mile from our barn in the town dumps, which is where the lot of rats live. He said he would like me to enlist a couple of my schoolmates and look at the rats. He gave me a package of scoping, they are not welcome in the picnic area; that you do not want to spend a quarter of a million dollars of the taxpayers' money to move the picnic area, and you want them to leave. And if they will not leave, I said to the Park Service, here is a cost-free way to deal with it: Get about three 14-year-old boys from somewhere in that area, and they will take care of that problem real quick for you.

As I was sitting on this airplane thinking about all the things we confront in rural America—yes in and near the Badlands where I grew up—I was thinking that we are not short of prairie dogs. We have Federal agencies that want to treat lightly that which is serious and then treat seriously that which is light, and they do not quite understand.

The real problem in our part of the country, where the Park Service is worried about prairie dogs and picnic areas, is that human beings are becoming an endangered species. All of our rural counties are shrinking like prunes. The counties are shrinking in population. People are leaving, not coming in. Farmers and ranchers are leaving the land at an alarming rate. Small towns are shrinking. Many rural counties are very fast becoming a wilderness area. That is not by Federal designation, it is by what things are working in rural America.

I said to the Park Service: When I received your letter about prairie dogs, picnic areas, and environmental assessments, and scoping, it just seemed to be such an unusual bureaucratic effort for such a minor issue.

Having prairie dogs move into a picnic area, in my judgment, does not rank up there with having people moving out of rural America. So I said: You have to excuse me for being a little impatient.

Just once, I told the Park Service, I would like to see a Federal agency crank up a little energy, a little emotion about the real problems facing rural America.

Have my colleagues ever heard of a Federal agency say: This county has shrunk 50 percent; we are going to do a scoping exercise to figure out what we can do to solve that problem.

I have my colleagues ever heard of a Federal agency cranking up an effort to do an environmental assessment of what is happening with the creation of
The National Park Service wants to spend nearly a quarter of a million dollars to move a picnic area in Theodore Roosevelt National Park to accommodate a colony of prairie dogs that moved into the area. A quarter of a million dollars? To move a picnic area? To accommodate prairie dogs? They must be kidding, right? No. They’re serious.

Following is the text of a letter I’m sending to the acting Director of the National Park Service in Washington, D.C.: Dear Mr. Galvin: This is in response to the Park Service letter asking for my thoughts about how to deal with some prairie dogs that have “colonized” your picnic area in the south unit of the Badlands in North Dakota.

Your letter stated that you are “scoping” the issues and about to prepare an “Environmental Impact Assessment” (EA) to determine whether you should spend $223,000 to reconstruct the picnic area in a different location. We’re in the middle of a rather complicated fight about the federal budget here in Congress, but still, I’m pleased to offer a few thoughts about prairie dogs and picnic areas.

Now I want you to know that I’m not unsympathetic to prairie dogs. They are cute little creatures. Unlike a rat, the prairie dog was blessed with a furry tail and button nose and seems too pulpy to image. But, I just wonder if it had been rats that had colonized the picnic grounds if you would be talking about spending a small fortune to fix the problem? Maybe I shouldn’t ask...

My advice is this: don’t waste the taxpayers’ money. You don’t have to move the picnic grounds, move the prairie dogs.

When I was growing up in Regent, some rats “colonized” (to use your term) our horse barn. My dad told me that since it was our horse barn, and he was the good neighbors, no overcrowding, and very little crime. It is a wonderful place with wonderful values.

The fact is, we are fighting a losing battle in many ways trying to keep people, jobs, promote economic opportunity and a future that has some assistance for people who want to live in rural areas.

I say to Federal agencies: if you want to worry about something, do not worry about a few prairie dogs in a picnic area. Help us worry about prairie dogs move a picnic area in their own backyard and report back to us in a couple of years.

The fact is, we are fighting a losing battle in many ways trying to keep people, jobs, promote economic opportunity and a future that has some assistance for people who want to live in rural areas.

I say to the Park Service: You probably regret asking for my advice. You probably certainly regret I had time on an airplane to read your letter and had a laptop available to respond to it. But, frankly, my advice is do not spend the taxpayers’ money. You don’t have to spend a quarter of a million dollars; get those prairie dogs out of the picnic area and get your people, if you have the time work on things that really matter, to work on things with us that matter to rural America.

I know the Park Service has read my letter because they sent me another letter and said this is not just about prairie dogs and picnic areas, it is now about the bubonic plague or some god-awful thing, and they have developed several areas of new dimensions to this tiny little issue, as is always the case. I am sure they brought in four or five specialists now to respond to this issue that I have raised with them about the wrong things.

Some days you just scratch your head and wonder whether bureaucracy has any common sense left.

I say to the Park Service, and all the others who are engaged in these Federal agencies: Give us some help from your colleagues now to respond to this issue. Simply put, my advice is don’t you dare spend nearly a quarter of a million dollars to move that picnic ground. Move the prairie dogs.

And then spend some time with me and others in Congress to help create a friendly environment for people to make a decent living on our farms and ranches in rural America.

Sincerely,

Mr. DORGAN.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. INHOFFE). The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CHAFFEE) ordered.

THIS GREAT DEMOCRACY

Mrs. HUTCHISON. Mr. President, this has been a tumultuous week in the Senate. We have had significant legislative accomplishments. I think it is an interesting process to watch the changes that are taking place. It always makes me value our Constitution
The topic was "The Greatest Generation." People were talking about what they consider to be our greatest generation. They debated whether the greatest generation was the wonderful heroes who went to battle in World War II and especially World War II, because we are talking to them, and in Tom Brokaw's book "The Greatest Generation" he talked about the silent heroes, the people who answered the call of their country and fought bravely and came home and never talked about it, never whined, never complained. They are, indeed, our great heroes.

Then people started talking about the greatest generation being our Founding Fathers and their families, and the sacrifices they made when they declared independence and when they crafted our Constitution that set in place the document that has kept us vibrant as a nation today.

Through all of the things that I, personally, have lived, even in my mere 7 years in the Senate, I have seen our Constitution tested and prevail, tested and come through, tested and show the wisdom of the Founding Fathers and the sacrifices of the people who answered the call of their country and fought bravely and came home and never talked about it, never whined, never complained. They are, indeed, our great heroes.

I feel very proud, and it came home to me today as I started thinking about our Founding Fathers, and families who supported our Founding Fathers, who created a document that is living democracy and hope we will always come back because we have the structure that we do.

I appreciate very much the opportunity to serve in the Senate in this great democracy and hope we will always be able to meet the test of the strength of our Founding Fathers and always be grateful for the Constitution that has been so vibrant throughout the generations.

I yield the floor.

The PRESIDING OFFICER (Mr. Inhofe). The Senator from Maine.

Ms. COLLINS. I thank the Chair.

The remarks of Ms. Collins pertaining to the introduction of S. 970 are located in today's Record under "Statements on Introduced Bills and Joint Resolutions."

Ms. Collins, Madam President, I yield the floor. There being no one seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER (Ms. Collins). Without objection, it is so ordered.

TAX RELIEF FOR THE AMERICAN PEOPLE

Mr. INHOFE. Madam President, while I was presiding, something occurred to me. I felt compelled to share it.

Right now, something very significant is taking place. There is a conference committee that is looking at the bill that we passed and the bill that was passed in the House of Representatives. They are going to come out with a product and decide just how to change it because the bills are not exactly the same.

It is a piece of legislation that will do something very significant. It is going to provide tax relief for the American people. It occurred to me—I will use the words "liberal" and "conservative" in a very friendly way, but all too often, people do not know what you are talking about when you call someone a liberal or a moderate or a conservative.

A liberal believes that Government should have a greater involvement in this country that our Founding Fathers really did think were the role of the Federal Government.

We are in a very strange time right now. We are in a time when we have surpluses. We are all very gratified for the debt would be gone. That is not true because you can't pay off something until it comes due. So what this President has suggested to us is, let's pay off everything for the next 10 years that can be paid off on the national debt.

So if you don't want to increase the size and scope of Government, then you need to address what the President is addressing now. President Bush said: Let's start off by taking all the money to pay down the debt. Most people think, if you had $5 billion, you go up there and drop it someplace and the debt would be gone. That is not true because you can't pay off something until it comes due. So what this President has suggested to us is, let's pay off everything for the next 10 years that can be paid off on the national debt.

The speech was called "Rendezvous With Destiny." He said: There is one im-mortality on the face of this Earth greater than a Government agency, once formed.

So if you don't want to increase the debt, you have to do something. It means that you have to reduce the size and scope of Government. Then let's look at Social Security. Let's make sure the fund is actuarily sound and the money is going to be there for the people when they reach the age that they can draw it out.

Incidentally, Social Security reform does not mean that there is going to be a change. That program would continue; the money will be there; but it will give some of the new people who come into the program an option as to what they do with the money they pay into the system.

Then the President said: Let's take Medicare and do the same thing with that. So he proposed actually increasing it by $153 billion over a period of 6 years—that would take care of that problem—and after that, to put some monies into the national defense, which we need to be more involved in right now, there are many activities taking place in this country.
the last 8 years. Let's build that back up.

After that has been done, all of that is behind us, then let's take this surplus that remains and return it to the American people as an overpayment because they paid too much. It is the buying a car and you find out when you get back home, you read the sticker price and think, wait a minute, I paid too much. You go back to the dealer and you expect to get the money back. He would say: I gave it to my mother-in-law. That is kind of what happens in this case.

So we have the opportunity to return to those who paid it an amount of money. We should be looking at a much larger tax reduction than they are negotiating right now. What they are negotiating right now, if you put it in as a percentage of GDP, would be about 1 percent. Yet our other two major reductions in this century were far greater than that.

The liberals are making a bet. If they really want to get more money into the system, they should be supporting larger tax cuts because history has shown us, when you reduce the marginal rates, it has the effect of increasing revenue.

Going back to World War I, the President, after World War I, said: The war effort is behind us now so we will go ahead and reduce these marginal income tax rates. And they did. To their shock, they found out that it didn't reduce revenues. It massively increased revenues.

I am a conservative Republican. I look back wistfully at the days when we had a President, a Democrat, who realized that this concept works every time. It was President Kennedy in the 1960s who said, we need to expand the role of Government and get into a lot of programs—perhaps such as the dental program the Presiding Officer discussed yesterday. The way to do that is this is a direct quote from President Kennedy—to increase revenues, is "to reduce the marginal rates so that the economy will expand." For each 1-percent expansion in the economy, that produces about $46 billion in new revenue.

Sure enough, it happened. In fact, it almost doubled the revenue in the 6 years after that massive cut. Remember how big that cut was? It went from 91 percent down to 78 percent. It was a huge cut, much greater than we are talking about doing today. So that worked and some of these programs were funded.

Then along came Ronald Reagan. The decade of the 1980s, from 1980 to 1990, saw the largest tax reduction in the history of this Nation. President Reagan was elected and the first thing he did was sign the tax reduction. He took that 78-percent rate and brought it all the way down to, I think, 28 percent. That was great increases, massive increases in revenues.

To document that, the total amount of revenue that came in from all marginal rates in 1980 was $234 billion. In 1990, it was $406 billion after all the reductions that had taken place, the largest reductions in any 10-year period in the Nation's history.

You hear the liberals saying: Look at all the sacrifices that came about during that 10-year period. That wasn't a result of the President. That was a result of a very liberal, big-spending, Democrat-controlled House and Senate that increased the spending.

You cannot blame that on the President because he was the one who reduced the taxes and was responsible for doubling the revenues at that time.

We should stand back and look at this. We had one of the financial advisors to President Clinton, when he was President when he first came in, who made the statement that there was no relationship between the level of taxes the Nation pays and its productivity. Theoretically, that means if you pay 100-percent taxes, you will be just as motivated to work hard and expand the economy as if you were paying no taxes. Obviously, that doesn't make sense.

It is time the American people realize what we are trying to do and what this process is about. We get the best conference report out of this thing out today. This will go down in history as a great tax cut because history has shown us that this concept works every time. It was President Kennedy in the Nation's history.

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We want them to be able to do it without regard to the Tax Code. So we are looking at significant rate reductions that will affect every working American. We are talking about significant marriage penalty relief. We are also talking about relief from the death tax. We are talking about trying to keep a family-owned farm or business in the family.

I don’t want to continue to see family businesses in our country sold to the highest bidder. The family nature of the business which is important to that family and important to every employee of that family business. I want those family businesses to stay together. I don’t want every farm in America to be part of an international conglomerate. I want family farms to make it in America, and I want family ranches and family small businesses. That is the economic engine of this country, and it has been our tradition for over 200 years, valuing and respecting family farms.

If we can pass them through the generations without taxing them and causing them to have to be sold to pay inheritance taxes, then I think we will have maintained one of the very important elements of America, and we will have maintained a very strong tradition and a very strong part of the entrepreneurial spirit that has helped build this country. So we address that death tax, and we eliminate it over the 10-year period. And we significantly increase the exemption through the 10-year period.

The fourth area of major tax reduction that we hope will come out of the conference report and was a component of both the House and Senate bills is the child tax credit. We are trying to double the child tax credit over a 10-year period. Today, it is $500. We hope to increase that to $1,000.

So the four major parts of our tax relief package are pass-through rate reduction, marriage penalty relief, death tax relief, and the $500-per-child tax credit doubles for every family.

There are many other important elements; there are many other important tax relief measures I would like to see pass. If we can keep those four strong elements so that everyone will realize relief in a big way, I will be happy.

Hopefully, we will lower the capital gains tax, and ... the pension capabilities. The more people can save, the better off our country will be ... On the other hand, we need to make sure that our country has the stability the country will have. Those are all worthy. I hope we can do those at a later time.

There are some very important education deductions in the Senate bill. I hope we can keep some of them. Trying to help people with their education expenses is the most important thing we can do to increase the number of young people who get a solid education, K-12 and college.

It will be a great stepping stone to go into the next year if we can pass the tax cut bill. Right now the conference committee is working. I believe Senators are willing to stay. We thought we would be out for Memorial Day right now. We thought we would be gone. I thought I might be home with my family last night, but I am not. I am willing to stay because there will be some major changes that are dependent on our passing that tax cut legislation.

There are major changes in the Senate. They are not my first choice for changes, but nevertheless the decision has been made, so we ought to go forward and let people start making concrete plans about how the Senate is going to be organized. It is in every one’s best interest to do that.

So the Senate is in session. We are going to make every effort to finish this tax relief bill for the American people if we have to work today, tonight, tomorrow, Sunday, Tuesday—whatever. If we can come to an agreement on a tax cut bill by Memorial Day, we will then come back and start the business of reorganizing the Senate and continuing to do the people’s work.

When we come back from Memorial Day and visiting with our people at home, we are going to start talking about the energy crisis. During Memorial Day weekend, we are going to want to start talking about how we can address the energy crisis in a meaningful way, hopefully with some short-term relief, but more importantly, for the long term.

We have three major problems with the energy crisis in this country. We have a production problem. We are importing 56 percent of the energy needs of our country from foreign countries, and that is not a good, stable situation. We have a distribution problem in that we do not have enough refineries and pipelines to distribute the energy even if we increase production, and we have a conservation problem. We encourage people in every way to conserve heating and air-conditioning in their homes, the gasoline they use in their cars.

We can encourage people to conserve. We hope they will do it anyway. With incentives, people will be even more encouraged to conserve.

We have a three-pronged energy problem: production, distribution, and consumption. That is going to be our priority when we return.
Senator BREAUX, Senator LANDRIEU, Senator DOMENICI, and Senator THOMAS, on this energy issue in a bipartisan way.

We have been saying for the last 4 years we have an energy crisis in this country. We have not been able to get the rest of the Members of Congress to listen. They are going to listen now, and Senator MURkowski, myself, Senator BREAUX, Senator THOMAS, Senator DOMENICI, Senator LANDRIEU, Senator BINGAMAN—all of us are going to be working on an energy package that will address the three components.

It must be balanced, and we must address all three components. I hope we can get tax relief on the table, letting people keep more of the money they earn, and send it to the President. I know he is going to sign it because he asked for it. He campaigned on it. He kept his promise; he asked for it and we are going to give it to him. Now we are going to address energy. We are going to address education reform and try to keep doing the people's business.

We have toiled in the fields. We have worked hard, We have a lot to show for that work. We will finish the job the people asked us to do on tax relief and, hopefully, we will go home, turn a leaf, and start addressing education and energy when we return.

I am proud of the job our President is doing, and I am proud of the job the Senate has done.

I yield the floor.
I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. FITZGERALD. I thank the Chair.

(The remarks of Mr. FITZGERALD pertaining to the submission of S. Con. Res. 44 in today’s Record under “Submission of Concurrent and Senate Resolutions.”)

Mr. FITZGERALD. 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. KYL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

TAX CONFERENCE

Mr. KYL. Madam President, our Senate colleagues are anxiously awaiting the report from the conference committee that is attempting to iron out the differences between the House-passed bill and the Senate-passed tax bill. I thought perhaps some who are waiting for this outcome would be interested in some thoughts with respect to what has gone on so far and what we might expect from the conference. In particular, I will address remarks to the part of the bill in which I was most involved.

I begin by noting that the conference, who are the people on the Ways and Means and Finance Committees, are busy at work trying to iron out the differences between the two bodies. Part of the success of getting the bill to the conference in the first place is attributable to the bipartisan leadership of the chairman of the Senate Finance Committee, Chuck Grassley of Iowa, and Max Baucus, the ranking Democrat from Montana. They worked very hard to develop a bill which wasn’t all conservative or all liberal, all Republican or Democrat, but which represented substantial parts of the membership of the committee on both sides of the aisle. It represents most of what President Bush wanted, but not all, and not quite to the same degree, because by definition it is a compromise.

Indeed, that compromise, and it had support from both sides of the aisle, over the course of the last week there were 45 different attempts to amend the bill. Every one of them failed. In other words, the Members of this body voted twice after time after time to support the work of the Senate Finance Committee, understanding it represents a good compromise.

Of course, there has to be another compromise, and that is with the House of Representatives. The bill the House passed represents a little more closely the views of President Bush. Naturally, those on the Republican side of the aisle are hoping there will be a compromise between the House and Senate versions that truly does reflect a meeting of the minds.

The Senate-passed bill was only a total of 10 years of $1.35 trillion because that was the compromise that we could not grant relief quite as robust as the House had done earlier. All of the Republicans and 12 Democrats voted in favor of that bill.

From my perspective, it was not perfect; it certainly was a very good step toward tax relief, providing, most importantly, marginal tax relief from income tax rates and significant relief from the estate tax and eventual repeal, after 10 years, of the estate tax.

I am hopeful this conference committee will be able to reach a conclusion and enable the Senate to pass this bill sometime tonight or tomorrow, whatever might be the time.

I will discuss primarily the provisions relating to the phaseout and eventual elimination of the death tax in the year 2011. The death tax provisions being negotiated now, it is my understanding, are not as much as either in the House-passed bill or the Senate-passed bill. The reason is because there has been an effort to accommodate more Members with what they wanted to include in the bill. Everything else has to give. The net result is, according to my understanding, that the range they are talking about now, out of a total of $1.35 trillion, is about $135 billion, or 10 percent.

For practical purposes, about 10 percent of the tax relief under the bill goes to rate reduction of the death tax and provisions relating to the phaseout and eventual repeal in the 10th year. President Bush, by contrast, allocated $250 billion for death tax relief. We are trying to get by to do more with less.

Probably the most important thing is there has been an understanding both in the House and in the Senate reflecting the will of the American people that there is something terribly unfair about a provision of the Tax Code that literally taxes people because they die; that is, they are taxed not because they saved or invested or had some other kind of economic transaction that they fully knew the tax consequences of but, rather, they are taxed because they died.

We have come to conclude, representing the view of the majority of Americans, there is something very unfair about taxing people after they die. Actually, you are not even taxing the person who died. You are taxing that person’s heirs—the spouse, the children, the family, the business, the foundation, the organization, the charity. In a very real way, taxing the dead is taxing the living.

I think what that shows is right this week the vast majority, by 2 to 1, of Americans believe that even a tax rate
of 40 percent is unfair. The reason that is significant is in the Senate bill we were not able to reduce the tax rate on estates of even $5 million, let alone $1 billion, to that 40 percent level. As a matter of fact, I think we got it down to 45 percent. If I am not in error. Yes, we reduced the rate from the 55 percent down to 45 percent. The House got it down into the 30s. I have forgotten whether it is 37 or 39 but something like that. We ought to be working to reduce the rate below 40 percent before the tax code is a money loser. This year, we accomplished that. The bottom line is, whether Republican or Democrat, a substantial majority believe that even a 40 percent tax on $1 billion estate is unfair.

The other interesting thing is this survey tracks all the other surveys I have seen over time. I will go back just 1 year because that is a nice frame. The clear and resounding message is the estate tax is unfair and ought to be stricken from the code. The same McLaughlin & Associates conducted a poll about 2 years ago in January. It found then that 89 percent of the people surveyed believed it was not fair for Government to tax a person’s earnings while it is being earned and then tax it again after the person dies—which is exactly what the estate tax does.

Mr. President, 79 percent approved the idea of abolishing the estate tax—79 percent. That is very consistent with other surveys as well. I went back a year ago because there is an Associated Press Poll that was done just a year ago—not quite a year ago. It found 60 percent of the people supported the repeal, even though about three-fourths of them believed they would never receive any direct benefit from that repeal. Estate tax benefits to repeal, in terms of new jobs created, the infusion of capital into the economy, the growth of the economy—all these things would be significantly benefited from a repeal of the estate tax. Of course, that benefits all Americans.

As John F. Kennedy said, in a different context, with respect to tax relief, he said, “If you can help the American economy, it helps everybody in the economy, even if you are at the lower end. So the reality is, repealing the estate tax does help all Americans. But it obviously helps some more than others. It especially helps those in two categories: First of all, those who pay the tax. That is not very many people. It is maybe in the hundreds of thousands—maybe a million, I don’t know. But if you take members of families who are directly affected by this, clearly it is a number that is very much in the millions, if at all. Yet Americans fundamentally believe it is unfair to tax them.

The other larger group that is affected by the tax is, of course, all the people, especially the small businesses people—family-owned farms and family-owned businesses—who have to spend their money to try to plan their estate in such a way as to minimize the estate tax liability. This is difficult and expensive.

The Women-Owned Business Association—by the way, women-owned businesses represent more than half the small business in this country. They surveyed their members and found—just 2 years ago I believe it was—the average small business spent $60,000 to do this expensive estate planning. I note there was an op-ed in the Washington Post this morning by a very wealthy American who testified before the Finance Committee. He said it was really a shame we were going to do away with the estate tax. Of course, his point was he didn’t think the American people really believed that way; yet this survey shows that they are. But people like this individual have the money to do the estate planning. They do not suffer from the tax. It is the small businesses and family-owned businesses and farms that end up having to pay a lot of money to buy insurance, to pay lawyers and accountants and estate planners to try to avoid the tax.

The real cost of the tax is at least as much, and probably more, in the wasted planning time doing the tax than it is the revenue to the Federal Government in the first place. Mr. President, 2 years ago when the tax collected about $20 billion, there is a study that showed that almost exactly the same amount of money, by coincidence, about $23 billion additional, was spent by people to avoid paying the estate tax or minimize their liability. So it is a very inefficient tax, as economists Henry Aaron and Alicia Munnell said in writing a 1997 study. They said death duties fail to achieve their intended purpose. They raise little revenue. They impose large excess burdens. They are unfair.”

I think the thing to note at this point in time in this Chamber, at about 2:20 on Friday afternoon, is that the conference committee is working away trying hard to bridge the gap between the House and Senate versions of the estate tax. I think all of us are hopeful the House and Senate will conclude their work so we can vote on the bill and provide tax relief to Americans.

This is a bill which provides relief all the way from the refundable tax credits, literally providing money to people who do not pay taxes, all the way up to those few people who, as I said, would receive relief from the estate tax. But most importantly, it would provide marginal rate relief for all Americans.

We have an opportunity now. I hope that we can drive the rates of the estate tax down prior to the repeal but, in any event, we will have struck a blow for fairness in this country by reducing marginal rates; reducing, if not eliminating, the marriage penalty, something very unfair; and finally, getting rid of a tax that a majority of Americans believe is very unfair, a tax that literally requires people to pay money to the Government because they died, the estate tax.

Mr. President, this is a wonderful opportunity. I hope the conference come back soon and we will have a chance to vote on this legislation.

Again, I commend the members of the conference and, in particular, the bipartisan leadership in the Senate, Senator Grassley and Senator Baucus, for the fine work they have done to get it this far.

I just hope now we can conclude the work and send it down to the President for his signature and the benefit of the American people.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Madam President, I yield myself a few minutes to talk about energy this afternoon, if I may, please.

First, I thank my friend from Arizona for a very complete discussion of the tax reduction bill. Certainly, it is one of the most important things we will do during this Congress, and, indeed, over the next number of years.

The whole question, in the broad sense, of how you do taxes is very interesting. One question is, How are they fair? How do you make them fair? Are all the taxpayers? Another question is certainly the amount. How do you justify taking this money from citizens and it going to the Government? And when you have more than enough, what do you do with the surplus?

So I thank the Senator very much.

IMPORTANT ISSUES BEFORE THE SENATE

Mr. THOMAS. Madam President, of course, have been dealing, over the last several weeks, with some of the most important issues that will be
I think all of those areas will be covered in this proposal that is before us. The next issue that has a much higher profile now than normally is the question of energy. Of course, one of the reasons that it is now on so many people’s minds is because prices have gone up substantially. There is the difficulty in California, the shortages that have occurred there. You can talk in many ways about why it has happened and what was the cause, but, nevertheless, it is there. Certainly, the sophistication of things that have happened there that have brought about the difficulties in electric energy.

But, energy, of course, has been an issue for some time. It is not a brand new idea. It isn’t hard to understand that when the market messages tell you that consumption is going up and production is going down that you are going to have a wreck inevitably and you need to do something about it.

It is not as if we have put ourselves at risk when we find ourselves depending nearly 60 percent on oil imported into this country as opposed to domestic production. That is an increase that has changed substantially only in the last several years. I suppose one might also say that it is not hard to imagine that you have some problems when you really have not had an energy policy for the past number of years, so that whatever has been done has not been part of a coherent plan to provide sufficient energy.

So I am very pleased to applaud the President and Vice President Dick Cheney for the effort that they have put in—and immediately put in—to the energy issue. The White House energy tax force, chaired by Vice President Cheney, has produced an energy package that has now been presented to the public and to the Congress with some 105 proposals that need to be considered and moved forward by administrative fiat within the Government. Others will have to come to the Congress, of course, to be acted upon.

I have been serving on the Energy Committee for some time and have been very interested in public lands and the interior. It has been very interesting that we focused entirely on the Department of Energy which, in turn, has not focused much on energy but, indeed, has had most of its focus, over the last several years, on one of its other responsibilities, which is nuclear: nuclear waste, nuclear security. Los Alamos. Those kinds of things have been almost the entire attention of the Department of Energy as opposed to energy.

So it is significant to me that in this work group the Vice President has included not only the Secretary and the Department of Energy, as, of course, it should be, but also the Department of Interior, which manages our public lands which have some of the greatest energy reserves—and also EPA, the Environmental Protection Agency, which has had a great deal to do with the production of energy and the regulations that have been promulgated.

So I think it was an excellent idea to have this collaborative effort, to bring several different agencies together. I hope they continue to be a part of dealing with the whole energy issue.

So I certainly support a program that recognizes that we have significant energy demands and one that begins to look for a solution—a solution that also includes conservation and the protection of the environment. I think those are very key elements.

I come from the State of Wyoming. We have a good deal of energy production in our State. Some call it the ‘Btu capital of the world.’ We have probably the largest reserve of coal in the United States, as well as natural gas and oil. We have uranium, all those kinds of things. We also have some of the most beautiful mountains and flats and we certainly have to pay down the debt to do something about it. They have been set aside as wilderness. They have been set aside as national parks, and that is as it should be. And so we do have to differentiate.

But in the policy, of course, we talk about energy and fuel diversity, which I think is very important. Certainly we are going to have a number of fronts that we can use.

There is emphasis on clean coal technology so we continue to research ways that coal, which now produces about 52 percent of our electric generation, can be used with less intrusion into the air. We can do that, and that plan there are opportunities for that.

Renewables: We need to take a look at the long-term importance of renewables. Certainly all of us would like to see some clean power generated from wind and solar. Currently about 1 percent of our consumption is produced by renewables. It can be greater, and we hope it will be.

Hydro: Of course, we need to take a look at our opportunities for renewables in hydro. Interestingly enough, some of the environmentalists who are critical of the President’s plan more recently were asking to tear down dams. It is sort of a paradox.

The question now, of course, is staying within the budget. The budget is not an imposition of a limit; it is a pattern and a scheme to try to stay within. But it does not necessarily ensure that. That will be the real challenge.

I think I have mentioned that our school system, of course, are very essential to our young people and very essential to education. With that certainly ought to go the principal responsibilities in education. Again, there are some rather basic issues that really ought to be talked about and decided. One issue is, What is the role of the Federal Government in elementary and secondary education? I think most of us would agree—and our experience has been—that State and local governments have had the principal responsibilities in education. With that certainly ought to go the opportunity to make the decisions on a local basis.

The schools in Wyoming, obviously, have different needs, and have different uses for the dollars, than in areas of the country such as Pittsburgh or New York. And, therefore, local decision-makers ought to have a chance to be able to use those dollars in the ways they are needed.

Another issue in education, of course, is the basic question of, What is the role of the Federal Government? I think over the past number of years the Federal Government’s contribution financially has been something less than 7 percent. So it is a relatively small contribution but a very important one and has caused us to have some of the programs that, of course, are very essential to our young people and very essential to education.

The tax bill that has been talked about is probably the most important things we will do for a very long time. Hopefully, we will conclude that this afternoon. We will return a substantial amount of the surplus to those people who have paid it in and, at the same time, retain enough money to do the things that most people believe are a high priority: that is, to pay down the debt—to pay down all of the debt that is available to be paid down—to do something more with Social Security and pharmaceuticals, to ensure that Medicare is strong and continues in the future. To have some kind of flexibility so that there will be money there for increased expenditures for the military and for security.
I yield time to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah.

TAXES

Mr. BENNETT. Madam President, we are all waiting for the conferees to come back to us with the tax bill. As we do that, I thought it might be appropriate for me to talk a little bit about some of the rhetoric that has surrounded the issue of taxes in the time we have together. If I may, I will be a little personal because I have experience with the issue of marginal rates which might be of some value to this debate and which I would like to share.

As many Members of this body know, I was one of the founders of a business that started in what the pundits have come to call the decade of greed; that is, that period of time, which has been most commented on and most decried by the pundits is the fact that the top marginal tax rate was 28 percent.

We are talking now about an attempt on the part of Mr. Bush to bring that tax rate down to 33. It is pretty clear from the conversations I have had with the conferees that that is not going to happen. I think it will be somewhere in the neighborhood of 35.

Somebody said: Why does Michael Jordan need a tax cut? Why does Ross Perot need a tax cut? Why does Donald Trump need a tax cut? Isn’t it proper that they continue to pay the lion’s share of the taxes in this country? And they do. The people in the top 1 percent pay most of the taxes. To put it in another statistic: The top 400 taxpayers—this is less than 1,000 tax returns—pay more than 40 million of the taxpayers down below; 400 pay more taxes in dollars received than 4 million people down below.

Why do those 400 need a tax cut? They have plenty of money. That is the argument we hear.

I will concede that I don’t think Michael Jordan needs a tax cut; I don’t think Donald Trump needs a tax cut; and I don’t think Ross Perot needs a tax cut. But under the Constitution, we have equal protection of the laws, which means if you provide a tax cut for someone, for a good and logical reason, and it happens to be Ross in the same boat, even if he is rich, gets the same equal protection of the law and gets the same tax cut. So it is the side effect, if you will, that Michael Jordan gets a tax cut.

Here is the experience I had which I think gets ignored over and over and over again in the rhetoric that is thrown out with respect to tax rates. As I say, my associates and I started our business during the decade of greed when everybody was saying it was so terrifying, that the top marginal tax rate was 28 percent. We used, as most businesses did at that time and many businesses still do now, a provision of the tax law that is known as section S of the tax law. Those who use it are known as S corporations as a result of their election. All that means simply is that the profits of the corporation are not taxed at the corporate level. They flow through, as the Tax Code provides, to the individual tax returns of the shareholders.

We had five principal shareholders. That meant that the corporation earned money, that money flowed through to our tax returns. If I can be fairly dramatic, in terms of the impact on me, I was earning my salary as the CEO of that company, which I and my wife thought was a relatively modest salary, but I filed a tax return showing that I had earned more than $1 million. Why? Because my share of the profits of the corporation showed up on my tax return.

Now it made absolutely no difference whatsoever to my take-home pay, which was tied to my salary, because the corporation did not give me any money beyond the money necessary to pay my share of the taxes. Why would we do that?

There are two reasons we made the S corporation. The first and primary reason is that we wanted to avoid double taxation. If the corporation earned $1 and paid corporate taxes—and let’s take the corporate rate at the time, which I believe was 38 percent—if the corporation earned $1 and paid 38 cents of that dollar to the Federal taxes and then gave the resulting money to the shareholder, the shareholder would then have to pay taxes a second time on the money that came as a dividend. If you make an S corporation, you only pay taxes once instead of twice. That is the primary reason people make the S choice.

The second reason was that if we did the S choice, we only paid 28 percent on that $1 earned instead of 38 percent on that $1 earned. Naturally, we wanted to save the extra 10 percent, 10 cents on the dollar.

Many people have the idea that when you earn money, you buy yachts and you take vacations and you waste the money overseas in what the Scriptures would call “riotous living.” In fact, of course, when you are growing a business, you need every penny. It goes into inventory. It goes into accounts receivable. It goes into capital investments. If the business is growing—and our business was doubling every year; it did that for about 6 years running—you are always behind.

Indeed, I say to the students in business school, when I am asked to talk to them about this, the most terrifying thing you can do in a start-up business is make a profit, because then you owe taxes. Uncle Sam shows up and wants his tax money in cash.

You don’t have it in cash because, as I say, your profits are all tied up in inventory, all tied up financing your growth. You end up, in most instances, borrowing cash from the bank in order to pay your taxes.

We paid a marginal rate of 28 cents out of every dollar we earned, and we plowed every one of the remaining 72 cents back into that business to make it grow. Our salaries did not increase. My take-home pay actually went down when that extra $1 million showed up on our tax returns. It was being treated, as far as the Federal Government was concerned, as if I were a basketball star earning that $1 million, and that wiped out all of my deductions. That may not matter much to some people, but it did matter to children at the time, and that constituted a fairly significant amount of deductions that all of a sudden we couldn’t take because we were “rich.”

My take-home pay on my W-2 pay hadn’t changed. The amount of money I was being paid by the corporation had not changed.

All that had changed was the bookkeeping entry on my tax return. Well, I am not complaining because the business was successful. Perhaps that is what we could look back on it now and realize that that business started literally in somebody’s basement, with 2 employees, a husband and a wife, that then doubled to 4 employees, and that is how successful they had when I joined them; I made No. 5. That business is now employing about 4,000 people. They are paying literally millions of dollars in Federal taxes, both the corporation taxes, the income taxes of the payrolls that have been generated with those 4,000 folks, plus the suppliers, plus all the rest of it. It is a fairly typical American success story.

The point of all this is not to bother you with details of my experience, but to point out that the difference between the top marginal rate of 28 percent that we pay and the current effective rate of 42 percent is 50 percent of the original amount; 14 points out of the 28 percent have been added on to the 28 percent. I suggest to you that if we were trying to start a business today, we would not have been able to finance it.

Many of the people who looked at this business said to us: How are you doing this? This growth is phenomenal. How are you creating these jobs?

We said we did it with internally generated cash. We didn’t sell stock; we didn’t go to the bank, although we had a credit line at the bank, of course. But we did it because we were able to save enough of the profit dollars we earned to pay for the growth of that business and create those jobs.

You can never say anything with certainty with respect to hypotheticals, but it is my conviction that if we were starting that business today, facing an effective tax rate of 42 percent, we would not succeed. We could not afford to do it. Therefore, we would not have created the 4,000 jobs that exist now.

The point I want to make with respect to the top marginal rate is that it does not just apply to the Michael Jordans and Donald Trumps of this world. That marginal rate applies to
the entrepreneurs who are trying to do the same thing my associates and I were lucky enough to do—start a business, create jobs, add to the growth of this country, and discover as they go along that they need to hang on to every penny they earn to finance that growth. I would have had a very different view about regulations and taxes and the difficulties in the Tax Code. The income gap in this country is not the dry statistics of income. It is a terrible, we are told, and we must do something about it. That is the way entrepreneurs live. I have started coming back to the Senate, I have gotten out of the top 20 percent. Indeed, I was in the bottom 20 percent. I have started coming back again. Quite frankly, since I have been in the Senate, I have gotten out of the top 20 percent. I have started coming back down again. That sort of fluidity happens to us all the time.

The problem is not the statistical one of where people are at any one moment in time. I have six children. Right now some of them are doing pretty well. I have one child who, with her husband, probably is pretty close to the bottom 20 percent. He is not earning anything, and my daughter is supporting him. Gee, isn’t that terrible, until you find out he is a student at the Harvard Law School and has pretty good prospects of good earnings once he gets out. He is going into debt now. He is in the bottom 20 percent, but when he gets his degree from the Harvard Law School, I believe he is going to be in fairly high demand with people dangling $125,000 a year starting salary in front of him, and he will move very rapidly from one to the other.

The problem we should be talking about is not the dry statistics of income, it is the reality of skills. The income gap in this country is not something that can be addressed with the Tax Code. The income gap in this country is a skill gap and has to be addressed through a series of educational initiatives, retraining initiatives, both government and private, and a recognition that if we do something to the skills in the freedom of the American economic and environmental system have the opportunity to move up. But
when they move up, they will always be replaced statistically with someone who is earning less than they are who ends up in the bottom 20 percent.

Interestingly enough, when we had hearings before the Banking Committee I led on the issue of the Tax Code and tax relief, and Alan Greenspan was testifying before us, one of the members of the committee said to him: Mr. Chairman, with respect to the good economy we are enjoying, tell us who has benefited the most in terms of the economic strata of the United States, which group has gotten the greatest benefit out of this good economy?

Knowing the political orientation of the Senator who asked the question, I think he was expecting and hoping that Alan Greenspan would say: Well, this economy has mainly benefited people at the top and the people at the bottom have not gotten anything out of it.

I think the Senator was a little surprised when Alan Greenspan said: Without question, the people who have benefited the most from this good economy are the people at the bottom of the economic scale.

The idea here is how can that be, because statistically the top 20 percent has gotten richer than the bottom 20 percent. But Alan Greenspan pointed out a great truth: It probably does not make any difference—I am not quoting him now, this is my summary—it probably does not make any difference whatsoever to Bill Gates whether his portfolio is $60 billion or $80 billion in terms of his lifestyle. He still has his big house at $60 billion. He still has all of his opportunities at $60 billion. His life has not changed at all if it goes from $60 billion to $80 billion.

However, someone who cannot get a job, who suddenly finds that he or she has become gainfully employed for the first time in their life, their life sees an enormous change, and that, indeed, has been the primary impact of this good economy. It has virtually, at least for a period of time, eliminated unemployment.

I can remember when we thought structural unemployment in this country was about 6 percent, and when we got down to 6 percent, we had functional full employment. We saw unemployment go down below 4 percent at times in the recent boom situation, when unemployment was down to 6 percent, we had functional full employment. We saw unemployment down to 4 percent, and when we got to 4 percent, we had functional full employment.

Yet from the rhetoric we hear around this Chamber, we are told over and over that if we do not somehow take money away from the people at the top and shift it to the people at the bottom, we are going to destroy American democracy.

This class warfare kind of rhetoric simply does not jibe with reality. It does not jibe with what we have experienced in the last 10 years. It does not jibe with what the economists tell us is reality, and it certainly does not jibe with that which the small businessman and small business woman will tell you in terms of actual job creation.

Of course, the statistic we need to keep in mind is that the great job-creating machine in this country is not the Fortune 500. The great job-creating machine that is creating new jobs is not headed by Exxon, General Motors, Ford, and DuPont. No, the jobs are being created the way the jobs were created in the circumstance of which I was fortunate to be a part: A company started in a basement by a husband and a wife that within a decade has created 4,000 jobs, and in the process of creating those 4,000 direct jobs, among the suppliers, there are another 2,000 to 3,000 to 4,000 jobs as people are hired to produce the articles that our company has to buy in order to provide its product to its customers.

As we wait for the report to come in from the committees as to where they are going to put the marginal rate, I wanted to take the time to make it clear that the political rhetoric that flows around this issue really has little or no connection with reality.

In reality, a lower marginal rate primarily helps small businesses to grow. A lower marginal rate is crucial to the rate by which small businesses grow. The rate at which small businesses grow is the most important dynamic in terms of how the economy is growing, and for those who get statistically lower marginal rates, the great thing is that in this particular period, they must remember and recognize that in America, more than any other society in the world, the freedom to move both up and down the ladder is greater than anywhere else.

If we can understand those things, we can come to a more intelligent decision with respect to where the marginal rate will be. I have said that the conferences will bring the marginal rate in at the level that I would like, but I hope that once it comes in, in future Congresses we can keep all of this in mind and take another bite at the apple in some particular periods.

My desire would be to bring the top marginal rate back down to where it was during the decade of greed where, quite frankly, we sowed the seeds of the great economic expansion about which we are all excited and for which politicians of both parties have been taking credit when, in fact, they have had little or nothing to do with it.

I think the work I did at the Frankl in Company before I came here had more to do with creating jobs than anything I have done since I have been here. I want to get the marginal rate back down so others who are trying the same kinds of things we did will have the same opportunity that we did.

I yield the floor.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from Michigan.

Ms. STABENOW. Mr. President, I ask unanimous consent to speak up to 15 minutes in morning business.

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

TAXES AND THE ECONOMY

Ms. STABENOW. Mr. President, I rise to speak also about the tax cut proposal, about the debate on how to keep the economy going. I rise in great respect for my friend from Utah, who was successful in business, and lays out a prospective about how to keep the economy going.

While I share his view that we need to focus on a smaller workforce and that is critical to keeping our economy moving, and I represent two different views of how best to do that. That is the debate going on in Washington now. I characterize it as a debate about whether or not the 1980s or the 1990s worked. I argue the bill that will come back—whether tonight, tomorrow, or next week—is a bill based on the notion that the economic policy of the 1980s worked. I argue from the Michigan standpoint, and anyone in Michigan, and any Michigan businesses, farmers I represent, would indicate the 1980s were not a good time for Michigan. We had high unemployment, high interest rates. We saw massive debts both at the State and national level. It is some kind of approach I fear will be happening today with the policies being laid out.

No. 1 in the debate is how to give a tax cut. Is it supply side, as my colleague talked about?

The proposal we are being asked to vote on is a very large tax cut, two-thirds to the upper income wage earners, those in the top 10 percent. And
then we wait for it to trickle down. My folks in Michigan have been waiting for the tax cut of the 1980s to trickle down and hit their pocketbooks. Many have not seen it. We are being asked now to, once again, place it there. I am supportive and have voted for tax relief and will continue to do that, but the time has come to do tax relief that goes directly into the pockets of the majority of Americans.

Contrary to this tax cut, I believe we should eliminate the marriage penalty, not in 6 years, as in this bill, but now. Talk about unfair, that is extremely unfair. We are a country that values family and marriage. Yet we have a tax structure that unfairly penalizes those who are married. I support a proposal and did vote for a proposal to give relief now to married couples by eliminating that unfair tax penalty.

There is a difference in approach. The approach being put forward says a very large supply-side tax cut will trickle down. Coupled, in the 1980s, with a very large increase in defense spending and not controlling other spending, what happened? We tripled the national debt, interest rates were at the highest level ever, and employment went down.

In the 1990s we tried something different. Defense decisions were made, Revenue was put aside to pay down the national debt that had been tripled in the 1980s. We paid it down, slowed the rate of spending. We were able to make sure we were putting aside money for Social Security, Medicare, health benefits, are those who receive little or nothing from the tax cut dips into Social Security and Medicare. Those of us who have been given back two, in the 1990s, we will suspend that action, further tax cuts or spending, until the revenue comes in.

In Michigan, we call that common sense. Don’t spend it unless you have it. It is called fiscal responsibility, keeping the budget balanced, paying down the debt, protecting Social Security and Medicare are critical and should not be compromised for any other actions no matter how well intended. We have a train going down the track. My fear is there will be no budget trigger to stop the train before it goes off the track. That is common sense.

We are going to be asked at some point to vote on a final budget proposal that spends Medicare and Social Security moneys for the future. When we look at the fundamental unfairness, we see that those who are most dependent on Social Security, most in need of Medicare health benefits, are those who receive little or nothing from the tax cut but their Social Security and Medicare, will help pay for it. It is not fair. It is simply not fair. We have in front of us a proposal that says it all. To give the same tax cut and go the same policy track as the 1990s. I urge we still have time to consider that. It is a proposal that gives tax relief but makes sure we condition it upon using none of Social Security and Medicare and that we keep our commitment to fiscal responsibility and paying down our debt while we do it.

The proposal I support also would put aside dollars for education to continue our ability to keep labor productivity going in our country. When we asked Chairman Gramm at the Budget Committee hearing what was the one thing driving this economy, he said it was increased labor productivity. So why in the world would we be creating a situation where education funds are going to have to be cut and research funds and technology development will have to be cut in order to pay for the tax cut in front of us?

This is a no-brainer. What do we want? The 1980s or 1990s? Yet what comes before us in the year 2001 is a set of proposals that takes us back to what happened in the 1980s. We are seeing a proposal that gives two-thirds of the tax cut to those at the very top, hoping it will trickle down.

We know as soon as this bill passes there will be requests for very large increases in defense again, and other increases will come forth. To me, what is most intolerable, is the tax cut proposed spends $550 billion of Medicare and Social Security to pay for it. That is not acceptable.

Over the next 10 years, we are seeing a tax cut and budget proposals that spend Medicare and Social Security right before the baby boomers begin retiring in 11 years. There is no time to pay the cost of this massive debt if that is the case. I am very concerned about that.

Right now we are seeing the financial managers in the country, in the private sector, who are beginning to see it, as well. While short-term interest rates are going down, long-term high interest rates are going up in anticipation of the country going back into massive debt.

I urge Members, it is not too late to stop this train, to put some brakes on it. I propose we create, as we did on this floor—we had an amendment we tried twice to pass—a budget trigger which says if the phase-in of the tax cut dips into Social Security and Medicare, we will suspend that action, further tax cuts or spending, until the revenue comes in.

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KOREAN WAR HEROISM

Mr. SMITH of New Hampshire. Mr. President, with the approach of Memorial Day, it is my privilege to call the attention of this body to one of the greatest, yet least known, acts of sustained heroism in the history of the United States. It occurred 50 years ago in the sixth month of the Korean war.

In December of 1950 American forces accomplished the unbelievable evacuation of 100,000 Allied troops from the port city of Hungnam in North Korea, barely hours ahead of the charging forces of our two newest enemies, North Korea and Communist China. At the same time our American soldiers, sailors, and marines, managed to evacuate another 100,000 persons, all North Korean civilian refugees who were fleeing the ruthless Chinese army whose leaders had threatened to cut off their heads because some had been aiding our United Nations forces.

One of the most heroic acts in the evacuation was the virtually unknown story of a small American merchant marine freighter, the S.S. Meredith Victory. With space for only twelve passengers, the ship loaded and rescued 14,000 North Koreans—the innocent people of our enemy—old men, young women, children, on their backs and at their breasts, children carrying children. Their rescue was accomplished during one danger-filled voyage of three days and three nights in bitter winter cold that ended in safety and freedom on Christmas Day. The United States Government, through its Maritime Administration, has called it “the greatest rescue operation by a single ship in the history of mankind.”

The Korean war has been called “America’s forgotten war,” and the evacuation of Hungnam has been called “the forgotten battle in the forgotten war.” I submit, that the heroic story of the men of the S.S. Meredith Victory is “the forgotten rescue.”

Fortunately, this story is now being brought to the attention of the American people in a new book “Ship of Miracles” by Bill Gilbert, a former reporter for the Washington Post who served in the U.S. Air Force during and after the Korean war. The foreword to his book is written by General Alexander M. Haig Jr., whose career included serving as White House chief of staff, NATO commander, and Secretary of State. Appropriately, however, General Haig served in Korea during the war and was directly involved in the rescue of our troops and the refugees from Hungnam. The book was released by Triumph Books of Chicago.

General Haig states in his foreword, “The story of Hungnam and the Meredith Victory is a brilliant yet relatively unknown chapter in American history that can now take its place, during this fiftieth anniversary of the Korean war, among such legendary names as Bunker Hill, Midway, the Battle of the Bulge, Iwo Jima and Okinawa. This book did not just deserve to be written—it needed to be written.”

The men of the Meredith Victory, led by their captain, Leonard LaRue of Philadelphia, emerge as the heroes of this amazing story. Every one of the 14,000 refugees aboard that ship survived, plus five babies born en route to safety with no doctors to help. There was no food, water, no sanitation facilities, no interpreters, and no protection against the enemy. The men of the Meredith Victory accomplished their rescue while sailing through one of the heaviest-laid mine fields in the history of naval warfare with no mine detectors. They had no anti-aircraft guns in case of an air attack. Radio contact with other ships was forbidden for security reasons. To add to the prolonged tension, the ship was carrying 500 tons of jet fuel.

The Meredith Victory arrived at Pusan on the southern tip of the Korean Peninsula on Christmas eve but was not allowed to land because the port was already overflowing with refugees and rescued Americans. Captain LaRue wrote later of “these people aboard who, like the Holy Family many centuries before, were themselves refugees from a tyrannical force.” The ship did land safely on Christmas day on Koje-Do island, fifty miles southwest of Pusan.

One of the Navy officers who participated in the Hungnam evacuation was the late Admiral Arleigh Burke who became Chief of Naval Operations. He later said, “As a result of the extraordinary efforts of the men of the Meredith Victory, many people are now free who otherwise might well be under the Communist yoke. Many unknown Koreans owe the future freedom of their children to the efforts of these men.”

Larry King Show host, said “Ship of Miracles’ will make you proud to be an American.”

The book has already won its first award. Mr. Gilbert has been awarded the Theodore Roosevelt and Franklin D. Roosevelt Naval History Prize, awarded annually by the New York Council of the Navy League. The Council’s president, Rear Admiral Robert A. Ravitz (USNR, Ret.), said Mr. Gilbert was selected “because his book tells a story of American heroism and humanitarianism which has gone overlooked for 50 years and should be told and made a shining part of our military history.”

Admiral Ravitz added, “At a time when we are reading other stories about what American forces did or didn’t do in Korea and elsewhere, Mr. Gilbert has made a valuable contribution to American history of revealing this story of both the bravery and the goodness of America’s men in time of war.”

For these reasons, our nation owes a debt to Bill Gilbert on this Memorial Day for writing a book which reminds the American people of that forgotten war and of an heroic incident in that war by the brave men of the S.S. Meredith Victory.

IN RECOGNITION OF OLDER AMERICANS MONTH

Mr. SARBANES. Mr. President, I rise today in recognition of “Older Americans Month.” Since President Kennedy began this important tradition, each May has been designated as a time for our country to honor our older citizens for their many accomplishments and contributions to our Nation. Those of us who have worked diligently in the U.S. Senate to ensure that older Americans are able to live in dignity and independence during their later years look forward to this opportunity to pause and reflect on the contributions of individuals who have played such a major role in the shaping of our great Nation. We honor them for their hard work and the countless sacrifices they have made throughout their lifetimes, and look forward to their continued contributions to our country’s welfare.

Today’s older citizens have witnessed more technological advances than any other generation in our Nation’s history. Seniors today have lived through times of extreme economic depression and prosperity, times of war and peace, and incredible advancements in the fields of science, medicine, transportation and communications. They have adapted to these changes or, actually, the changes to them, and continue to make meaningful contributions to this country.

Recent Census figures reveal that the number of Americans 85 and older grew 37 percent during the 1990’s while the number of overall population increased only 13 percent. Baby boomers, who represented one-third of all Americans in 1994, will enter the 65-years-and-older category over the next 13-34 years, substantially increasing this segment of our population.

At the same time the number of older Americans is skyrocketing, they are in much better health and far less likely than their counterparts of previous generations to be impoverished, disabled or living in nursing homes. More older Americans are working and volunteering far beyond the traditional retirement age to give younger generations the benefit of their wisdom.

These figures show an increased investment in programs such as Medicare and Social Security, and investment in biomedical research and treatment are improving the quality of life for older Americans. One of our national goals must be to ensure all older Americans experience these improvements. We must continue to enact meaningful legislation to help meet the needs of this valuable and constantly expanding segment of our society.

By 2020, Medicare will be responsible for covering nearly 20 percent of the population. Yet 3 in 5 Medicare beneficiaries lack affordable, prescription
drug coverage. Though Medicare works, it was created in a different time before the benefits of prescription medicines had become such an integral part of health care. Today it is unthinkable to think of quality health care coverage without including the medicines that treat and prevent illnesses. I have and will continue to fight for Medicare prescription drug coverage. As a cosponsor of the Medicare Prescription Drug Coverage Act of 2001, I recognize the predicament many older Americans are in as they struggle to live independently on a fixed income and afford costly prescription drugs. It is imperative that we address the needs of the Americans who have devoted so much of their life experience and achievement to better our society.

The celebration of Older Americans Month provides us with the opportunity to highlight the importance of the Older Americans Act. As a vigorous and active member of Congress to benefit older Americans, I am pleased that Congress and President Clinton reauthorized this important legislation last year. I commend my colleagues from Maryland, Senator Barbara Mikulski, for her tireless efforts in pursuit of the Older Americans Act Amendments of 2000. This legislation funds a dynamic network of community and home-based services so critical to many of our Nation’s seniors, including home care, ombudsmen for residents of assisted living facilities, and sub-sync employment for older workers.

One of the most beneficial provisions of the Act is the creation of the National Family Caregiver Support Program. The Administration on Aging estimates that each day, as many as 5 million older Americans are recipients of care from more than 22 million informal caregivers. On average, these caregivers will limit their professional and volunteer time to care for their loved ones. Women are 50 percent more likely to be informal caregivers, and as a result, they are more likely to risk their health, earnings and retirement security. As programs such as Medicare and Medicaid continue to feel the pressures of the current Federal budget process, the noble and compassionate work of these dedicated individuals is particularly critical. The National Family Caregiver Support Program addresses the challenges faced by informal caregivers. It authorizes funding for the distribution of information to caregivers regarding available services, caregiver training, and respite services to provide families temporary relief from caregiving responsibilities.

I have always believed strongly that this wise population contributes greatly to American society. Our Nation’s older generations are an ever-growing resource that deserves our attention, our gratitude, and our heart-felt respect. As observance of Older American Month comes to a close, I look forward to working with my colleagues in the Senate to implement public policies that affirm the contributions of older Americans to our society and ensure that they continue to thrive with dignity.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Mr. President, I rise today to introduce the 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 November 7, 1999 in Lawrence, KS. Two heterosexual men, one a student at Kansas University, were walking down the street when some men directed anti-gay epithets at them. After responding to the remarks, the two were attacked by five men. One of the victims was knocked backwards on a concrete planter and held down while two attackers struck his face with their fists. The other ran to call the police. This was the third such incident in as many months. One of the victims said that the police initially told him they could not arrest the perpetrators because, “it was their word against ours.”

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 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.

ROLE OF THE FEDERAL OMBUDSMEN IN DISPUTE RESOLUTION

Mr. AKAKA. Mr. President, last week the General Accounting Office, GAO, released a report I requested entitled “Human Capital: The Role of Ombudsmen in Dispute Resolution.” The report studies the use of Federal ombudsmen offices as an informal alternative to existing and more conventional processes to deal with personnel conflicts inside Federal agencies.

I know that traditional formal dispute resolution processes have long been criticized. To address these concerns, the Federal Government has begun exploring alternative methods including the use of ombudsmen. This has resulted in the greater use of alternative dispute resolution, ADR, practices, both because of legislation, specifically the Administrative Dispute Resolution Act of 1990, ADRA, and because of a desire to resolve workplaces conflicts quickly to the mutual benefit of both the employee and the agency. I wish to point out that ombudsmen are not themselves an alternative means of dispute resolution, but rather a neutral practitioner of dispute resolution practices, including ADR techniques, to handle complaints.

I support strong workplace protections to protect Federal employees from arbitrary agency actions and prohibited personnel practices. Ombudsmen provide another way to ensure a more rapid conclusion to workplace problems. These offices may also prove another tool for allowing agencies in attracting, retaining, and motivating their workforces. In fact, this report concludes that “ombudsman offices can offer a useful option for agencies to consider in developing their current personnel policies and practices.” Another plus is that these offices focus on identifying systemic issues and developing conflict prevention strategies.

The GAO identified 22 workplace ombudsman offices in 10 agencies. Their “best practices” report focuses for illustrative purposes on offices within three agencies: The National Institutes of Health, NIH, the International Broadcasting Bureau, IBB, and the U.S. Secret Service.

NIH has one of the most developed ombudsman offices, which was established in 1997, and now has four full time ombudsmen. The IBB office began as a part-time position in 1988, and now operates as a full-time office. The Secret Service’s office, started in 1987, employs one full-time staff member and nine collateral-duty people serving the Secret Service’s field offices.

The ombudsman can be a high-level manager with broad authority to deal with almost any workplace issue, including answering questions about agency policies, cutting through “red tape,” counseling employees and coaching them on how to manage situations, handling accusations about employment discrimination, and workplace safety issues. Ombudsmen are a resource for Federal workers with workplace issues; an office which they can consult that is independent, neutral, and provides confidentiality.

The 1990 ADRA authorizes the use of ombudsmen offices but does not define or set standards for an ombudsman. The Act, as amended in 1996, established the Interagency ADR Working Group. There is also a Coalition of Federal Ombudsmen, the NIH, IBB, and Secret Service ombudsmen who participated in the GAO report and are involved with both these and outside organizations. Some of the non-Federal ombudsmen organizations have published or drafted standards of practice for ombudsmen. These standards focus on the core principals of independence, neutrality, and confidentiality, which requires a commitment from the highest levels within an agency. This commitment is the guiding force in the success of the three offices studied by the GAO.

In addition to support from senior management, an ombudsman office must work closely with unions representing Federal workers. The General Counsel of the Federal Labor Relations Authority has issued guidance concerning the establishment of ADR
programs and the Federal Service Labor-Management Relations Statute. It is essential that ombudsmen do not come in conflict with the role of unions in protecting worker rights. From the case studies examined by the GAO, there appeared to be good relations between ombudsmen and unions in agencies where employees are represented by unions. As agencies consider this and other alternatives to traditional dispute resolution, there must be assurances that employees’ rights are maintained and about the process of implementing these practices.

I recommend this General Accounting Office report to my colleagues, and I commend Anthony P. Lofaro of the GAO for his contribution to this report, along with Stephen Altman and Katherine Brentzel. It provides excellent background and a best practices blueprint for Federal agencies as they consider employing ombudsman to assist their employees.

AMERICAN INDIAN HERITAGE MONTH

Mr. WELLSWONE. Mr. President, I rise today to speak on American Indian Heritage Month, which is celebrated in Minnesota in May. It is fitting that we take time during this month to recall the contributions, services and heritage of our fellow Native American citizens, and to remember that the enormous contributions and talents of Native American continue to enrich our lives every day.

In our review of these vital contributions, we must acknowledge the courage, talent, determination, leadership and vision of those men, women and children who made an impact on our Nation in the face of incredible obstacles. We should be mindful, as we celebrate the culture, heritage and spiritual contributions of the first Americans, to dedicate ourselves to preserving the unique relationship between Native Americans tribal governments and the Federal Government.

Many of the basic principles of our Constitution, such as freedom of speech and separation of powers, were embodied in practices already in use by American Indian tribal prior to our Republic. Many of our deepest values, such as respect for the preservation of nature and life, reverence for elders, and adherence to tradition, find root in American Indian traditions.

The relationship between American Indians and the Federal Government is unique and finds no parallel. When the United States was organized as a Nation, the Indians of this continent, and not the white settlers, held the responsibility of governing the land they were on. The Indians were the first to preserve and protect the land, and they are still the ones responsible for protecting and preserving the land.

All of the land in Minnesota was gained by the United States through a series of treaties with the Anishinaabe and Dakota Nations. Sixteen treaties and four agreements applied to American Indians of Minnesota. One of the earliest treaties to affect Minnesota’s American Indians was the Pike Treaty of 1806, which allowed the Federal Government to claim a small section of land near the confluence of the Minnesota and Mississippi rivers to build a military fort, which ultimately became known as Fort Snelling. The 1825 Treaty of Prairie du Chien created a boundary between the Dakota to the south and the Ojibwe who lived in the woodland communities.

In addition to acknowledging the historical context of the relationship between the Federal Government and the American Indians, we should also recognize the various contemporary entities and contributions of these Bands. Their efforts have helped shape the social, economic and political landscape of our region.

In the area of economic development, the Minnesota American Indian Chamber of Commerce has tremendous work in the area of advanced telecommunications, and other forms of business development to expand economic opportunities for American Indians on reservations as well as in urban areas.

The Mille Lacs Band of Ojibwe was honored by the Harvard Project on American Indian Innovation in 1999 for their Ojibwe Language Program. This is a highly successful effort to revitalize the Band’s native language by teaching it to the younger members in innovative ways.

Our community also is extremely privileged to have an organization with the capacity and outreach of American Indian Opportunities Industrialization Center. This organization provides necessary education and job training services, serving as a bridge between public school and employment or college for its students.

I am also proud to commend the organizations that comprise the Metropolitan Urban Indian Directors for their unwavering efforts to examine and address many critical issues and challenges facing urban American Indians.

Native Americans in my State, and indeed in all fifty States, are justly proud of their heritage and culture. They can be just as proud of their efforts today to preserve that heritage, to protect that culture and to make it relevant for today’s Native American children, and it is those efforts that I honor today.

CONFIRMATION OF RESERVE SERVICE CHIEFS

Mr. MCCAIN. Mr. President, I rise to mark an historic day for our Nation’s military, and specifically the reserves. Yesterday, the U.S. Senate honorably carried out its constitutional duty by approving the President’s nominations of Reserve Service Chiefs to the rank of three-star. Last year’s National Defense Authorization Act for Fiscal Year 2001, H.R. 4205, required the service secretaries to increase the rank of the Chief of the Navy Reserve, Commander of the Marine Forces Reserve, Chief of the Army Reserve, Chief of the Air Force Reserve, Director of the Army National Guard, and the Director of the Air National Guard to Vice Admiral or Lieutenant General. This mandate was very significant to me and many of my colleagues, as well as those who serve in our reserve forces.

Earlier this year, I was greatly honored to be recognized by the Reserve Officers Association in receiving their highest honor—the Minuteman of the Year Award. The Reserve Officers Association, particularly Rear Admiral Stephen G. Yusem USNR (Retired), deserves great credit for its efforts in working with Congress to ensure that this well-deserved change in promotion authority for the Reserve Chiefs became a reality.

It is especially important to me because of the significant changes I have observed in our Total Force, active duty and Reserve Components since the late-1980s to early-1990s when Senator Glenn chaired the Personnel Subcommittee on the Committee on Appropriations, and was a member on the subcommittee. Back then, reservists were truly weekend warriors. That, however, is not the case now—they are much more than that. Today, reservists work considerably more than weekends, and are critical a part of the fabric of our National Military Strategy as active duty servicemembers.

The all-volunteer military has largely been a success in our country. However, an unfortunate by-product has been the increasing chasm between those Americans who have served in the armed services and those who have not. Twenty years ago, scores of elected officials in Washington were veterans. Today, the Senators and Congressmen who have worn the uniform of the armed services has rapidly declined.

This military-civilian gap, as some have characterized it, is a troubling reality that we must seek to bridge. It is increasingly difficult for many of our fellow citizens to truly appreciate the sacrifices of those who serve in any capacity. That is another reason that the reserves are so important for our nation’s defense. Our reservists not only protect our liberty, but also serve as the indispensable link to those Americans in civilian life not ordinarily touched in their daily lives by the sacrifice, honor and privilege of military service.

The roles and missions of the Reserve Components have changed over the past several years, as the active duty force has evolved from the downsizing of our military forces during the last decade. For example, in March 2001, the Army National Guard 29th Infantry Division took command of the American peacekeeping mission in Bosnia. The significance of this deployment is that
75 percent of the 4,000 U.S. Army soldiers on the ground will be Army Reserve and Guard soldiers from 17 states—not just headquarters’ staff, but operational units as well. This is just one of many such deployments that have taken place in the past year, but it highlights the ever-increasing role of reservists in defending America’s security interests around the world, and marks a radical departure from the past.

The figures are quite staggering when considered in total. Today, reservists and National Guard members are deployed under three presidential call-up orders for Bosnia, Kosovo and Southwest Asia. For Bosnia, more than 21,000 U.S. reservists have been called involuntarily since 1995, with another 14,000 having served in a voluntary capacity. For Kosovo, more than 7,100 have been called involuntarily, and these have been joined by more than 4,900 volunteers. For Southwest Asia, 2,800 have been called and some 11,000 have volunteered.

During each of the past five years, Reserve and National Guard servicemembers have performed between 12 and 13.5 million duty days in support of combat operations. These numbers are a direct contrast to 1990, when just one million duty days were performed, yet there were 25 percent more reservists.

Reservists also currently make up more than half of the airlift crews and 85 percent of the sealift personnel needed to move troops and equipment in either wartime or peacetime operations. In addition, reserve medical and construction battalions, as well as other specialists, are critical to a wide range of operations. Consequently, efforts by the reserve components to move beyond a traditional wartime backup role and to provide peacetime support to active units are desirable. The National Guard and Air Force Reserve components have made particularly impressive progress in this direction.

Reservists are performing many vital tasks, from patrolling the no-fly zones in skies above Iraq to rebuilding schools in hurricane-ravaged Honduras and fighting fires in our western states, from overseeing civil affairs in Bosnia, to augmenting aircraft carriers short on active duty sailors with critical skilled enlisted ratings during at-sea exercises as well as periods of deployment.

I believe that the civilian and uniformed leadership of our Armed Forces and the Congress must recognize this involvement, and, at a minimum, provide equality in benefits for reserve component servicemembers when they put on the uniform and perform their weekend drills as well as all other critical training evolutions. Quality of life is not just an active duty obligation that Congress must provide. Reservists, on the other hand, resemble their active duty counterparts during training evolutions and are deployed at times around the world, should be treated equally when the administration and Congress provide for quality of life benefits.

I am pleased to pay homage to the many wonderful reserve servicemen and women who serve in our armed forces, and in some small measure thank them for their dedicated service to our country by recognizing the confirmation by the U.S. Senate of the Reserve Service Chiefs to three-star rank. Congratulations to Vice Admiral John B. Totushek, Chief of the Naval Reserve; Lieutenant General Dennis M. McCarthy, Commander of the Marine Forces Reserve; Lieutenant General Thomas J. Plewes, Chief of the Army Reserve; Lieutenant General James E. Sherrard, III, Chief of the Air Force Reserve; and, Lieutenant General Roger C. Schultz, Director of the Army National Guard. I am confident that our Reserve Component forces will continue to flourish under your leadership. All of you have already demonstrated that the key to your strength as leaders is in the extraordinary men and women who work very hard in our military. I trust in your willingness and ability to uphold the honor of our country. Congratulations on your continued sacrifice and service to our Nation.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, May 24, 2001, the Federal debt stood at $5,660,965,921,275.71, five trillion, six hundred sixty billion, nine hundred sixty-five million, nine hundred twenty-one thousand, two hundred seventy-five dollars and seventy-one cents.

One year ago, May 24, 2000, the Federal debt stood at $5,676,762,000,000, five trillion, six hundred billion, seven hundred sixty-two million. Five years ago, May 24, 1996, the Federal debt stood at $5,122,025,000,000, five trillion, one hundred twenty-two billion, five hundred twenty-five million.

Ten years ago, May 24, 1991, the Federal debt stood at $3,481,461,000,000, three trillion, four hundred eighty-one billion, four hundred sixty-one million.

Twenty-five years ago, May 24, 1976, the Federal debt stood at $907,559,000,000, six hundred seven billion, five hundred fifty-nine million, which reflects a debt increase of more than $5 trillion, $5,053,406,921,275.71, five trillion, fifty-three billion, four hundred sixty million, nine hundred twenty-one thousand, two hundred seventy-five dollars and seventy-one cents during the past 25 years.

ADDITIONAL STATEMENTS

IN RECOGNITION OF THERMOANALYTICS, INC.

Mr. LEVIN. Mr. President, I wish to acknowledge the achievements of ThermoAnalytics, Inc., a small business from my home state of Michigan that has been once again recognized for its quality products and high tech innovation. On May 9 of this year, ThermoAnalytics was selected by the Small Business Administration as the Small Business Prime Contractor of the Year 2000 for Region V, an area which includes Michigan, Indiana, Minnesota, Ohio and Wisconsin. This is the third quality award bestowed upon ThermoAnalytics, Inc. by the Federal Government in the past year.

ThermoAnalytics has worked with the automotive industry and the U.S. Army Tank-Automotive and Armaments Command (TACOM) to develop a world class software tool that is considered standard in the auto industry and Department of the Army. As the Army continues to transform itself into a smaller, lighter and more efficient fighting force, computer analysis tools, such as these, are used to design performance vehicles before they are built and tested. The products designed by ThermoAnalytics help the Army continue to achieve this important goal.

ThermoAnalytics developed a computerized model for heat management to aid in the assessment of the susceptibility of Army vehicles to threat sensors. This technology was commercialized into a state-of-the-art image based radiation solver. The commercial product was released in July 1999 and provides engineers with a quick and simple thermal predication tool. A second commercial product was developed for more advanced use by the Big 3 automotive manufacturers and associated automotive markets. The products are used widely by the automotive industry and military labs and contractors.

In addition to the Contractor of the Year Award, ThermoAnalytics received the Small Business Administration’s Tibbetts Award for their accomplishments in the area of high technology innovation on October 3, 2000. Tibbetts Awards are presented annually to small technology firms which have achieved excellence under the Small Business Innovative Research (SBIR) program. The winners, one from each state, are selected based on the economic impact of the technological innovation, overall business achievement and demonstration of effective collaborations.

Prior to the Contractor of the Year Award and the Tibbetts Award, ThermoAnalytics received the Army Phase II Quality Award on August 22, 2000. These three awards highlight the ingenuity and innovation that have come to typify ThermoAnalytics.

ThermoAnalytics, Inc. is an outstanding company that has played a vital role in assisting the United States Army and private industry. I know that my Senate colleagues will join me in congratulating ThermoAnalytics on being named the Small Business Prime Contractor of the Year for Region V.
MEMORIAL DAY TRIBUTE

- Mr. LUGAR. Mr. President, in celebration of Memorial Day holiday, I would like to recognize the work of Gertrude Stephenson, whose dedication to the remembrance of veterans has led to deeper awareness and ongoing appreciation of fallen heroes in Washington County, IN. As a part of the Salem High School Class of 1965 to honor Jerry Sabens, killed in Vietnam, developed into a community-wide effort to acknowledge the sacrifices of all Washington County veterans who gave their lives in service to our country.

- Thanks to Mrs. Stephenson’s direction and the research assistance of Martha Bowers, more than 100 articles were printed in The Salem Leader detailing the stories of these veterans. With the help of Cecil Smith, former editor of The Salem Leader, and his staff, the stories have been compiled in a book, “Gone But Not Forgotten.”

- This labor of justice will greatly benefit the citizens of Washington County, IN, as families come together to share stories, photographs and personal information of the loved ones who died protecting our freedom. County youth will gain new understanding and appreciation of our American patriots of war.

I am personally grateful for all in Washington County who contributed to this project, including the Washington County Veterans Office, the County Extension Office, the Stevens Museum staff and so many others.

TRIBUTE TO ELIZABETH M. BENNETT

- Mr. DAYTON. Mr. President, today I take the opportunity to pay special tribute to a remarkable person, Elizabeth M. Bennett, of Wayzata, MN. Beth has led a life of extraordinary service to the communities of Minneapolis and Saint Paul. Most particularly, she has invested her energies with the goal of improving the quality of health care in the Twin Cities. Her activism was not limited to Minnesota, however; early on, she also made her presence felt in Northern California, where she lived for a time, and eventually on the national stage, as well.

- The extensive list of her volunteer commitments spans six decades, beginning with her activism in high school, where she applied her special gifts for analysis and problem solving. Happily, these talents were also crowned by the ability to lead and inspire, for, in a demonstration of her early promise, she started a YWCA leadership group at West High School in Minneapolis. For this effort, she was awarded the Harry S. Truman National Leadership Award in 1947. From there, Beth was well on her way to becoming a health care merger expert.

- As a young person, Beth dreamt of entering the medical profession, an ambition which was never realized. Instead, she directed her passion for better health care into her volunteer work, serving as a board member for a variety of institutions. She volunteered to participate—early, effectively, and equipped always by mastery of the subject at hand—in the public discussion encompassing the community’s health challenges. Her interests have included the uninsured, and health care research for children and seniors, always staying current with the rapidly changing profile of health care needs and delivery systems in our society.

- In addition to investing her time, heart, and mind, she raised many millions of dollars. For her extraordinary fundraising, she has yet not always received sufficient recognition. But I am pleased to say that in 1988, she was awarded the well-deserved National Association of Fundraisers Award. Beyond the tangible, however, Beth touches others with that indispensable, inimitable spirit of enthusiasm, encouraging them to become involved too. Many have found exposure to Beth’s zeal and breadth of knowledge about causes to be irresistible and have been moved to strong support, sometimes for the first time.

- Beth was in the creation of the new Children’s Hospital in 1958, planning for community health care facilities and programs, consideration of issues in medical education, and the relationship between the University of Minnesota and private community entities and served on its Board for 35 years.

- She served on the boards of Northwestern Hospital and Abbott Hospital in various capacities and was a major force in their merger in 1994, serving for over 40 years. She acted as a liaison between Abbott-Northwestern and Children’s (now Allina Health System) during a crucial early period, planning for community health care facilities for adults as well as children.

- Continuing her lifelong advocacy of quality health care for the citizens of the State of Minnesota, Beth has been a member since 1990 of the board of directors of the University of Minnesota’s Children’s Foundation (which supports pediatric research), recently as its Chair, and concurrently chairs the pediatric portion of Campaign Minnesota at the University of Minnesota.

- In recognition of these numerous contributions she has made to health care, Beth was recognized with the University of Minnesota Dean of the Medical School Community Service Award.

- While health care is closest to Beth’s heart, she is also dedicated to higher education, having served on the boards of the University of Saint Thomas for the last 7 years and the Minneapolis College of Art and Design. In addition, she has served as a board member of WAMSO (Women’s Association of Minneapolis Symphony Orchestra), the United Way of the Bakken Library.

- Her love of the arts also inspired her to serve as a docent of the Minneapolis Institute of Arts. Long a member of the Junior League of Minneapolis, she spent 15 years on its board of directors and also chaired its Prevention of Accidental Poisoning in Children Project.

- While residing in California in the 1950’s, she belonged to the board of directors of the Children’s Hospital of the East Bay in Oakland and volunteered at the Oakland Well Baby Clinic.

- Those who are fortunate enough to know Beth called her Beth, with her legions, she has been a champion, having created a solid legacy of support for many institutions and their constituencies. While I trust that Beth’s vocation of service has truly been its own reward, I hope that my remarks today might reflect a small measure of the goodness, self-giving, and strength she has long brought to us Minnesotans.

FLORIDA BOARD OF REGENTS

- Mr. NELSON of Florida. Mr. President, I rise today to commend the Florida Board of Regents for their efforts to save Florida’s Board of Regents. For the last time as the chief governing body of our State university system, the individuals who have served our system through the years have been distinguished public servants. I want to recognize them and thank them for their tireless effort throughout the years to ensure our students receive a quality education.

- Florida’s system has faced many challenges over the years, but none have been as potentially devastating as abolishing the board. At a time when Florida faces increasing strains on colleges and universities, it is imperative that we maintain a system that ensures our higher educational institutions receive adequate resources and funding beyond politics. The Board of Regents was created for that very purpose. It has served our State well by ensuring no State university becomes too powerful at the expense of the others.

- This new system ensures that politicians will govern education, instead of experts and independent voices. In the past, the word of the Board of Regents was respected by legislators and was further supported by the Governor. It was meant to be a nonpartisan governing board. The will of the universities now, however, will be determined by local political boards and the will of the legislature. We have seen programs granted to universities by legislators, despite the strong opposition of the Board of Regents largely because legislators wanted to bring home the bacon to their alma mater. It was best described by Dean Weisenfeld of Florida Atlantic University’s College of Science when he stated, we need to let “universities be universities.”

- Instead, the fate of our universities might now depend on the strength of their legislative delegations. As my distinguished colleague, Senator BOB GRAHAM, has argued, elimination of the Board returns our State...
to an antiquated system under which our institutions are pitted against each other for State and Federal dollars. The Board of Regents, on the other hand, has fostered a system of cooperation between our colleges and universities, reduced duplication of programs, and increased funding. We must continue that spirit of cooperation if we are to meet the needs of our institutions and achieve our ultimate goals: creating world-class programs, attracting quality faculty and students and ensuring that our schools can compete with the nation's best for research dollars. In that spirit, I support Senator Graham's efforts to preserve the Board via constitutional referendum.

I applaud the Florida Voter League and other organizations that have chosen to speak out on this important issue. Insuring our State's next generation of leaders receive a quality college education is an issue we can't afford to ignore.

IN RECOGNITION OF SUGARBUSH ELEMENTARY SCHOOL, 1ST PLACE RECIPIENT IN THE NATIONAL CHILDREN'S SET A GOOD EXAMPLE COMPETITION
• Mr. LEVIN. Mr. President, I would like to honor the students at Sugarbush Elementary School, in my home state of Michigan. These motivated students will be honored on June 6th of this year for winning first place in the 18th Annual American Set A Good Example Competition.

Too often we hear about all the negative influences facing our youth. Much has been made of the many problems facing our children. While we hear about the threats posed by drugs, violence and illiteracy, too little is made of the positive steps that our youth are making to fight these terrible problems. This year, students from thousands of schools participated in the National Children's Set A Good Example Competition in an effort to address these problems. This competition is an innovative program that takes students' ideas seriously, and encourages them to develop and design projects that combat problems facing them every day.

Everybody truly wins when children are given the chance to express themselves and improve their communities, but the students at Sugarbush Elementary School received special notice when they were awarded 1st place in the National Children's Set A Good Example Competition. Their project encourages children to avoid drugs, respect people and protect the environment—values that people of all ages should live by.

Winning first place in a contest that includes over 10,000 schools is a significant accomplishment, and the students, faculty and parents at Sugarbush Elementary School have every reason to be proud of this accomplishment. I am sure that my Senate colleagues will join me in honoring the students at Sugarbush Elementary School for Winning 1st place in the National Children's Set A Good Example Competition, and more importantly for their hard work, idealism and commitment to strong values.

TRIBUTE TO THE LIFE OF JULIAN JAY HENDRICKS
• Mr. REID. Mr. President, on behalf of myself and Senator Ensign, I rise today to pay tribute to a young Nevadaan whose life of those around him and created a sense of family in the small one-room schoolhouse where he was a student.

Julian Jay Hendricks, who celebrated his 7th birthday on February 25, 2001, became a student in the Duckwater Elementary School one-room schoolhouse last fall, and quickly adapted to life in the 9 student community. Julian's contagious smile and joyful disposition became a welcome presence to his Duckwater classmates and teacher.

Inside the classroom, Julian was an excellent math student, and enjoyed the task of learning how to read. On the playground, the young boy enthusiastically played basketball and volleyball with his friends and classmates. Like many adventurous boys, he loved skateboarding and rollerblading with his friends. Another favorite pastime of his was challenging his friends to a game of checkers; a game he was almost always the victor! Tragically, Julian's life and the life of his grandmother, Jeanette Lankford, were cut short in an automobile accident on March 4, 2001.

For too short a time, this young Nevadan brought great happiness and friendship into a tiny schoolhouse in rural Duckwater, Nevada. We rise today to offer this tribute to Julian's life not only on our behalf, but on behalf of his teacher, Lynn Anderson, and all his friends and classmates at Duckwater Elementary School.

In conclusion, I submit to the RECORD a poem written in memory of Julian by his friend Amber Hoy.

I really didn't know Julian too well, but his beautiful smile that stretched across his rosy chubby cheeks was quite contagious to all of us. I knew him just well enough to know he enjoyed his life and all of the wonders in it.

I am just deeply disappointed that I didn't get to know him as well as I would like to.

I find myself selfishly wishing Julian was back here with us now, although we think of his death as a tragedy, Julian's future is much brighter in heaven than it ever could have been on Earth.

It was God's will to take Julian to a wonderful place where he can live the rest of his life safe in peace. I wish his life had been here on Earth.

It was God's will to take Julian to a wonderful place where he can live the rest of his life safe in peace.

Secretly I ask myself what would Julian have been like in ten or maybe twenty years from now?

But I believe—just as always be the small friendly boy, who attended the small friendly Duckwater School.

Even though Julian's body is gone, his spirit lives on in our hearts and the joyful sound of his happy laugh will forever ring in our ears.

At first I wished that I would have gotten to say good-bye to Julian, but maybe that last unforgettable smile and the last slight wave of his little hand as he stepped off the bus; was good-bye. Good-bye, Julian...

Julian will always be in our thoughts and prayers.

Love always, Amber Hoy.

I add the thoughts and prayers of myself and Senator Ensign to those of Amber Hoy. Julian and his grandmother will be missed.

WESTPORT VOLUNTEER EMERGENCY MEDICAL SERVICE
• Mr. DODD. Mr. President, I rise today to commend the Westport Volunteer Emergency Medical Service. Next week, the Westport Volunteer EMS will receive the EMS Magazine “Gold Award” in recognition of the extraordinary vision, professionalism, and dedication of Westport's volunteer emergency medical service providers.

The Westport Volunteer EMS, WVEMS, the “Gold Award”… EMS Magazine is confirming what many of us have long known: Community spirit is alive and well in Connecticut and it still changes lives for the better. The men and women of the Westport Volunteer EMS are true heroes—not only because they save lives—but because they are willing to do the yeomen's work that must be done to ensure that our communities are prepared to respond when the unthinkable happens.

More than 120 Westport volunteers respond to more than 2,000 9-1-1 calls each year. These volunteers make a huge difference in the lives of their fellow citizens. They respond to emergencies night and day. They provide comfort and assistance to people in distress and they save lives. But they also make an enormous difference in less dramatic ways. They teach safety and emergency preparedness classes to hundreds of school-aged children and adults. They host conferences. And nearly every weekend, somewhere in the community a volunteer EMS team provides coverage at a local school athletic event or community gathering. This is the true essence of community spirit—the willingness to spend time working with your neighbors to protect and serve the greater good.

The Westport EMS was formally incorporated in 1979 and continues to serve the community as a division within the Westport Police Department, with on-site standby crews 24 hours a day, 7 days a week, 52 weeks a year. Last year, Westport's volunteers logged 26,000 hours of community service.

The entire Northeast region recently has—not to see because Westport EMS at work when Westport hosted a regional disaster drill in the form of a simulated Amtrak train wreck at the Westport train station.
TRIBUTE TO FRED HOLT

- Mr. FEINGOLD. Mr. President, a great educator and a dear friend of my family died earlier this month. Fred R. Holt was a school superintendent in my hometown of Janesville, Wisconsin, from 1959 to 1978, and as the Janesville Gazette noted, his influence will echo in Janesville classrooms for years.

He oversaw the Janesville school system during one of its most challenging times, as the baby boom generation was rapidly increasing the school population. His gifted leadership helped to foster a climate that was supportive of the beneficiaries of Fred Holt’s generosity.

Fred was deeply committed to our schools. He attended school in Janesville, and was a teacher himself, in Edgerton, Wisconsin and in other districts before becoming Janesville’s superintendent, and he knew how valuable a good teacher is. As a Janesville Gazette article recalled, Fred would send his administrators to teacher-training institutions across the Midwest to recruit top teaching prospects. As products of Fred Holt’s Janesville schools, my brother, sisters, and I can attest to the success of his efforts.

Thousands of Janesville families were the beneficiaries of Fred Holt’s foresight and initiative. I had the privilege of working with Fred after he retired when I served in the Wisconsin State Senate. He was an enormously effective advocate, and generously shared his time counseling troubled students, serving as the Janesville Volunteer Service bureau, and helping to renovate the Janesville Senior Center. In 1987, his work was recognized when he was named one of Wisconsin’s 10 admired seniors.

Fred Holt’s legacy is evident in Janesville and across the country. I am a part of that legacy. And so are tens of thousands of business people and auto workers, physicians and police officers, artists and plumbers, educators, machinists, farmers, and others who have come to receive the largesse of their education. Fred Holt and I owe him an enormous debt.

IN MEMORY OF RABBI YITSCCHAK MEIR KAGAN

- Mr. LEVIN. Mr. President, today I would like to commemorate the achievements of a beloved religious leader, dedicated father and husband and friend from my home state of Michigan, Rabbi Yitschak Meir Kagan. On June 3 of this year, people from around the world will be gathering in Southfield, MI, to honor the life and memory of Rabbi Kagan.

Through hard work and an unwavering commitment to his ideals, Rabbi Kagan’s work has made an indelible mark upon countless individuals. His deep faith, keen intellect, and concern for others has led him to give generously of himself.

Born in England, Rabbi Kagan’s extensive education assumed an international flavor. After early instruction in Great Britain, he studied at the Lubavitch Yeshiva in Israel, the Central Lubavitch Academy in New York and the Rabbinical College in Montreal where he received his ordination.

Central to Rabbi Kagan’s life was the Chabad-Lubavitch movement. In 1966, Rabbi Kagan joined the Michigan Chabad-Lubavitch. For thirty-five years he worked tirelessly to expand the Lubavitch Foundation’s presence in Michigan. Chabad-Lubavitch is a Hasidic sect that originated in Lubavitch, Russia. Lubavitch means “brotherly love,” and Chabad is an acronym for a philosophy that pursues wisdom, understanding and knowledge of God.

Rabbi Kagan’s life embodied the ideal of brotherly love as he sought “to increase the knowledge of Judaism within in every Jew” by educating people about the Torah, providing worship services and performing charitable acts.

As Associate Director of the Lubavitch Foundation, Rabbi Kagan expanded the Foundation by establishing Chabad houses in Ann Arbor, Flint and Grand Rapids, developing “the Campus of Living Judaism;” counseling students and tending to the spiritual development of countless individuals.

Rabbi Kagan’s work reached far beyond Michigan. The printed word enabled his thoughts and insights to span the globe. He published essays adapted from the works of Lubavitcher Rebbe Chaim Shmuel Schneerson that appeared every month. In addition, he edited and translated the Rebbe’s classic text, Hayom Yom, edited philosophical texts and translated commentaries on the Torah.

Rabbi Kagan has been a community and spiritual leader for over three decades. I have been able to witness, firsthand, his enthusiastic commitment to helping others in need. Rabbi Kagan touched the lives of all who met him. He worked with and helped immigrant families in need and others with characteristic zeal, kindness and love. I know my Senate colleagues join me in commemorating the life of Rabbi Yitschak Meir Kagan, and in offering their condolences to Rochel Kagan, his wife, and his extended family.

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 Committee on the Judiciary.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON THE PROGRESS TOWARD ACHIEVING BENCHMARKS IN BOSNIA—MESSAGE FROM THE PRESIDENT—PM 25

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 Armed Services.

To the Congress of the United States:

As required by the Levin Amendment to the 1998 Supplemental Appropriations and Rescissions Act (section 7(b) of Public Law 105-174) and section 1203(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261), I transmit herewith a report on progress made toward achieving benchmarks for a sustainable peace process in Bosnia and Herzegovina.

In July 2000, the fourth semiannual report was sent to the Congress detailing progress towards achieving the ten benchmarks that were adopted by the Peace Implementation Council and the North Atlantic Council in order to evaluate implementation of the Dayton Accords. This fifth report, which also includes supplemental reporting as required by section 1203(a) of Public Law 105-261, provides an updated assessment of progress on the benchmarks covering the period July 1, 2000, to February 28, 2001.

GEORGE W. BUSH

MESSAGES FROM THE HOUSE

At 11:27 a.m., a message from the Speaker of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the bill (H.R. 801) entitled “An Act to amend title 38, United States Code, to improve programs of educational assistance and outreach, to depart servicers, veterans, and dependents, to increase burial benefits, to
provide for family coverage under Servicemembers' Group Life Insurance, and for other purposes."

**ENROLLED BILL SIGNED**

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 801. An act to amend title 38, United States Code, to provide for programs of educational assistance, to expand programs of transition assistance and outreach to depart- ing servicemembers, veterans, and dependents, and to provide for family coverage under Servicemembers' Group Life Insurance, and for other pur- poses.

The enrolled bill was signed sub- sequently by the President pro tempore (Mr. THURMOND).

At 3:58 p.m., a message from the House of Representatives, delivered by Mr. Hayes, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 1. An act to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind.

**EXECUTIVE AND OTHER COMMUNICATIONS**

The following communications were laid before the Senate, together with accompanying papers, reports, and doc- uments, which were referred as indi- cated:

**EC–2047.** A communication from the Acting Assistant Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 96–08, to the Committee on Appropriations.

**EC–2048.** A communication from the Administrator of the Food and Safety Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled “Mandatory Inspection of Rattles and Squabs” (RIN0585–AC34) received on May 23, 2001; to the Committee on Environment and Public Works.

**EC–2049.** A communication from the Mayor of the District of Columbia, transmitting, the Supplemental Budget Request for Fiscal Year 2001; to the Committee on Governmental Affairs.

**EC–2050.** A communication from the Assistant Secretary of the Interior, Bureau of Land Management, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled “43 CFR Part 4069: Procedures for Adoption of Projects” (RIN1004–AD36) received on May 22, 2001; to the Committee on Energy and Natural Re- sources.

**EC–2051.** A communication from the Director of Regulations Policy and Management, Food and Drugs Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled “Gastroenterology-Urology Devices; Classification of Tissue Culture Media for Human Use: Ex Vivo Tissue Culture Processor Applications” (Doc. No. 01P–0087) received on May 23, 2001; to the Committee on Health, Education, Labor, and Pensions.

**EC–2052.** A communication from the Director of the Corporate Policy and Research Department, Pension Benefit Guaranty Cor- poration, transmitting, pursuant to law, the report of a rule entitled “Pension Plan Portability; Deemed Benefit in Terminated Single-Employer Plans; Allocation in Single-Employer Plans; Interest As- sumption for Valuing and Paying Benefits” received on May 22, 2001; to the Committee on Health, Education, Labor, and Pensions.

**EC–2053.** A communication from the Assistant Director for Legal Political Per- sonnel, Department of Defense, transmitting, pursuant to law, the report of a noma- tion for the position of Assistant Secre- tary of Defense, International Security Af- fairs, received on May 23, 2001; to the Com- mittee on Armed Services.

**EC–2054.** A communication from the Chief of the Legislative Division, Office of Legislative Liaison, Department of the Air Force, transmitting, pursuant to law, a report relative to the cost comparison to reduce the cost of transportation functions; to the Committee on Armed Services.

**EC–2055.** A communication from the Assistant Secretary of Defense, Force Management Policy, transmitting, pursuant to law, the annual report relative to the number of waivers granted to aviators who fail to meet the operational flying duty requirements for Fiscal Year 2000; to the Committee on Armed Services.

**EC–2056.** A communication from the Under Secretary of the Department of Defense, transmitting, the report of a violation of the Antideficiency Act, case number 96–08; to the Committee on Appropriations.

**EC–2057.** A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 96–04; to the Committee on Appropriations.

**EC–2058.** A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 97–09; to the Committee on Appropriations.

**EC–2059.** A communication from the Secretary of Labor, transmitting, pursuant to law, the annual report on the operations of the Exchange Stabilization Fund for Fiscal Year 2000; to the Committee on Banking, Housing, and Urban Affairs.

**EC–2060.** A communication from the Acting Chief Counsel of the Office of Foreign Assets Control, Department of the Treasury, transmit- ting, pursuant to law, the report of a rule entitled “Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Foreign Terrorist Organizations, and Special Narcotic Traffickers: Designations of Specially Designated Narcotics Traffickers and Removal of Specially Designated National of Cuba” (31 CFR 5) received on May 23, 2001; to the Committee on Banking, Housing, and Urban Affairs.

**EC–2061.** A communication from the General Counsel of the Federal Emergency Management Agency, transmitting, pursuant to law, the report of a rule entitled “Changes in Flood Insurance Premiums” (66 FR 24280) received on May 23, 2001; to the Com- mittee on Banking, Housing, and Urban Af- fairs.

**EC–2062.** A communication from the General Counsel of the Federal Emergency Management Agency, transmitting, pursuant to law, the report of a rule entitled “Final Flood Elevation Determinations” (66 FR 24284) received on May 23, 2001; to the Committee on Banking, Housing, and Urban Af- fairs.

**EC–2063.** A communication from the Acting Director of the Office of Sustainable Fisheries Services, National Marine Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled “Inseason Adj- ustments for 2001 to the 2001–23, 2001–24, Speci- fications; Closure of Area 1A” (RIN0648–A178) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

**EC–2064.** A communication from the Director for Financial Management and Deputy Chief Financial Officer, Office of the Secre- tary, Department of Commerce, transmit- ting, pursuant to law, the report of a rule entitled “Civil Monetary Penalties; Adjust- ment for Inflation” (RIN0690–AA31) received on May 23, 2001; to the Committee on Com- merce, Science, and Transportation.

**EC–2065.** A communication from the Acting Assistant Administrator for Fisheries, National Marine Fisheries Service, Office of Sustainable Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled “Changes in the Enforcement and Management Plan” (RIN0648–AA07) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

**EC–2066.** A communication from the Acting Assistant Administrator for Fisheries, National Marine Fisheries Service, Office of Sustainable Fisheries Service, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled “Emergency Interim Rule for the Atlantic Deep-Sea Red Crab Fishery” (RIN0648–AA01) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

**EC–2067.** 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 “Administrative Appeal of Dyed Fuel and Refusal Penalties” (Rev. Proc. 2001–33, 2001–23) received on May 23, 2001; to the Committee on Fi- nance.

**EC–2068.** 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 “Administration of the Equalized Zoning Rule” (RIN1545–AY91) received on May 23, 2001; to the Committee on Finance.

**EC–2069.** 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 “Civil Monetary Penalties” (RIN1545–AY97) received on May 23, 2001; to the Committee on Fi- nance.

**EC–2070.** A communication from the Acting Director, Office of the Deputy Assistant Director for Executive and Political Per- sonnel, Office of the Secretary, Department of Commerce, International Security Affairs, transmitting, pursuant to law, the report of a rule entitled “Emergency Interim Rule for the Atlantic Deep-Sea Red Crab Fishery” (RIN0648–AA01) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

**EC–2071.** A communication from the Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled “Emergency Interim Rule for the Atlantic Deep-Sea Red Crab Fishery” (RIN0648–AA01) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

**EC–2072.** A communication from the Deputy Chief of the Regulations Division, Bureau of Alcohol, Tobacco and Firearms, Department of Treasury, transmitting, pursuant to law, the report of a rule entitled “Manufacturers Excise Taxes—Firearms and Ammunition; Delegation of Authority Part 53” (RIN1512–AC39) received on May 24, 2001; to the Committee on Finance.
``Delegation of Authority for Part 250'' (RIN1512-AC38) received on May 24, 2001; to the Committee on Finance.

EC–2073. A communication from the Principal Deputy Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval of Colorado Petition to Relax the Online Field Vapors Pressure Volatility Standards for 2001" (FRL6984–7) received on May 22, 2001; to the Committee on Environment and Public Works.

EC–2071. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Clean Air Act Promulgation of Attainment Date Extension for the Fairbanks North Star Borough Carbon Monoxide Non-attainment Area, Alaska" (FRL6986–4) received on May 22, 2001; to the Committee on Environment and Public Works.

EC–2075. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Effluent Guidelines and New Source Performance Standards for the Oil and Gas Extraction Point Source Category, OMB Approval under the Paperwork Reduction Act; Technical Amendment; Correction" (FRL6981–2) received on May 23, 2001; to the Committee on Environment and Public Works.

EC–2069. A communication from the Acting Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a nomination for the position of Assistant Administrator for Air and Radiation, received on May 23, 2001; to the Committee on Environment and Public Works.

EC–2077. 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 Designation of Critical Habitat for Riverside Fairy Shrimp" (RIN1018-AG34) received on May 23, 2001; to the Committee on Environment and Public Works.

EC–2080. A communication from the Acting Secretary of the Army, Department of Defense, transmitting, pursuant to law, a report on the Vegetation and its Impact on the Designation of a navigation project for Jacksontown Harbor, Duval County, Florida; to the Committee on Environment and Public Works.

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–74. A joint resolution adopted by the Legislature of the State of Nevada relative to the designation of the Old Spanish Trail as a State Historic Trail; to the Committee on Energy and Natural Resources.

SENATE JOINT RESOLUTION NO. 2

Whereas, The provisions of 16 U.S.C. §§ 431, 432, and 433, commonly referred to as the Antiquities Act of 1906, authorize the President of the United States to designate national monuments without the approval of Congress or any state or local government in which the national monument is located; and

Whereas, As part of designating a national monument pursuant to those provisions, the President of the United States may reserve parcels of public land to ensure the appropriate care and management of the national monument, and the reservation of that public land must be confined to the smallest area compatible with that care and management; and

Whereas, The designation of a national monument is often a subject of controversy because the public lands that are included within the designation are withdrawn from the public domain, thereby restricting activities such as mining, ranching and recreation which provide an economic benefit to state and local governments in which the national monument is located; and

Whereas, Decisions concerning the use and management of public lands within a state should be decided by the residents of that state acting through their state and local representatives; and

Whereas, The unilateral designation of a national monument by the President of the United States does not create beneficial partnerships between states and the Federal Government concerning the management of public lands within those states. Instead, such a designation serves to create enmity and to limit the ability of a state to manage its water resources and the ability of state and local governments to develop plans for conservation or otherwise participate in managing those public lands; now, therefore, be it

Resolved by the Senate and Assembly of the State of Nevada, Jointly, That the Legislature of the State of Nevada hereby opposes the President of the United States without obtaining the approval of each state and local government in which the national monument is located; and be it further

Resolved, That the President of the United States is hereby urged to refrain from designating a national monument or from withdrawing public lands in the public domain to create a national monument without obtaining such approval; and be it further

Resolved, That the Secretary of the Senate prepare a copy of this resolution to the President of the United States, the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada Congressional Delegation; and be it further

Resolved, That this resolution becomes effective upon passage.

POM–73. A joint resolution adopted by the Legislature of the State of Nevada relative to the designation of the Old Spanish Trail as a State Historic Trail; to the Committee on Energy and Natural Resources.

SENATE JOINT RESOLUTION NO. 14

Whereas, The Old Spanish Trail, which ran between San Antonio, Texas, and Los Angeles, California, was the first non-Native American trail to cross Nevada and remains the least known trail; and

Whereas, The trail and its traders and emigrants en route between Santa Fe and Los Angeles followed Indian trails in blazing the Spanish Trail through Clark County; and

Whereas, In 1844, Fremont sought the Spanish Trail to guide his party eastward from California and followed the trail through California and Nevada to his point of departure from Utah Lake the previous year; and

Whereas, The route of the trail Fremont followed from California, which he named the Spanish Trail, is the route that he followed in his expedition that he filed with the War Department, which led to his first crossing of South Pass from California to the Virgin River via Mount Springs Pass, Blue Diamond, Las Vegas Springs and the Muddy River; and

Whereas, The Spanish Trail was previously pioneered by traders from New Mexico who spoke Spanish, a fact used by Captain Fremont in designating the "Camino de Calif." or "Camino de Nuevo Mexico" as the Spanish Trail; and

Whereas, Fremont's report and map were so important to the plans of the United States for Western expansion that the United States Senate and House of Representatives each printed 10,000 copies of the report and map; and

Whereas, Copies of the report and map were available to thousands of emigrants heading westward to California who came to know the route they followed as Fremont's Spanish Trail; and

Whereas, The pioneers who used Fremont's route became familiar with the promising land along the trail which led specifically to the founding of Las Vegas or "The Meadows," whose name reflects its importance as a major camp site along the Spanish Trail; and

Whereas, The Old Spanish Trail is the foundation of succeeding routes of transport and travel through Southern Nevada including the Mormon Road, portions of the routes of the San Pedro, Los Angeles and Salt Lake Railroad and the Union Pacific Railroad which succeeded it, and the Arrowhead Trail Highway and its successors U.S. Highway No. 91 and Interstate Highway No. 15; and

Whereas, This historic route for travelers facilitated exploration of the boundaries of the United States to include New Mexico, Colorado, Utah, Arizona, Nevada and California; and

Whereas, The Spanish Trail was preferred by Kit Carson when carrying military dispatches in 1848 to Washington, D.C., which first brought news of gold at Sutter's Fort and ultimately to the West and

Whereas, Information about this ancient route of trade and commerce is still limited, and much more can be learned about the Old Spanish Trail; now, therefore, be it

Resolved by the Senate and Assembly of the State of Nevada, Jointly, That the members of
the Nevada Legislature do hereby urge the Congress of the United States to adopt legislation that dedicates the Old Spanish Trail and the Antonio Armijo Route of the Old Spanish Trail as a National Historic Trail; and be it further

Resolved, That such a designation would help ensure the protection and interpretation of the Old Spanish Trail in a more consistent and coordinated manner, would encourage tourists to visit the communities, landscape features and other resources along the trail, would allow visitors to gain better understanding of how a journey along the trail might have been more than 100 years ago, and would enhance and promote knowledge among the residents and explorers who emigrated and led expeditions to the Western United States; and be it further

Resolved, That the Secretary of the Senate cause a copy of this resolution to be transmitted to the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives, each and every member of the Nevada Congressional Delegation; and be it further

Resolved, That this resolution becomes effective upon passage.

POM-75. A concurrent resolution adopted by the Legislature of the State of Nevada relative to incorporating funds for special education; to the Committee on Appropriations.

Assembly Joint Resolution No. 1

Whereas, The Education for All Handicapped Children Act of 1975, now known as the Individuals with Disabilities Education Act (IDEA), was enacted by the Congress of the United States to ensure that all children with disabilities have available to them a free and appropriate public education; and

Whereas, In 1975, Congress promised state and local governments that it would fund 40 percent of the costs of providing special education and related services to children with disabilities; and

Whereas, Congress has never appropriated funds equivalent to the authorized level, has never exceeded the 15 percent level and has usually appropriated funding at only about the 8 percent level; and

Whereas, The State of Nevada is committed to providing a free and appropriate public education to children with disabilities to meet their unique needs; and

Whereas, The costs associated with serving children with disabilities continue to rise, and meeting those substantial costs requires a strong commitment by local, state and federal governmental agencies; and

Whereas, The failure of Congress to fund special education programs as it promised has forced the states to utilize funding from other necessary local and state programs to attempt to provide these special educational services; now, therefore, be it

Resolved by the Assembly and Senate of the State of Nevada, Jointly, That the Nevada Legislature hereby urges the President and Congress of the United States to increase federal funding for special education to the 40 percent level authorized by the Individuals with Disabilities Education Act so that the State of Nevada and other states can fully meet the needs of children with disabilities; and be it further

Resolved, That the Chief Clerk of the Assembly cause a copy of this resolution to the President of the United States, the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives, each member of the Nevada Congressional Delegation and the Superintendent of Public Instruction for the State of Nevada; and be it further

Resolved, That this resolution becomes effective upon passage.

EXECUTIVE REPORT OF COMMITTEE

The following executive report of committee was submitted on May 24, 2001:

By Mr. REED for the Committee on Armed Services.

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Vice Adm. Edmund P. Giambastiani Jr., 0000.

(The above nomination was reported with the recommendation that it be confirmed.)

The following executive report of committee was submitted on May 25, 2001:

By Mr. McCAIN for the Committee on Commerce, Science, and Transportation.

Timothy J. Mursi, of Virginia, to be a Federal Trade Commissioner for the term of seven years from May 25, 2001.

(The above nomination was reported with the recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

NOMINATION DISCHARGED

The following nomination was discharged from the Committee on Health, Education, Labor, and Pensions pursuant to the order of May 25, 2001:

Donald Cameron Findlay, of Illinois, to be Deputy Secretary of Labor.
of pharmacist services under part B of the Medicare program; to the Committee on Finance.

By Mr. CHAFFEE (for himself, Mr. BENNETT, Mr. JEFFORDS, Mr. LEVIN, Mr. SPECTER, Mr. BINGAMAN, Mr. CLELAND, and Mr. LIEBERMAN):

S. 975. A bill to improve environmental policy, the management of State and tribal land use planning, to promote improved quality of life, regionalism, and sustainable economic development, and for other purposes; to the Committee on Environment and Public Works.

By Mrs. FEINSTEIN:

S. 976. A bill to provide authorization and funding for management of ecosystems, water supply, and water quality of the State of California; to the Committee on Energy and Natural Resources.

By Mr. BOND:

S. 977. A bill to amend the Agricultural Market Transition Act to require the Secretary of Agriculture to make nonrecourse loan guarantees to producers of dry peas, lentils, and chickpeas; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CRAIG (for himself, Mr. BURNS, Mr. BAUCUS, Ms. CANTWELL, Mr. CONRAD, Mr. CRAPO, Mr. DASCHLE, Mr. DORGAN, Mr. JOHNSON, and Mrs. MURKOWSKI):

S. 978. A bill to provide for improved management of, and increased accountability for, oil and gas activities by which the public gains access to and occupancy and use of Federal land, and for other purposes; to the Committee on Energy and Natural Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BREAUX:

S. Res. 95. A resolution designating August 3, 2001, as “National Court Reporting and Captioning Day”; to the Committee on the Judiciary.

By Mr. KERRY (for himself, Mr. LUGAR, Mr. DURBIN, Mr. KENNEDY, and Ms. SNOWE):

S. Res. 96. A resolution expressing the sense of the Senate that a commemorative postage stamp should be issued to honor Dr. Edgar J. Helms; to the Committee on Governmental Affairs.

By Mr. DINE:

S. Res. 97. A resolution honoring the Buffalo Soldiers and Colonel Charles Young; to the Committee on the Judiciary.

By Mr. BOND:

S. Res. 98. A resolution designating the period beginning on June 11 and ending on June 15, 2003 as “National Work Safe Week”; to the Committee on the Judiciary.

By Mr. CAMPBELL:

S. Res. 99. A resolution supporting the goals and ideals of the Olympics; to the Committee on the Judiciary.

By Mr. FITZGerald (for himself and Mr. Smith of New Hampshire):

S. Con. Res. 44. A concurrent resolution expressing the Congress regarding National Pearl Harbor Remembrance Day; to the Committee on the Judiciary.

ADDITIONAL COSPONSORS

S. 170. At the request of Mrs. CLINTON, her name was added as a cosponsor of S. 170, a bill to amend title 10, United States Code, to permit retired members of the Armed Forces who have a service-connected disability to receive both military retired pay by reason of their years of military service and disability compensation from the Department of Veterans Affairs for their disability.

S. 293. At the request of Mr. DOMENICI, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 293, a bill to amend the Internal Revenue Code of 1986 to provide a refundable tax credit against increased residential energy costs and for other purposes.

S. 472. At the request of Mr. HARKIN, the name of the Senator from Wyoming (Mr. ENZI) 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. 512. At the request of Mr. DORGAN, the name of the Senator from Nebraska (Mr. NELSON) was added as a cosponsor of S. 512, a bill to foster innovation and technological advancement in the development of the Internet and electronic commerce, and to assist the States in simplifying their sales and use taxes.

S. 538. At the request of Mrs. FEINSTEIN, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 538, a bill to provide for infant crib safety, and for other purposes.

S. 692. At the request of Mr. JOHNSON, his name was added as a cosponsor of S. 692, a bill to amend title 38, United States Code, to the authority of the Secretary of Veterans Affairs to furnish headstones or markers for marked graves of, or to other wise commemorate, certain individuals.

S. 670. At the request of Mr. DASCHLE, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 670, a bill to amend the Clean Air Act to eliminate methyl tertiary butyl ether from the United States fuel supply and to increase production and use of ethanol, and for other purposes.

S. 781. At the request of Mr. JOHNSON, his name was added as a cosponsor of S. 781, a bill to amend section 3702 of title 38, United States Code, to extend the authority for housing loans for members of the Selected Reserve.

S. 808. At the request of Mr. BAUCUS, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of S. 808, a bill to amend the Internal Revenue Code of 1986 to repeal the occupational taxes relating to distilled spirits, wine, and beer.

S. 885. At the request of Mr. GRASSLEY, the names of the Senator from Louisiana (Ms. LANDRIEU) and the Senator from Nevada (Mr. RUDY) were added as cosponsors of S. 885, a bill to amend the Internal Revenue Code of 1986 to provide for the treatment of certain expenses of rural letter carriers.

S. 886. At the request of Mr. HUTCHINSON, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of S. 886, a bill to amend title XVIII of the Social Security Act to provide for national standardized payment amounts for inpatient hospital services furnished under the Medicare program.

S. 924. At the request of Mr. BIDEN, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of S. 924, a bill to provide reliable officers, technology, education, community prosecutors, and training in our neighborhoods.

S. RES. 92. At the request of Mrs. FEINSTEIN, the name of the Senator from North Carolina (Mr. EDWARDS) was added as a cosponsor of S. Res. 92, a resolution to designate the week beginning June 3, 2001, as “National Correctional Officers and Employees Week.”

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DORGAN (for himself, Mr. DASCHLE, Mr. JOHNSON, Mrs. MURRAY, and Mr. WELLSTONE):

S. 966. A bill to amend the National Telecommunications and Information Administration Organization Act to encourage deployment of broadband service to rural America; to the Committee on Commerce, Science, and Transportation.

Mr. DORGAN, Mr. President, today I rise, along with Senator DASCHLE, Senator JOHNSON, Senator MURRAY, and Senator WELLSTONE to introduce the Rural Broadband Enhancement Act to deploy broadband technology to rural America. As the demand for high speed Internet access grows, numerous companies are responding in areas of dense population. While urban America is quickly gaining high speed access, rural America is, once again, being left behind. Ensuring that all Americans have the technological capability is essential in this digital age. It is not
only an issue of fairness, but it is also an issue of economic survival.

To remedy the gap between urban and rural America, this legislation gives new authority to the Rural Utilities Service in consultation with NITIA to make low interest loans and guarantees that help deploy broadband technology to rural America. Loans are made on a company neutral and a technology neutral basis so that companies that want to serve these areas can do so by employing technology that is best suited to a particular area. Without this program, market forces will pass by much of America, and that is unacceptable.

This issue is not a new one. When we were faced with electrifying all of the country, we enacted the Rural Electrification Act. When telephone service was only being provided to well-populated communities, we expanded the Rural Electrification Act and created the Rural Utilities Service to oversee rural deployment. The equitable deployment of broadband services is only the next step in keeping America connected, and our legislation would ensure that.

If we fail to act, rural America will be left behind once again. As the economy moves further and towards online transactions and communications, rural America must be able to participate. Historically, our economy has been defined by geography, and we in Congress have been powerless to do anything about it. Where there were ports, towns and businesses got their start. Where there were railroad tracks, towns and businesses grew up around them. The highway system brought the same evolution.

But the Internet is changing all of that. No longer must economic growth be defined by geographic fiat. Telecommunications industries and policymakers are proclaiming, “Distance is dead!” But, that’s not quite right: Distance is cheaper than the actions needed to restore a sharp edge to our combat forces.

We know that we have problem with military readiness. It seems that every time we peel back the cheery assessments and closely examine the issue, we find that our military readiness is worse than advertised.

Let me offer just two examples. Today, the readiness level of too many of our aviation combat units is being maintained through cannibalization. One plane is stripped of parts to keep others flying. The only problem with that is the practice actually accelerates the destruction of our combat readiness. A recent Navy investigation stated “current readiness levels are being achieved through extensive cannibalization and that levels are increasing in every community we visited.”

In other words, we have a bunch of hangar queens that have been robbed of parts and are not able to fly to provide the practice or to carry out the missions for which they were intended. Because of a shortage in money, our fliers are going into harm’s way with outdated electronic intelligence files. The Navy E-2C Hawkeyes carry intelligence files that, in some case, are between 5 and 9 years old. Electronic intelligence files aboard the EA-6B Prowler planes, our jammers, are updated only on a 2-to-6-year cycle. The missiles we use to kill enemy radars are not being updated with new electronic intelligence parametric files.

The Army’s Third Infantry Division based at Fort Stewart Georgia was recently dropped to the second lowest readiness rating. Just over a year ago, two other Army divisions, the 10th Mountain and 1st Mechanized Division were briefly dropped to the lowest readiness rating—meaning they were unready for war. These are three of the Army’s ten active duty divisions.

The Marine Corps cannot replace its antiquated equipment because it has to steal money from its modernization account to keep its combat edge sharp.

Sadly, there is an endless parade of anecdotal evidence. And too often, the anecdotal reports that leak to the press are the best indicators of the true state of military readiness than the Pentagon’s own internal reporting system.

The evidence strongly suggests we have not kept faith with our troops who risk their lives for us. And that is our top obligation—to keep up our part of the social compact with our service men and women, in exchange for their willingness to risk their lives we promise them a future so that they may quickly prevail in combat with as few casualties as possible.

While we know all to well the problem we face, we have yet to build a national consensus of the solution. And, too often, the mistake in the problem of this scale requires—a national consensus.

To do that, we need an objective assessment of military readiness conducted by non-partisan, military experts. It would measure the current state of our U.S. military readiness and also examine the effectiveness of the Pentagon’s current readiness reporting system.

Many like the CIA required an outside panel of “Team B” experts during the 1970s, I believe the Pentagon desperately needs an outside group of experts to look at the readiness books.

I believe that this review will help senior Pentagon officials obtain the most accurate picture possible of the true state of military readiness today.

Such a measurement will also help Congress build a baseline understanding of military readiness that we must have if we are to begin funding the military’s operations and maintenance accounts at a sufficient level.

Let me just say this: Secretary Rumsfeld’s decision to reexamine our national military strategy, force structure and procurement strategy is the right thing to do. Indeed, it is long overdue and I commend the administration for its commitment to this effort.

This is very important, but we cannot overlook combat readiness as the most critical indication of our ability to defend itself, our interests and our allies’ interests. Strategic competitors pay close attention to reports of deteriorating U.S. military readiness and we must not embolden them by ignoring these reports ourselves.

Many military experts have also contended that many of the military’s readiness problems would disappear if the Pentagon dropped its plans to fight two major wars at the same time. However, some say that the Nation’s ability to wage major war on two fronts acts as an important deterrent to potentially hostile states like North Korea. Secretary Rumsfeld’s review coupled with a military readiness review panel should enable us for once to answer effectively and address these issues—to come up with the right balance and solutions for our troops and for our Nation.

The readiness system is intended to pinpoint war-fighting deficiencies in every unit’s equipment, transportation system, personnel and training. By many accounts this system is arcane
and inflexible and does not accurately depict the true state of readiness. It is time we reviewed this system and developed means to keep it the predictive and useful tool it was designed and intended to be.

While we await the results of Secretary Rumsfeld’s reviews, we already know that we have a persistent readiness problem that exacerbates other problems within the U.S. military, like manpower levels and morale.

In June we report the defense department sent to Congress in March, there was a list of “strategic concerns” about military readiness. This report indicated that despite some leveling off of declines in wartime preparedness, there is still an uphill battle to be fought to ensure U.S. Forces are ready for major operations. This report states that aviation readiness remains challenged by “reduced aircraft mission-capable rates, parts shortages, and technical surprises and maintenance issues.”

Readiness involves very many distinct issues. First, it’s making sure that we’re providing the resources needed to maintain readiness. Second, it’s making sure that we are gathering the right information so that we’ve got true pictures of readiness. Third, it’s dealing quickly and effectively with readiness issues when they’re detected.

Several weeks ago I released an article describing the legislation I am proposing here. As a result, I have received numerous letters from constituents reiterating the need for this review board and citing examples of why it should be done. One letter was sent by a woman who has a daughter and two friends who are serving on various Navy bases. In her letter she describes a situation where there are not enough spare parts to go around. Nothing new—except this effects her personally and they worried about her family and friends because they are spread too thin and lack the spare parts to do their job, thereby endangering them needlessly.

At the end of the cold war, force structure and personnel end strength were drastically cut in all the services. At the same time, the Nation discovered that the post-cold war world is a complex, dangerous place. As a result, deployments for contingency operations, peacekeeping missions, humanitarian disaster relief and counter-terrorism operations increased dramatically and our dependence on the armed services for their deployments continues to grow.

While our military forces got smaller, they did not become more ready for combat. In fact, our peak military readiness was reached immediately following Desert Storm in 1991 and has slowed and steadily declined since.

And that is excusable for superpowers have the responsibility to our citizens and to countless millions around the world whose physical safety and economic and political stability is guaranteed because of our military strength.

The world looks to us, and so as I review this military readiness problem and search for a solution I am guided by the simple notion that our strength guarantees global peace. Our military strength provides the foundation for the global economy and provides the economic and political stability for so many parts of the world. This understanding must guide our efforts as we seek to rebuild our military to prevail in our next war.

Our own history during this century has shown us that when we try to judge our military by its cost-efficiency during peacetime we invoke disaster. This happened at the outset of the Second World War in North Africa. And we saw it again when Task Force Smith was shredded by the North Koreans in 1950.

How many times must we relearn the lesson that the only true measure of military effectiveness is performance in wartime?

I commend to my colleagues a brilliant editorial in the Wall Street Journal by Mark Helprin. He writes of the myopic view of peacetime civilians charged with budgeting their military leaders and the American soldier from those who believe that his life can be protected and his mission accomplished on the cheap,” wrote Mr. Helprin. “For what they perceive as extravagance is always less costly in lives and treasure than the long drawn-out wars it deters or shortens with quick victories.”

I should explain that the bill I have introduced establishes a commission to be appointed by the Secretary of Defense with the concurrence of the chairs and ranking members of the authorizing appropriations committees to look at the issues of readiness and to be sure that they report to the Congress and to the United States, No. 1, on the reliability, or lack thereof, in the system set up to determine readiness.

I respect the great work being done by the Readiness Subcommittee of the Armed Services Committee. I have spoken with the chair and ranking members. We want to be a supplement to and a sounding board, perhaps, to provide a louder microphone or megaphone for the information determined in that Readiness Subcommittee.

I hope my colleagues will look at this measure and join me in supporting it. I am pleased to ask unanimous consent that the distinguished occupant of the chair, the Senator from Kansas, Mr. Roberts, be listed as a cosponsor.

I invite other colleagues who have an interest in this to look at it and join with me. I hope and trust we can have a strong bipartisan effort to achieve something which should be the goal and the objective of all of us.

I ask unanimous consent that two articles be printed in the Record.

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

[From the Wall Street Journal, April 24, 2001]

**The Fire Next Time**

(By Mark Helprin)

From Alexandria in July of 1941, Randolph Churchill reported to the British discouraged after years of waiting for Rommel to attack Egypt. In the midst of a peril that famously concentrated mind and spirit, he wrote, “You see, generals ranging around GHQ looking for bits of string.”

Apparently these generals were not, like their prime minister, devoted to Napoleon’s maxim, “Par milice et par bravoure, vivant par sourcire,” which, vis-a-vis strategic or other problems, bids one to concentrate upon essence, with assurance that all else will follow in train, even bits of string.

Those with more than a superficial view of American national security, who would devalue it from the fire next time, have by necessity divided their forces in advocacy of its various elements, but they have neglected its essence. For the cardinal issue is national security, and no other issue, whether in Russia, is not weapons of mass destruction, or missile defense, the revolution in military affairs, terrorism, training, or readiness. It is, rather, that the general problem of national security in regard to defense since Pearl Harbor—that doing too much is more prudent than doing too little—has been defined. The time we devoted a lesser proportion of our resources to defense, we were well protected by the oceans, in the midst of a depression, and for major intercontinental conflicts, and even then it was a dereliction of duty.

The destruction is so influential that traditional supporters of high defense spending, bent on the will of the destructors, shrink from argument, choosing rather to negotiate among themselves so as to prepare painstakingly crafted instruments of surrender.

A leader of defense reform, whose mission is to defend the United States, writes to me: “Please do not quote me under any circumstances by name. The Bush has no chance of winning the argument that more money must be spent on defense. Very few Americans feel that more money needs to be spent on defense and they are right. The amount of money being spent is already more than sufficient.”

More than sufficient to fight China? It is hard to think of anything less compelling than war with China, but if we don’t want that we must be able to deter China, and to deter China we must have the ability to fight China. More than sufficient with simultaneous invasions of Kuwait, South Korea, and Taiwan? More than sufficient to stop even one incoming ballistic missile? Not yet, not now, and, until we spend the money, not ever.

For someone of the all-too-common opinion that a strong defense is the cause of war, a favorite trick is to advance a wholesale revision of strategy, so that he may accomplish his deprivations while looking like a reformer. This pattern is followed instinctively by the French when they are in alliance and by the left when it is trapped within the democratic order. But to do so one need be neither French nor on the left.

Neville Chamberlain, who was neither, starved the army and navy on the theory that the revolution in military affairs of his time made the only defense feasible a “Fortress Britain” protected by the Royal Air Force—and then failed in building up the air force. Bill Clinton, who is not French, and who came into office with the discontinuance of heavy echelons in favor of power projection, simultaneously pressed for a severe reduction in aircraft carriers, the slaughter of precondition. Mr. Helprin and his strategic toadies embraced the revolution in military affairs not for its virtues
but because even the Clinton-ravished military "may be unaffordable," and "advanced technology offers much greater military efficiency."

This potential efficiency is largely unfamiliar to the general public. For example, current miniaturized weapons may seem elementary in comparison to violet lithography equip guidance and control systems with circuitry not 0.25 microns while 0.007 microns wide, in a 35-fold reduction that will make possible the robotization of arms, from terminally guided and target-identifying bullets to autonomous tank killers that fly hundreds of miles, burrow into the ground, then rise like locusts until they are awoken by the seismic signature of enemy armor.

Lead-magnesium-niobate transducers in broadband sonars are likely to make the seas perfectly transparent, eliminating for the first time the presumed invulnerability of submarine-launched ballistic missiles, the anchor of strategic nuclear stability. The steady perfection of missile guidance has long made nearly everything the left says about nuclear disarmament disingenuous or uninformed, and the advent of metastable explosives creates the prospect of a single B-1 bomber carrying the non-nuclear weapons load of 24,000 metric tons of high explosive bombs. Someday, we will have these things, or, if we abstain, or potential enemies will have them and we will not.

The Defense Department is spending millions on such weapons, whose very existence only feeds the military's increasing self-confidence, and which can, not simply be abandoned lest an enemy exploit the transition, and which will remain as indispensable to the riffraff as his ground, because the nature of war is counter-miraculous. And yet, when the revolution in military affairs is still mainly academic, we have cut recklessly into the staple forces.

God save the American soldier from those who believe that his life can be protected and his mission accomplished on the cheap, for what they perceive as extravagance is always less costly in lives and treasure than the long-drawn-out war it deters altogether or shortens with quick victories. In the name of their misplaced frugality we have transformed our richly competitive process of acquiring weapons into the single-supplier model. The new 'economies' that are defeated in the Cold War, largely with the superior weapons that the idea of free and competitive procurement allowed us to enjoy.

Though initially more expensive, producing half a dozen different combat aircraft and seeing which is best is better than creating one new U.S. military to deal with a world where even Third World nations can buy long-range missiles, terrorists have attacked sites inside the United States, and the U.S. economy is increasingly reliant on vulnerable satellites. "I've got a lot of thoughts, but I don't have a lot of answers," he said.

Overall, Rumsfeld swung in the interview between being conciliatory toward his critics and being dismissive of them. "Is change hard for people? Yeah," he said sympathetically. "Is the anticipation of change even harder? Yeah."

But a moment later he added: "The people it shakes up may very well be people who are good enough to do. They're too busy getting shook up. They should get out there and get to work."

BRUSQUE STYLE

Rumsfeld, a bright, impatient man who is not renowned by name nor even as an executive in the pharmaceutical industry and honed a top-down management style. That approach may be the only way to overhaul America's huge and conservative military establishment. But his brusque manner has exacerbated anxiety about change in the Pentagon and could, in the end, undercut his efforts.

Generals who have met with him report that communications tend to be one way. "He takes a lot in, but he doesn't give anything back," one said. "You go and brief him, and it's just blank."

Neither that general nor any other Pentagon official critical of Rumsfeld was quoted by name. Indeed, one said Rumsfeld's aides would have my tongue" were it known that he had talked to a reporter.

Most of those interviewed said they are worried that the future of the institution to which they have devoted their adult lives is being decided without them. One senior general, who harmfully compared the stewardship of the Pentagon with Colonel L. Powell's performance as secretary of state. "Mr.
Powell is very inclusive, and Mr. Rumsfeld is the opposite,” said the general, who knows both men. “We’ve been kept out of the loop,”

added another senior officer: “The fact is, he is inclusive, and he listens to people.

Some noted that the Bush administration came into office vowing to restore the mili-

tary’s trust in its civilian overseers. “Everyone is already familiar with these people and now they feel like they aren’t being trust-

ed,” a Pentagon official said.

The Army, which has the reputation of being highly efficient, has yet to decide if all the services, appears to be closest to going into opposition against the new regime. Army generals are especially alarmed by rumors that the new secretary of defense wants one of the two top positions to oversee the Army, which oversees operations.

Rumsfeld’s views on crisis communications may have been crystallized by an undisclosed foul-up that occurred during the Feb. 16 air strikes against Baghdad. Rumsfeld’s handling of Congress is a military analyst at the George Washington University.

“Rumsfeld’s departure is a crisis now that he has been a one-star can, simply because he was

Command, for special warfare missions, which oversees operations, moved up the tim-

ing of the strikes by six hours. But word somehow didn’t get to Bush, said several defense officials. The president had expected the bombs to begin dropping as he headed home from a summit meeting in Munich. He left the briefing on time, but he arrived at that meeting, overshadowing his first foreign trip as president and infuriating him, officials said.

Rumsfeld declined to comment on that incident. But he said that, generally speaking, misconceptions are inevitable when people are making decisions that are not clearly explained.

TENSIONS WITH CONGRESS

If anything, Rumsfeld’s relations with Cap-

tol Hill have been even more tumultuous. The military, after all, ultimately will follow

orders. But Congress expects to have a big say in the decisions.

“There really could be a huge collision be-

tween Rumsfeld, the services and Congress,” predicted Harlan Ulman, a defense analyst for the Center for Strategic and International Studies. “There’s an iceberg out there, and there’s a Titanic.”

Rumsfeld said he thinks Rumsfeld has done a fairly good job, considering how understaffed the Pentagon has been, with only a few senior officials in place.

But he said that the new White House has badly miscalculated on the politics of de-

fense. “I don’t think the administration un-

derstands how much political capital it will take to win in Congress,” he said.

He and others warn that defense isn’t a low order. But Congress expects to have a big say in the decisions.

Rumsfeld said he has devoted enormous ef-

fort to congressional relations, holding about 70 meetings with 115 lawmakers over the past four months. “I am on the hill fre-

quently,” he said. “I frequently have break-

fasts and lunches down here that include members.”

But the view from the Pentagon appears to be different. “There are lots of members con-

cerned about the lack of communications,” a Senate staffer said last week.

One warning sign has been a spate of “holds” placed on Rumsfeld’s nominees by angry senators. These holds, which prevent a con-

firmation vote from taking place, aren’t made public. But it is striking that Repub-

lican senators have held up some of the nominees of a Republican administra-

tion. The Senate majority leader, Trent Lott (R-Miss.), controlled two of the holds—the nominee for the general counsel and assistant secretary for public af-

fares—that were lifted late Thursday.

Rumsfeld’s predecessor as defense sec-


ary, William S. Cohen, took the unusual step last week of publicly criticizing Rums-

feld’s handling of Congress. “However bril-

liant the strategy may be, you cannot for-

cede Congress in hearings, then will begin making critical decisions on high-profile weapons systems and on whether to cut the military to pay for new. Every one of those decisions could antago-

nize members of Congress.

Rumsfeld said he looks forward to working with lawmakers to find the right answers.

“Hell, I know what I can do and I can’t do,” he said. “I can do some things, but I can’t simply stick a computer chip in my head and come out with a perfect answer to big, tough important questions like that for the country. Even if you could, change imposed is change opposed.”

By Mrs. CLINTON.

S. 968. A bill to establish Healthy and High Performance Schools Program in the Department of Education and for other purposes, to be known as the Healthy Schools Act of 1999.

Mrs. CLINTON. Mr. President, today, I introduce legislation to help our schools become more energy efficient. Currently, American schools spend more on energy costs than they do on books and computers combined.

As we continue to debate education spending, there is at least one way to save on education costs: energy effi-


ciency measures could save America’s schools $1.5 billion. And we can rein-

vest those dollars into educational re-

sources—like books, computers or more training for our teachers—that can make a real difference for our children.

Typically, nearly one-third of the energy used in a U.S. school goes to waste because of outdated technology, old equipment and poor insulation. The least energy-efficient schools, many of which are in desperate need of upgrades and repairs, use almost four times as much energy per square foot as the most energy-efficient ones.

Over half of our the country’s K-12 schools are more than 40 years old and in need of renovation to reach stand-

ards of efficiency and comfort. And it’s estimated that 6,000 new schools will be needed in the next 10 years because of the growing student population.
The U.S. Department of Energy estimates that schools could save 25 to 30 percent of the money they spend on energy—$1.5 billion—through better building design, use of energy-efficient and renewable energy technologies and improvements to operations and maintenance.

Unfortunately, school districts may not be aware of the things they can do to be more energy efficient, improve indoor environments, and save money. That is why the legislation that I am introducing today is so important.

The Healthy and High Performance Schools Act of 2001 would create a program within the Department of Education to provide grants to states to help school districts make their buildings healthier and more energy efficient. It will help our schools improve the indoor air quality, make smart energy efficient upgrades and take advantage of new, energy efficient technology. And this will save our schools money.

There are basic things that every school can do to reduce energy use. If schools adopt energy management systems to coordinate heating, ventilation and air conditioning, they can help ensure rooms are heated and cooled only when being used.

And simply closing doors to keep heated or cooled air from escaping can save money. Schools can add insulation to walls, floors, attics and ceilings or use shades, films and screens to better secure windows. Using some type of window treatment in the summer can greatly reduce the need for air conditioning. Energy-efficient fixtures, bulbs and lamps can make a big difference too. And installing occupancy sensors to control lighting when rooms are empty is smart and efficient.

So much of the energy used by schools—approximately fifteen percent—is for cooking, refrigeration, and heating hot water. Simply maintaining food service equipment in schools can mean large energy savings.

Energy use by computers and office equipment is one of the fastest-growing sources of electricity consumption in schools, businesses and homes. And it is expected to grow by as much as 500 percent in the next decade. If schools use products with an ENERGY STAR label—the U.S. Environmental Protection Agency’s, EPA, label for energy efficient appliances—they can save as much as 50 percent in energy costs.

And recent reports that many schools in New York are already leading the way.

The Smithtown School District on Long Island recently became the first school district in New York State to be awarded the Energy Star Partner of the Year Award.

The Smithtown School District on Long Island was awarded the Energy Star Partner of the Year Award in 2000. The District installed energy-efficient lighting fixtures and new boilers that resulted in savings of almost 300,000 gallons of oil and more than 2.9 million kWh. Special building automation system helps measure, monitor and manage energy use.


I am pleased to join my colleagues in the House of Representatives, MARK UDALL from Colorado, the sponsor of the High Performance Schools Act of 2001, H.R. 1129, as well as the co-sponsors, including my fellow New Yorkers, SHERWOOD BOEHLEHT and MAURICE HINCH.

I hope that my colleagues in the Senate will join me in supporting this legislation, which has bipartisan support in the House, so that we can provide our schools with the tools that they need to save money on their energy costs, and reinvest that money into much-needed education resources that can help our children reach their goals.

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

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

S. 968

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 called as the “Healthy and High Performance Schools Act of 2001”.

SEC. 2. FINDINGS.

(a) FINDINGS.—The Congress finds the following:

(1) American kindergarten through grade 12 schools spend over $6,000,000,000 annually on energy costs, which is more than is spent on books and computers combined.

(2) Approximately 25,000,000 students are attending schools with at least 1 unsatisfactory environmental condition.

(3) Educators teach and students learn best in an environment that is comfortable, healthy, and in which the school is properly maintained, including good repair, and studies have indicated that student achievement is greater and attendance higher when those conditions are met.

(4) Over half of our Nation’s kindergartens through grade 12 schools are more than 40 years old and in need of renovation to reach such standard of efficiency and comfort, and 6,000 new schools will be required over the next 10 years to accommodate the growing number of students.

(5) Inadequate ventilation in school buildings, poor lighting and acoustical quality, and uncomfortable temperatures can cause poor health and diminish students’ capacity to concentrate and excel.

(6) Inefficient use of water, either in consumption or from poorly maintained systems, is prevalent in older schools.

(b) PURPOSE.—It is the purpose of this Act to assist local educational agencies in the production of high performance elementary school and secondary school buildings that are comfortable, productive, energy-efficient, and environmentally sound.

SEC. 3. PROGRAM ESTABLISHMENT AND ADMINISTRATION.

(a) PROGRAM.—There is established in the Department of Education the High Performance Schools Program (in this Act referred to as the “Program”).

(b) GRANTS.—The Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, may, through the Program, award grants to State educational agencies to permit such State educational agencies to carry out subsection (c).

(c) STATE USE OF FUNDS.—

(1) GRANTS.—(A) IN GENERAL.—A State educational agency receiving a grant under this Act shall use the grant funds made available under section 4(a)(1) to award subgrants to local educational agencies to permit such local educational agencies to carry out the activities described in subsection (d).

(b) LIMITATION.—A State educational agency receiving a grant under this Act may not use the grant funds available under section 4(a)(1) to award subgrants to local educational agencies that have made a commitment to use the subgrant funds to develop healthy, high performance school buildings in accordance with the plan developed and approved pursuant to subparagraph (C)(i).

(C) IMPLEMENTATION.—A State educational agency shall award subgrants under paragraph (1) only to local educational agencies that, in
consultation with the State educational agency and State offices with responsibilities relating to energy and health, have developed plans that the State educational agency shall be feasible and appropriate in order to achieve the purposes for which such subgrants are made.

(ii) SUPPLEMENTING GRANT FUNDS.—The State educational agency shall encourage qualifying local educational agencies to supplement their subgrant funds with funds from other sources in the implementation of their plans.

(2) ADMINISTRATION.—A State educational agency receiving a grant under this Act shall use the grant funds made available under section 4(a)(2)

(A) to evaluate compliance by local educational agencies with the requirements of this Act;

(B) to distribute information and materials to clearly define and promote the development of healthy, high performance school buildings for both new and existing facilities;

(C) to organize and conduct programs for school board members, school district personnel, architects, engineers, and others to advance the concepts of healthy, high performance school buildings;

(D) to obtain technical services and assistance in planning and designing high performance school buildings;

(E) to collect and monitor information pertaining to the high performance school building projects funded under this Act.

(3) EXISTING BUILDINGS.—A State educational agency receiving a grant under section 4(a) shall use such subgrant funds for new school building projects and renovation projects that—

(A) achieve energy-efficiency performance that reduces energy use to at least 30 percent below that of a school constructed in compliance with standards prescribed in Chapter 8 of the 2000 International Energy Conservation Code, or a similar State code intended to achieve substantially equivalent results; and

(B) achieve environmentally healthy school buildings with Federal and State codes intended to achieve healthy and safe school environments.

(2) EXISTING BUILDINGS.—A local educational agency receiving a subgrant under subsection (c)(1) shall use such subgrant funds for new school building projects and renovation projects that—

(A) achieve energy-efficiency performance that reduces energy use by at least 30 percent below the school’s baseline consumption, assuming a 3-year, weather-normalized average for calculating such baseline and to help bring schools into compliance with health and safety standards.

SEC. 5. REPORT TO CONGRESS.

(a) IN GENERAL.—The Secretary shall conduct a biennial review of State actions implementing this Act, and shall report to Congress on the results of such reviews.

(b) REVIEWS.—In conducting such reviews, the Secretary shall assess the effectiveness of the calculation procedures used by State educational agencies to establish eligibility of local educational agencies for subgrants under this Act, and may assess other aspects of the Program to determine whether the aspects have been effectively implemented.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary for out this Act:

(1) $250,000,000 for each of fiscal years 2002 through 2005;

(2) such sums as may be necessary for each of fiscal years 2006 through 2011.

SEC. 7. DEFINITIONS.

In this Act:

(1) ELEMENTARY SCHOOL AND SECONDARY SCHOOL.—The terms "elementary school" and "secondary school" have the same meanings given such terms in section 1401 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(2) HEALTHY, HIGH PERFORMANCE SCHOOL BUILDING.—The term "healthy, high performance school building" means a school building that, in its design, construction, operation, and maintenance, maximizes use of renewable energy and energy-efficient practices, is cost-effective on a life cycle basis, uses affordable, environmentally preferable, durable materials, enhances indoor environmental quality, protects and conserves water, and optimizes site potential.

(3) LOCAL EDUCATIONAL AGENCY.—The term "local educational agency" has the same meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(4) RENEWABLE ENERGY.—The term "renewable energy" means energy produced by solar, wind, geothermal, hydroelectric, or biomass power.

(5) SECRETARY.—The term "Secretary" means the Secretary of Education.

(6) STATE EDUCATIONAL AGENCY.—The term "State educational agency" has the same meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

By Ms. COLLINS (for herself and Ms. SNOWE):

S. 971. A bill to designate the facility of the United States Postal Service located at 39 Tremont Street, Paris Hill, Maine, as the Horatio King Post Office Building; to the Committee on Governmental Affairs.

Ms. COLLINS. Mr. President, I am pleased to introduce legislation to honor one of the great contributors to our nation’s rural and underserved communities.

Oral and general health are inseparable, and good dental care is critical to our overall physical health and well-being. Dental health encompasses far more than cavities and gum disease. The recent U.S. Surgeon General report Oral Health in America states that “the mouth acts as a mirror of health and disease” that can help diagnose disorders such as diabetes, leukemia, heart disease, or anemia.

While oral health in America has improved dramatically over the last 50 years, these improvements have not occurred evenly across all sectors of our population, particularly among low-income and minority populations.

In 1863, President Lincoln recognized the steadfast devotion to the Union and, although King was of the opposite political party, named him to a commission charged with carrying out the Emancipation Proclamation in the District of Columbia.

King was also a man of letters, and was well known for his literary evenings which did much to elevate the culture in Washington at a time when it was a much smaller and less diverse town than the one of today. He would often publish in such magazines and newspapers as the Washington Post and the National. He published many books and even wrote several plays.

Horatio King served Maine well by serving America well. It is appropriate that Congress recognize his contributions to our nation’s postal system. His efforts were recognized in 1850 when he was appointed first assistant Postmaster General, a post he held through 1857 before becoming Postmaster General in 1861, shortly before the outbreak of the Civil War.

Today, the birthplace of Horatio King remains well preserved and cared for by my constituents, Glenn Davis, as the lovely King’s Hill Inn.

Ms. COLLINS. Mr. President, I am pleased to join my good friend and colleague from Wisconsin, Senator RUSS FEINGOLD, in introducing legislation to improve access to oral health care by strengthening the dental workforce in our nation’s rural and underserved communities.

Ms. COLLINS. Mr. President, I am pleased to introduce legislation to improve access to oral health care by strengthening the dental workforce in our nation’s rural and underserved communities.
the progression of dental health problems, an estimated 25 million Americans live in areas lacking adequate dental services. As a consequence, these effective treatment and prevention programs are not available in too many of our communities. As a result, many of our nation’s rural populations has never been to a dentist.

This situation is exacerbated by the fact that our dental workforce is graying. Every dentist to population is declining. In Maine, for example, there are currently 393 active dentists, 241 of whom are 45 or older. More than 20 percent of dentists nationwide will retire in the next ten years, and the number of dental graduates by 2015 may not be enough to replace those retirees.

As a consequence, Maine, like many States, is currently facing a serious shortage of dentists, particularly in rural areas. While there is one general practitioner for every 2,507 people in the Portland area, the numbers drop off dramatically in western and northern Maine. In Aroostook County, where I am from, there’s only one dentist for every 5,507 people. Moreover, at a time when the number of the most prevalent childhood disease in America, Maine has fewer than ten specialists in pediatric dentistry, and most of these are located in the southern part of the state.

This dental workforce shortage is exacerbated by the fact that Maine currently does not have a dental school or even a dental residency program. Dental schools can provide a critical safety net for the oral health needs of a state, and dental education clinics can provide the surrounding communities with care that otherwise would be unavailable to disadvantaged and underserved populations. Maine is just one of a number of predominantly rural states that lack this important component of a dental safety net.

Maine, like many States, is exploring a number of innovative ideas for increasing access to dental care in underserved areas. In an effort to supplement and encourage these efforts, we are introducing legislation today to establish a new State grant program designed to improve access to oral health services in rural and underserved areas. The legislation authorizes $50 million over 5 years for grants to States to help develop innovative dental workforce development programs specific to their individual needs.

States could use these grants to fund a wide variety of programs. For example, they could use the funds for loan forgiveness and repayment programs for dentists practicing in underserved areas. They could also use them to provide grants and low- or no-interest loans to help practitioners to establish or expand practices in those underserved communities, like Maine, that do not have a dental school could use the funds to establish a dental residency program. Other States might want to use the grant funding to establish or expand community or school-based dental facilities or to set up mobile or portable dental clinics.

To assist in their recruitment and retention efforts, States could also use the funds to implement support of dental schools, residents, and advanced dentistry trainees. Or, they could use the grant funds for continuing dental education, including distance-based education, and practice support through teledentistry.

Other programs could be funded through the grants include: community-based prevention services such as water fluoridation and dental sealant programs; school programs to encourage children to go into oral health or science professions; the establishment or expansion of a State dental office to coordinate oral health and access issues; and any other activities that are determined to be appropriate by the Secretary of Health and Human Services.

The National Health Service Corps is helping to meet the oral health needs of underserved communities by placing dentists and dental hygienists in some of America’s most difficult-to-place areas. Unfortunately, however, the number of dentists and dental hygienists who are participating in the National Health Service Corps falls far short of meeting the total identified need. According to the Surgeon General, only about 6 percent of the dental need in America’s rural and underserved communities is currently being met by the National Health Service Corps.

In my State, approximately 173,000 Mainers live in designated dental health professional shortage areas. While the National Health Service Corps estimates that it will take 33 dental clinicians to meet this need, it currently has only three serving in my State.

The bill we are introducing today would make some needed improvements in this critically important program so that it can better respond to our nation’s oral health needs:

First, it would direct the Secretary of Health and Human Services to develop and implement a plan for increasing the participation of dentists and dental hygienists in the National Health Service Corps scholarship and loan repayment programs.

It would also allow National Health Service Corps scholarship and loan repayment program recipients to fulfill their commitment on a part-time basis. Some small rural communities may not have sufficient populations to support a full-time dentist or dental hygienist. This would give the National Health Service Corps additional flexibility to meet the needs of these communities. Moreover, some practitioners may find part-time service more attractive. This particularly may be the case for a retired dentist who may want to practice only part-time, allowing this feasibility could in turn improve both recruitment and retention in these communities.

Last year, after a 6-year hiatus, the National Health Service Corps began a two-year pilot program to award scholarships to dental students. This is a step in the right direction, however, these scholarships are only being awarded to students attending certain dental schools, not one of which is located in New England. Moreover, the pilot project requires the participating dental schools to encourage Corps dental scholars to practice in communities near their educational institutions. The problem is obvious. If none of these programs are in New England, and yet there is a requirement that the dentists participating in these programs practice in the surrounding communities, this is of no benefit to a State such as Maine that does not have a dental school and does not have a qualifying program. As a consequence, this legislation would do nothing at all to help relieve the dental shortage in Maine and other areas of New England.

The legislation we are introducing today would address this problem by establishing the National Health Service Corps Pilot Scholarship Program so that dental students attending any of the 55 American dental schools can apply and require that placements for these scholars be based strictly on community need, whether or not they surround the dental school.

It would also improve the process for designating dental health professional shortage areas and ensure that the criteria for making such designations provide a more accurate reflection of oral health needs, particularly in our rural areas where the problem is most acute. And finally, taxing the scholarships and stipends of students adversely affects their financial incentive to participate in the National Health Service Corps and to provide health care services in underserved communities. Our legislation would, therefore, exclude from Federal income tax the fees and related educational expenses to individuals who are participants in the National Health Service Corps scholarship and loan repayment programs.

The Dental Health Improvement Act will make critically important oral health care services more accessible in our Nation’s rural and underserved communities. I urge all of my colleagues to join me in supporting this legislation. I ask unanimous consent that letters endorsing my bill from the American Dental Association and the American Dental Education Association be printed in the RECORD.

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


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

DEAR SENATOR COLLINS: On behalf of the American Dental Association and our 144,000 member dentists, I am delighted to endorse
the “Dental Health Improvement Act,” which you introduced today. The Association is proud that the oral health of Americans continues to improve, and that Americans have access to the best oral health care in the world.

Having said that, we agree that dental care has not been a priority of America society to the extent it has reached the majority of Americans. For those Americans who are unable to pay for care, and those with special needs, such as disabled individuals, those with congenital conditions, and non-ambulatory patients, obtaining dental care can be difficult.

Your legislation recognizes several of these problems and goes a long way towards addressing them in a targeted and meaningful way. The section on grant proposals offers the opportunity to be innovative in their approaches to address specific geographical dental workforce issues. You recognize the need to provide incentives to increase faculty recruitment in accredited dental training institutions, and your support for increasing loan repayment and scholarship programs will provide the appropriate incentives to increase the dental workforce in “safety net” organizations.

The ADA is very grateful for your leadership on this issue. Thank you for introducing this legislation. We want to continue to work with you on dental access issues in general and on this legislation as it moves to work with you on dental access issues in general and on this legislation. We want to continue to work with you on dental access issues in general and on this legislation as it moves through the Congress.

Sincerely,

ROBERT M. ANDERTON,
D.D.S., J.D., LL.M., President.

American Dental Education Association,

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

Dear Senator Collins, I am writing on behalf of the dental education community to commend you for developing and introducing the Dental Health Improvement Act. This legislation, when enacted into law, will expand the availability of oral health care services for the nation’s underserved populations, strengthen the dental workforce, as well as address faculty shortages and dental student recruitment and retention efforts and helps increase the dental workforce in underserved areas.

The Dental Education Association (ADEA) represents the nation’s 55 dental schools, as well as hospital-based dental and advanced dental education programs, allied dental program schools, dental research institutions, and the faculty and students at these institutions. ADEA’s member schools are dedicated to providing the highest quality education to their students, conducting research and providing oral health care services to Americans from medically underserved areas. The majority of whom are uninsured or who are from low-income families. Recent downward trends in student enrollment and a growing shortage of dental faculty have caused ADEA serious concern about our ability to fully and competently address these responsibilities.

Therefore, I was delighted to see that the Dental Health Improvement Act directly responds to many of these concerns. If implemented, the Act would expand access to oral health care services for the students of America for the first time. When enacted, the provisions of the bill can be instrumental in helping the more than 250,000 Americans who lack access to adequate oral health care services. It can provide much needed help to dental education institutions as we seek to address these shortages.

As you know, dental education institutions face a major crisis in the graying of its faculty which threatens the quality of dental education, oral, dental and craniofacial research, and ultimately will adversely impact the health of all Americans. Currently, there are approximately 400 faculty vacancies. Retirements are expected to accelerate in both private practice as well as teaching faculties in the nation’s 55 dental schools. There is a significant demand for men and women choosing careers in dentistry, teaching and research. Your personal experience in Maine is a perfect example.

Educational institutions are committed to serving all Americans, affecting both career choices and practice location. Your bill will provide funds to help with recruitment and retention efforts and help expand dental residency programs to the 27 states that do not currently have dental schools.

Also important are the incentives you have proposed to expand or establish community-based dental facilities linked with dental education institutions. The need for this is obvious. More than two-thirds of patients visiting dental school clinics are members of families whose annual income is estimated to be $15,000 or below. About half of these patients are on Medicare or Medicaid, while for the rest, there is more than a 50% chance of government assistance programs to help them pay for their dental care.

Dental academic institutions are committed to advancing oral health not only by improving the management and efficiency of patient centered care delivery at the dental school, but also through increasing affiliations with community-based satellite clinics. All dental schools maintain at least one dental clinic on-site, and approximately 70% of U.S. dental schools have school-sponsored satellite clinics. Patient care in diverse settings demonstrates professional responsibility to the oral health of the public.

Dental schools and other academic dental institutions provide oral health to underserved and disadvantaged populations. Yet more than 11 percent of the nation’s rural population has never been to see a dentist. This bill can have a positive impact on this population by establishing access to oral health care at community-based dental facilities and consolidated health centers that are linked to dental schools. 100 million Americans presently do not have access to dental services for children. Delivery of oral health care basic public policy discussions of how to best address this problem.

Thank you again for taking such a leadership role in the area of oral health. Please be assured that ADEA looks forward to working closely with you to bring the far-reaching potential of the Dental Health Improvement Act to fruition.

Sincerely,

RICHARD W. VALACHOVIC,
D.M.D., M.P.H., Executive Director.

Ms. Collins, Finally, Mr. President, I thank my principal cosponsor of this legislation, Senator Feingold of Wisconsin, for his contributions to this bill. We found that Maine and Wisconsin have some problems in ensuring that there is an adequate supply of dentists in our more rural parts of our State.

It is our hope that this legislation will be considered and enacted this year.

Mr. Feingold, Mr. President, I rise today to join my friend from Maine, Senator Collins, to introduce the Dental Health Improvement Act. This legislation will improve access to dental services by strengthening the dental workforce in underserved areas.

While the scope of the dental access problem is very wide reaching, this legislation takes an important step in the right direction by improving the dental workforce in underserved areas.

According to the Surgeon General, an estimated 25 million Americans live in areas lacking adequate dental care services. And as 11 percent of our nation’s rural population have never been to a dentist.

This problem will only get worse since more than 20 percent of dentists will retire in the next 10 years, and the number of dental graduates by 2015 may not be enough to replace these retirees. While dentists have increased their productivity, they are still distribution problems in specific geographic areas.

The issue is that long, oral health has been overlooked and excluded from important public policy discussions of how to improve health and health care around the country. Some contend that oral health care has been a lower priority because of the relatively high cost of dental care. Yet the truth is that while oral health is certainly improved dramatically among those who are insured, and those who have reliable access to a dentist, there is a tragic disparity in health status between the haves and the have nots.

This disparity between the poor and everyone else exists in general medical health measures, such as infant mortality, low birth weight, blood lead levels and so on. But what I have learned since I first became interested in this problem over a decade ago is that the disparity is disturbingly stark in oral health.

Surgeon General David Satcher framed this issue well at his May 2000 release of his report, Oral Health in America, that “Tooth decay remains the single most common chronic disease of childhood—five times more common than asthma.”

While this fact is certainly true that the prevalence of dental disease remains high among children—its burden within the population of US children has shifted dramatically.

I would like to make sure that my colleagues are aware of this horrifying statistic that helps to outline the scope of the problem: 80 percent of dental disease is found in the poorest 25 percent of children.

This figure helps to illustrate the broad scope of the problem. And we all know that the problem is even more daunting when we look at the ways these vulnerable children suffer from lack of dental care.

Preschoolers living in poverty have twice the odds of having decaying teeth, twice the extent of decay when they have disease, and twice the pain experience of their most affluent peers.

These children are already at a disadvantage in so many ways. And just
the most basic dental care could make a difference in their lives. But our health care system allows this problem to fall through the cracks.

Over the past few years these and similar statistics have been chronicled by numerous entities including the Surgeon General, the General Accounting Office, and the National Institutes of Health.

This legislation will help strengthen the dental workforce that delivers vital oral health services by improving the workforce in under-served areas. By providing States and communities with sufficient flexibility to address the unique needs of their under-served areas, I believe that this legislation will take an effective approach to meeting the needs of communities in Wisconsin and across the Nation.

The first part of this legislation would establish a new State-based grant program to help states explore innovative ideas for increasing access to dental care in under-served areas.

This grant program would be directed through the Health Resources and Services Administration at the Department of Health and Human Services and support the efforts of States to develop and implement innovative programs to address the dental workforce shortage that are appropriate to their individual needs.

For example, States could tailor loan forgiveness and repayment programs for dental hygienists who are designated as dental health professional shortage areas by either the Federal Government or the State.

This program could also help with recruitment and retention efforts by providing grants or low interest loans to help practitioners in designated dental health professional shortage areas equip a dental office or share in the overhead costs of an operation.

The second component of our legislation would increase the participation of the dental workforce in the National Health Service Corps.

According to the U.S. Surgeon General, the number of dentists and dental hygienists with obligations to serve in the National Health Service Corps falls far short of meeting the total identified need: only about 6 percent of the dental need is currently being met by this program, and outreach and development are critical to future opportunities for strengthening the dental workforce in designated under-served areas.

Our legislation would develop and implement a plan for increasing the participation of dentists and dental hygienists in the National Health Service Corps, while practicing in areas designated as dental health professional shortage areas by either the Federal Government or the State.

This legislation follows a series of recommendations by the American Dental Association and the American Dental Educators Association, who both strongly support this legislation.

I hope my colleagues will join the Senator from Maine and me in our ongoing efforts to increase access to dental care and promote greater oral health.

We must change America's approach to oral health, especially when it comes to some of the most vulnerable members of our communities—low income children. These kids deserve quality dental care. Right now, too many kids are suffering. It is my hope that Congress will work on a bipartisan basis to promote greater oral health.

By Mr. MURKOWSKI (for himself, Mr. BREAUX, Mr. THOMPSON, and Mr. JEFFORDS):

S. 972. A bill to amend the Internal Revenue Code of 1986 to improve electric reliability, enhance transmission infrastructure, and to facilitate access to the electric transmission grid; to the Committee on Finance.

Mr. MURKOWSKI. Mr. President, I rise to introduce legislation that will add stability to the Nation's electric power grid. I am pleased to be joined by Senators, BREAUX, THOMPSON, and JEFFORDS in this effort that reflects a comprise that was reached last year by the investor owned and municipal electric power generating. Such legislation has been introduced in the House, H.R. 1459.

In the past year, there has been a great deal of controversy over the concept of electric deregulation because of the chaos that occurred in California. Unfortunately, California is not a useful model of a deregulated environment because California only deregulated the wholesale part of the industry while retaining price controls at the retail level. Coupled with the State's failure to build new generation in more than 10 years, the California model was bound to collapse.

However, I believe that the successes we have seen in deregulating electricity, most notably in states like Pennsylvania and ultimately the entire industry will be deregulated and consumers of electric power will see significant benefits from such deregulation. In order to facilitate the day when competition comes to the industry, we must update the tax laws that were written in day when electricity was a regulated utility.

One of the major problems that the current tax rules create is to undermine the efficiency of the entire electric grid. Unfortunately, ultimately the entire industry will be deregulated and consumers of electric power will see significant benefits from such deregulation. In order to facilitate the day when competition comes to the industry, we must update the tax laws that were written in day when electricity was a regulated utility.

One of the major problems that the current tax rules create is to undermine the efficiency of the entire electric grid because these rules effectively preclude public power entities from participating in State open access re-structuring plans, without jeopardizing the exempt status of their bonds.

No one wants to see bonds issued to finance public power become retroactively taxable because a municipality chooses to participate in a state open access plan. That would cause havoc in the financial markets and could undermine the financial stability of many public entities.

Our legislation resolves this problem by allowing municipal systems to elect to terminate the issuance of new tax exempt bonds for generation facilities in return for grandfathering existing bonds.

Our bill also modifies current rules regarding the treatment of nuclear decomissioning costs to make certain that utilities will have the resources to meet their obligations, clarifies the tax treatment of the funds, if a nuclear facility is sold. The bill also provides tax relief for utilities that spin off or sell transmission facilities to independent participants in FERC approved regional transmission organizations.

This bill will not resolve all of the tax issues surrounding the deregulation of the industry. One participant in the industry, the tax-exempt cooperatives also have tax problems associated with deregulation—they may not participate in wheeling power through their lines because of concern that they will violate the so-called 85-15 test which could endanger their tax exempt status. It is my hope that the committees sit down with the other utilities and reach an accord so that when we consider this legislation, the coops will be included in the tax bill.

By Mr. WYDEN (for himself and Mr. SMITH of Oregon):

S. 973. A bill to expedite relief provided under the Magnuson-Stevens Fishery Conservation and Management Act for commercial fishery failure in the Pacific Coast Groundfish Fishery.

The West Coast groundfish fishery is in crisis and many fishermen are facing bankruptcy. This legislation will help fishermen get through the crisis, and move the fishery toward a more sustainable future.

Sustainable management of this resource is long overdue and in January 2000, the Secretary of Commerce declared the West Coast groundfish fishery a disaster. This bill will put the right number of fishers out there, at the right time, catching the right numbers of fish.

Catching the right number of fish should mean using the fish that are caught. Fish that are caught in excess of a fisher's trip limit are called "regulatory discards" or "overages," and thousands of pounds of fish are wasted every year when they are thrown overboard. This bill authorizes fishermen to retain those extra fish and donate them to charitable organizations.

The right number of fishers is key to a sustainable fishery. There are currently too many West Coast groundfish fishery to sustain the resource. This bill authorizes the Secretary to administer and implement a
capacity reduction or “buyback” plan to ease the transition to the right number of fishers. In a survey distributed by the author of the buyback plan, 70 percent of recipients completed and returned their survey and a majority of those interested in participating in the buyback program. A buyback plan has been developed by Oregonians, in consultation with the National Marine Fisheries Service and the Pacific Fishery Management Council, and this bill incorporates key elements of it.

This is not a Federal handout. Half the funding will come from the industry and half from the Federal government. The industry portion will be a government-backed loan which the fishers who stay will be repaid by the fishers who stay. The Secretary is authorized to enter into agreements in California, Washington and Oregon to collect the fees that will be used to repay the industry portion of the buyback fund.

Another way we seek to ease the transition away from fishing is through reform of the Capital Construction Fund. Currently, the fund allows fishers to put pre-tax funds aside for a government-leased new boat or for upgrading their old one. It was effective in building America’s fishing fleets, but in these days of dwindling stocks and fisheries disasters it is crucial that the fishers have an alternative use for their money, such as retirement. This bill amends the Merchant Marine Act and the Internal Revenue Code to allow funds currently trapped in the Capital Construction Fund to be rolled over into a retirement account without adverse consequences to either taxpayers or the account holders.

Ultimately, sustainable fisheries are a result of government regulation and management. When federal management fails, the government has a responsibility to help fishers and their families in a timely fashion. It has taken 18 months for the recent fishery disaster funding to hit Oregon. When you ask work groundfisher 18 months is way too long to wait. This bill requires the Secretary of Commerce to recommend legislative or administrative changes to the existing law that would enable disaster funding to reach fishers more expeditiously.

This plan is supported by the West Coast Seafood Processors, the Fishermen’s Marketing Association, the Pacific Federation of Fishermen, the Pacific Conservation Council, and the Pacific States Marine Fishery Commission.

I ask unanimous consent that the bill be printed in the RECORD.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 2 PILOT PROJECT FOR Charitable DONATION OF BYCATCH.

(a) in General.—The Secretary of Commerce shall initiate a pilot project under which eligible fishers, or persons covered by the West Coast groundfish fishery, are permitted to donate bycatch, or regulatory discards, of fish to charitable organizations rather than discard them. The pilot project shall incorporate a means, through the requirement of on-vessel observers or other safeguards, that the opportunity to donate such fish does not encourage or permit the evasion of pre-vessel trip limits, total allowable catch limits, or other fishery management plan measures.

(b) REPORTS.—(1) INITIATION.—The Secretary shall notify the Senate Committee on Commerce, Science, and Transportation within 90 days after the date of enactment of this Act and before the pilot project is implemented, of—

(A) the fishing season in which the pilot project will be conducted; and

(B) the period during which the pilot project will be conducted.

(2) FOLLOW-UP.—Within 90 days after the pilot project terminates, the Secretary shall submit to the Committee a report containing findings with respect to the pilot project and the Secretary shall describe the ramifications of the pilot project based on these findings.

SEC. 3. REPORT ON DISASTER ASSISTANCE FOR PACIFIC COAST GROUNDFISH FISHERIES.

The Secretary shall report to the Senate Committee on Commerce, Science, and Transportation no later than 45 days after the date of enactment of this Act the action or actions taken under section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1854(a)) to provide disaster assistance to groundfish communities affected by the commercial fishery failure in the Pacific Coast groundfish fishery. The Secretary shall include in the report any recommendations the Secretary deems appropriate for additional legislation or changes in existing law that would enable the Department of Commerce to respond more expeditiously in the future to fisheries disasters resulting from commercial fishery failures.

SEC. 4. CAPACITY REDUCTION IN THE PACIFIC COAST GROUNDFISH FISHERY.

(a) in General.—The Secretary of Commerce shall, after notice and an opportunity for public comment, adopt regulations to implement a fishing capacity reduction plan for the Pacific Coast groundfish fishery under section 312(b) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1854a(b)) that—

(1) has been developed in consultation with affected parties whose participation in the plan is required for its successful implementation;

(2) will obtain the maximum sustained reduction in fishing capacity at the least cost through the use of a reverse auction process in which the Secretary shall purchase;

(3) will not expand the size or scope of the commercial fishery failure in that fishery or into other fisheries or other geographic regions;

(4) except as otherwise specifically provided in this section, meets the requirements of that section; and

(5) incorporates the components described in subsection (c) of this section.

(b) EXPE DITED ADOPTION OF PLAN.—In carrying out subsection (a) the Secretary—

(1) shall publish notice in the Federal Register within 30 days after the date of enactment of this Act of implementation of the fishing capacity reduction plan; and

(2) provide for public comment for a period of 60 days after publication; and

(3) adopt final regulations to implement the plan within 45 days after the close of the public comment period under paragraph (2).

(c) PLAN COMPONENTS.—The fishery capacity reduction plan shall—

(1) provide for a significant reduction in the fishing capacity in the Pacific Coast groundfish fisheries;

(2) permanently revoke all State and Federal fishery licenses, fishery permits, area and species endorsements, and any other fishery privileges for West Coast groundfish, Pacific pink shrimp, Dungeness crab, and Pacific salmon (troll permits only) issued to a vessel or vessels (or to persons on the basis of ownership of licenses or vessel or vessels) for which a Pacific Coast groundfish fishery reduction permit is issued under section 600.101(b) of title 50, Code of Federal Regulations;

(3) ensure that the Secretary of Transportation is notified of each vessel for which a reduction permit is surrendered and revoked under the plan, with a request that such Secretary permanently revoke the fishery endorsement of each such vessel and refuse permission to transfer any such vessel to a foreign flag under subsection (i) of this section;

(4) ensure that vessels removed from the Pacific Coast groundfish fisheries under the plan are not able to participate in any fishery worldwide, and that the owners of such vessels contractually agree that such vessels will operate only under the United States flag and be scrapped as a reduction vessel pursuant to section 600.101(c) of title 50, Code of Federal Regulations;

(5) ensure that vessels removed from the Pacific Coast groundfish fisheries, the owners of such vessels, and the holders of fishery permits for such vessels forever relinquish any claim associated with such vessel or permits, and any catch history associated with such vessel or permits that could qualify such vessel, vessel owner, or permit holder for any present or future limited access system fishing permits in the United States fisheries based on such vessel, permits, or catch history;

(6) notwithstanding section 1111(b) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1279j(b)(4)), establish a repayment period for the commercial fishery loan fund to last 10 years.

(d) FUNDING FOR BUYBACK OF VESSELS AND PERMITS.—

(1) in General.—There shall be available to the Secretary to carry out the purpose of this Act and under the program, the sum of $50,000,000, of which—

(A) $25,000,000 shall be from amounts appropriated to the Secretary for such purpose (the appropriation of which is hereby authorized for fiscal year 2002, with any amounts not expended in fiscal year 2002 to remain available until expended); and

(B) $25,000,000 shall be from an industry fee system established under subsection (e).

(2) ADVANCE OF INDUSTRY FEE PORTION.—The industry fee portion under paragraph (1)(B) for fiscal year 2002 and thereafter shall be financed by a reduction loan under subsection (f).

(e) INDUSTRY FEES.—

(1) in General.—As part of the fishery capacity reduction plan, the Secretary shall establish an industry fee system under section 312(d) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1854(d)) to generate revenue to repay the loan provided under subsection (d)(2).

(f) ALLOCATION OF FEES.—The Secretary shall allocate the fees payable under the industry fee system among—
SEC. 6 AMENDMENT OF THE MERCHANT MARINE ACT, 1936, TO EXPAND PURPOSES OF CAPITAL CONSTRUCTION FUND.

(a) In General.—The Secretary shall enter into an agreement with the States of California, Oregon, and Washington to collect proceeds under subparagraph (B) of section 312(c) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(c)) for the allocation of such vessel under foreign registry or the operation of such vessel under the authority of a foreign country.

(b) WITHHOLDING FEE FROM PURCHASE.—A vessel which—

(1) both harvests and processes fish; or

(2) receives fish from a harvesting vessel and processes those fish on board, shall be considered to be the first ex-vessel fish purchaser with respect to the fish processed on the vessel and shall forward the appropriate fees to the appropriate State at the same time and in the same manner as other fees or taxes are forwarded to the appropriate State.

(c) STATE TO COLLECT AND FORWARD FEES.—Upon receipt of program fees for the placement of colonial salmon trolling permits, and

(d) FISH-PROCESSING VESSELS TREATED AS PURCHASERS.—A vessel which—

(1) both harvests and processes fish; or

(2) receives fish from a harvesting vessel and processes those fish on board, shall be considered to be the first ex-vessel fish purchaser with respect to the fish processed on the vessel and shall forward the appropriate fees to the appropriate State at the same time and in the same manner as other fees or taxes are forwarded to the appropriate State.

SEC. 5. COLLECTION OF INDUSTRY FEES.

(a) In General.—The Secretary shall enter into an agreement with the States of California, Oregon, and Washington to collect program fees paid under the system established under section 102.

(b) Withholding Fee From Purchase.—A vessel which a vessel requir—

(c) Effective Date.—The amendments made by this section shall apply to withdrawals made after the date of enactment of this Act.
patient care using the specialized education and training of pharmacists. Unfortunately, Medicare does not.

Indeed, payment for prescription drugs in almost all types of health plans and programs focuses on payment and thus the predicted costs of its distribution to patients. The logical financial incentive therefore is to dispense more medications, not fewer. Payment to the pharmacist for time spent in reducing the number of medications the patient is taking is enhancing the patient's ability to understand and more properly use the medications they do need is provided only by some forward-thinking payers and programs. Unfortunately, Medicare is not among them.

Access to pharmacists' collaborative drug therapy management services is particularly important right now, while many Medicare beneficiaries are struggling to pay substantial out-of-pocket costs for their prescription medications. A recent national average, persons aged 65 and older currently take 5 or more medications each day. These medications are often prescribed by several different physicians for concurrent chronic and acute conditions. Recently published research indicates that drug-related problems cost the U.S. health care system as much as $717 billion each year, an amount equal to the ten-year cost projections for some of the more modest Medicare prescription drug revisions now being discussed. A substantial portion of this expense is preventable through collaborative patient care services provided by pharmacists working with patients and their physicians.

With careful examination of a patient's total drug regimen, pharmacists can eliminate unnecessary or counterproductive treatments. For example, pharmacists working closely with the health care team can identify or prevent duplications, drugs that cancel each other out, or combinations that can damage hearts or kidneys. Pharmacists may also find that a newer multi-action drug may be exchanged for two older drugs or a slightly more expensive alternative that causes side effects and results in the patient either taking additional medication or stopping their medication with the result that their medical condition worsens.

The use of medications is particularly common in the elderly, who tend to have more chronic conditions that call for drug treatment. In addition, physiological changes that occur naturally in the aging process diminish the body's ability to process medications, increasing the likelihood of medication-related complications.

The pharmacist's specialized training in drug therapy management has been demonstrated repeatedly to improve the quality of care patients receive and to control health care costs associated with medication complications. As a precursor to a prescription drug benefit, it makes sense to take this proven initial step to improve the medication use process. This will help Medicare beneficiaries immediately by ensuring that each precious dollar spent out-of-pocket is spent wisely on a streamlined and effective drug therapy regimen. In addition, this is an important first step that we can deliver now while Congress works to address the more difficult economic and political issues impacting a prescription drug benefit.

In addition, the quality improvement and cost-containment resulting from this benefit establishes a critical infrastructure element for whatever Medicare prescription drug benefit is ultimately put in place. By supporting pharmacists who are working to improve the efficacy and cost-effectiveness of medication regimens, as well as reducing preventable medication-related complications and adverse drug events that result in unnecessary health care expenditures, we can enhance the Medicare program's ability to afford a Medicare drug benefit that will bring real value to beneficiaries and taxpayers alike.

Recognition of qualified pharmacists as providers within the Medicare program is the logical and very affordable first step in establishing the essential infrastructure of a Medicare prescription drug benefit. As the Institute of Medicine report "To Err is Human: Building a Safer Health System" stated: "Because of the immense variety and complexity of medications now available, it is impossible for nurses and doctors to keep up with all of the information required for safe medication use. The pharmacist has become an essential resource... and thus access to his or her expertise must be possible at all times." This legislation will empower Medicare to catch up on this important health care quality issue. Pharmacists' collaborative drug therapy management services can and must partake of this newfound freedom in the lives of Medicare beneficiaries. I encourage my colleagues on both sides of the aisle to give this proposal their serious consideration.

By Mr. CHAFEE (for himself, Mr. BENNETT, Mr. JEFFORDS, Mr. LEVIN, Mr. SPECKER, Mr. BINGMAN, Mr. CLELAND, and Mr. LIEBMAN):

S. 975. A joint resolution to improve environmental policy by providing assistance for State and tribal land use planning, to promote improved quality of life, regionalism, and sustainable economic development, and for other purposes; to the Committee on Environment and Public Works.

Mr. CHAFEE. Mr. President, today I am introducing the Community Character Act of 2001, together with Senators BENNETT, SPECKER, JEFFORDS, CLELAND, LEVIN, BINGMAN, and LIEBMAN. This bill provides Federal assistance to States and Indian tribes to create or update statewide or tribal land use planning legislation. Up-to-date planning legislation empowers States and local governments to spur economic development, protect the environment, coordinate transportation and infrastructure needs, and preserve our communities.

America has grown from East to West as well as from an urban setting to suburban one. The Nation's sweeping growth can be attributed to many things, including a strong economy and transportation and technology advancements that allow people to live farther distances from work. Due in part to inadequate planning, strip malls and retail development catering to the automobile have become the trademark of the American landscape.

In the wake of the post-World War II building boom, my hometown of Warwick, RI had experienced the type of development that too often offends the eye and saps our economic strength. Due to a lack of planning, incremental and haphazard development occurred throughout a mixture of industrial zoning decisions. Industrial and commercial facilities and residential homes were frequently and inappropriately sited next to each other. The local newspaper described the city as a "suburban nightmare". However, we learned that proper approaches to planning would help every state meet its challenges, whether it is preserving limited open space in the East or protecting precious drinking water supplies in the West.

The Community Character Act will benefit each community and neighborhood by providing $25 million per year to States and tribes for the purpose of land use planning. The bill recognizes that land use planning is appropriately vested at the state and local levels, and accords States and tribes flexibility in using their money. Importantly, the legislation also recognizes that the Federal Government should play a role in financing these activities. Through its investment of transportation, housing, environmental, energy, and economic development laws and requirements, Congress has created a demand for State and local planning. In fact, the Community Character Act should be viewed as providing the federal payment for an unfunded mandate whose account is overdue.

The Senators who have sponsored this bill represent geographically diverse states, from Rhode Island to New Mexico and from Georgia to Utah. This bipartisan bill represents a small investment in our communities, but one that will yield large dividends to communities in each corner of the nation.

I ask unanimous consent that the text of the bill, a summary of the bill, and letters of support for the bill be printed in the Record.

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SEC. 3. DEFINITIONS.

In this Act:

(1) LAND USE PLAN.—The term "land use plan" means a plan for development of an area that recognizes the physical, environmental, economic, social, political, aesthetic, and related factors of the area.

(2) LAND USE PLANNING LEGISLATION.—The term "land use planning legislation" means the Secretary of Commerce, acting through the Assistant Secretary of Commerce for Economic Development.

(3) comprehensive land use planning and community development should be supported by Federal, State, and tribal governments;

(4) States and tribal governments should provide a proper climate and context through legislation in order for comprehensive land use planning, community development, and environmental protection to occur;

(5)(A) many States and tribal governments have outdated land use planning legislation; and

(B) many States and tribal governments are undertaking efforts to update and reform land use planning legislation;

(6) the Federal Government and States should support the efforts of tribal governments to develop and implement land use plans to improve environmental protection, housing opportunities, and socioeconomic conditions for Indian tribes; and

(7) the coordination of use of State and tribal resources with local land use plans requires additional planning at the State and tribal levels.

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(7) the coordination of use of State and tribal resources with local land use plans requires additional planning at the State and tribal levels.
(b) AUTHORIZATION OF APPROPRIATIONS.—
(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

(2) AVAILABILITY FOR TRIBAL GOVERNMENTS.—Of the amount made available under paragraph (1) for a fiscal year, not less than 5 percent shall be available to make grants to tribal governments to the extent that there are sufficient tribal governments that are eligible for funding under subsection (b) and that submit applications.

SECTION 5. ECONOMIC DEVELOPMENT ADMINISTRATION TECHNICAL ASSISTANCE.

(a) IN GENERAL.—The Secretary may develop, carry out, and maintain informational and technical programs for the use of State, tribal, and local land use planning and zoning officials.

(b) TYPES OF PROGRAMS.—Programs developed under subsection (a) may include—
(1) exchange of technical land use planning information;
(2) electronic databases containing data relevant to land use planning;
(3) technical other technical assistance to facilitate access to, and use of, principles and techniques of land use planning; and
(4) such other types of programs as the Secretary determines to be appropriate.

(c) CONSULTATION AND COOPERATION.—The Secretary shall carry out subsection (a) in consultation and cooperation with—
(1) the Administrator of the Environmental Protection Agency;
(2) the Secretary of Transportation;
(3) the Secretary of Agriculture;
(4) the heads of other Federal agencies;
(5) State, tribal, and local governments; and
(6) nonprofit organizations that promote land use planning at the State, tribal, and local levels.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 2002 through 2006.

COMMUNITY CHARACTER ACT OF 2001—SECTION-BY-SECTION SUMMARY

The Community Character Act of 2001 seeks to provide much needed funding to States and tribal governments for the development and revision of land use planning tools. Up-to-date statewide planning statutes and guidelines will allow state and local governments the flexibility needed to respond to fast growing demand while preserving the economic, natural, cultural, and historic resources of our communities.

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Section 1

Short Title.—The Community Character Act of 2001.

Section 2

Provides Congressional findings regarding the benefits of planning at the State, local, and tribal levels.

Section 3

Provides definitions of key terms in the legislation. “Land use planning legislation” is defined as a statute, regulation, executive order or other action taken by a State or tribal government to guide, regulate, or assist in the planning, regulation, and management of environmental resources, public works infrastructure, regional economic development, and development practices and other activities related to the pattern and scope of future land use.

Section 4

This section authorizes the Economic Development Administration to establish a program to provide grants to States and tribal governments on a competitive basis for the development or revision of land use planning legislation. States and tribal governments whose legislation is eligible for funding under this section have the assistance of the Environmental Protection Agency, public works infrastructure, regional economic development, and development practices and other activities related to the pattern and scope of future land use.

Section 5

This section authorizes the Economic Development Administration to establish a program to provide grants to States and tribal governments on a competitive basis for the development or revision of land use planning legislation. States and tribal governments whose legislation is eligible for funding under this section have the assistance of the Environmental Protection Agency, public works infrastructure, regional economic development, and development practices and other activities related to the pattern and scope of future land use.

The bill provides $2 million each year for fiscal years 2002 and 2003 and caps grants at $1 million (if funding local pilot projects), subject to a 10 percent match. Five percent of the annual authorization is set aside for tribal governments to the extent that there are sufficient eligible applications.

Section 5

This section authorizes the Economic Development Administration to provide voluntary educational and informational programs for the use of State, tribal, and local land use planning and zoning officials. The bill authorizes $1 million per year for five years for this purpose.

AMERICAN PLANNING ASSOCIATION,
Hon. Lincoln Chafee,
U.S. Senate,
Washington, DC.

DEAR SENATOR CHAFEE: The American Planning Association is pleased to endorse the Community Character Act of 2001. APA is heartened by the introduction of this legislation and the assistance it would provide to communities struggling with the consequences of change, whether it be growth and development or economic decline. This legislation recognizes that the federal government can, and should, be a constructive partner with those communities seeking innovative solutions to improving local quality of life through better management of growth. With more than 14,000 members, the largest private organization working to promote planning for communities that effectively meets the needs of our people, now and in the future.

Planning is the single most effective way to deal with growth issues facing states and communities. The Community Character Act is among the most important and beneficial things Congress could do to help promote local solutions to such pressing issues as downtown revitalization, traffic congestion, urban sprawl and open space protection.

This legislation responds to widespread citizen interest by providing critical resources to help state and local political leaders, business and environmental interests, and others manage change. In a recent national voter survey, APA found that an overwhelming majority of Americans, regardless of political affiliation, geographic locale, or demographic group, believe Congress should take action to support state and local smart growth initiatives. Seventy-eight percent of those surveyed believe it is important for the 107th Congress to help communities work together to plan for future growth. Moreover, three-quarters of voters also support providing incentives to help promote smart growth and improve planning.

The Community Character Act provides vital assistance to meet the serious challenge of reforming outdated planning statutes and supporting planning as the basis for smart growth. Currently, more than half the states are still operating under planning laws that do not provide for executive activity related to planning, growth and land use in twenty-two states. This if happening in states as diverse as Oklahoma and New York, Montana and Massachusetts.

We believe this bill will support an array of state, regional and local efforts to promote improved quality of life, economic development and community livability through better planning. Grants could be used to obtain technical assistance and support for a state’s review and implementation of growth and planning laws. Activities such as researching and drafting state policies, conducting workshops, holding public forums, promoting region coordination and supporting state planning initiatives for federal assistance. We also believe provisions allowing grants for acquiring new information for communities to that federal government projects to support innovative planning at the local level and the development of technical assistance programs through the Economic Development Administration would provide important and needed assistance for local governments and communities.

This legislation promotes smart growth principles and encourages states to create or update the framework necessary for good planning. It creates a federal partnership with communities through incentives, not mandates. The bill does not mandate that states implement specific changes but rather seeks to support and inform that process once it is underway. This program is a modest investment that will bring substantial dividends in improving the livability of cities, towns, and neighborhoods throughout the nation.

The American Planning Association applauds your outstanding leadership and vision in introducing the Community Character Act and urges the Senate to enact this legislation.

Sincerely,
BRUCE MCLLENDOON,
President.

NATIONAL ASSOCIATION OF REALTORS®,
Hon. Lincoln D. Chafee,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR CHAFEE: On behalf of its more than 700,000 members, the NATIONAL ASSOCIATION OF REALTORS® (NAR) supports your introduction of the Community Character Act, which provide grants to assist state and local governments for updating their land use planning legislation.

NAR supports this bill because it:
Recognizes that land use planning is rightfully a State and local government function;
Provides needed assistance to states and localities to better plan for inevitable growth;
Requires that planning performed under this Act must provide for housing opportunity and choice and promote affordable housing;
Promotes improved quality of life, sustainable economic development, and protection of the environment.

In adopting our Smart Growth Principles, NAR recognized that property owners, homebuyers, and REALTORS® have a great deal.
Hon. LINCOLN D. CHAFEE, U.S. Senate,

the Community Character Act and we look forward to working with you toward its adoption.

Sincerely,

LEE L. VERSTANDIG,
Senior Vice President.

THE TRUST FOR PUBLIC LAND,

HOR. LINCOLN D. CHAFEE, Chair Subcommittee on Superfund, Waste Control, and Risk Assessment, Committee on Environment and Public Works, Senate Dirksen Office Building, Washington, D.C.

DEAR SENATOR CHAFEE: I am writing to advise you of the Trust for Public Land's unqualified support for the Community Character Act of 2001.

The legislation you are introducing today will provide communities across the nation with an important and adaptive new tool to address the land-use challenges they face. More than ever, states and localities are seeking innovative ways to balance their economic development and environmental protection needs. The Community Character Act will provide much-needed support to the many state and local jurisdictions working to craft this vital balance through their land-use planning processes. This visionary bill aptly recognizes the inextricable links between public infrastructure, private development, and open space preservation, and its competitive-grant approach will allow for appropriate incentive-based federal assistance to state and local planning efforts. The Trust for Public Land particularly appreciates the on-the-ground successes your legislation will spawn through local pilot projects; the inclusion of tribal governments as eligible grant recipients, and the benefits these funds will afford to Indian land management; and the broader effects that enhanced land-use planning will bring to the American landscape.

We look forward to timely enactment of the Community Character Act, and to hearing from you as to how we might be of assistance in your efforts.

Sincerely,

ALAN FRONT,
Senior Vice President.

SMART GROWTH AMERICA,

HOR. LINCOLN CHAFEE, U.S. Senate, Washington, DC.

DEAR SENATOR CHAFEE: Smart Growth America would like to commend you on the introduction of the Community Character Act of 2001. We support both the bill and your efforts to assist states, multi-state regions, and tribal governments in their efforts to revise their land use planning legislation and develop comprehensive plans.

Planning for future growth and directing development strengthens existing communities while building upon their physical, cultural and historical assets is integral to smart growth. We applaud your foresight and willingness to help these entities in their ongoing efforts to achieve smart growth by coordinating transportation, housing and infrastructure investments while conserving historic, scenic and natural resources.

The Community Character Act makes the federal government an energy partner, regions and tribal governments that want to plan for future growth. We thank you for your leadership and look forward to working with you to pass this timely legislation.

Sincerely,

DON CHEN, Director.

By Mrs. FEINSTEIN:
S. 976. A bill to provide authorization and funding for the enhancement of ecosystems, water supply, and water quality of the State of California, to the Committee on Energy and Natural Resources.

MRS. FEINSTEIN. Mr. President, yesterday Congressman Ken Calvert from Riverside, CA, and I held a press conference and could introduce a bill, Mr. Calvert in the House and I in the Senate.

This bill I am going to introduce today for reference to committee addresses a very complicated and complex problem: water supply, and that is water. It is my very strong belief that the energy crisis that we see taking place in California is a forerunner of what is going to happen with water.

The only question is when. California has a population of 34 million people. It is bigger than 21 other States and the District of Columbia put together. It is expected to grow to 50 million in 20 years.

Our State has the same water infrastructure that it had in 1970 when we were about 16 million people, and every year California grows from 700,000 to 1 million people. It was 800,000 this past year.

We are the sixth largest economy, not in the Nation, but in the world. We are the No. 1 agricultural producing State in the Nation. We are the leading producer of dairy products, wine and grapes, strawberries, almonds, lettuce, tomatoes, and the list goes on and on. All of these need water.

We are a growing high-tech State with an increasing need for access to high-quality water. We have more endangered species than any other State except Hawaii. And, of course, California is a very large population. Our water needs are tremendous. So we need to get ready for the future, and we need to do this in an environmentally sensitive way.

If there is one lesson we can learn from California's energy crisis, it is that the time to address a crisis is not while it is happening but before it happens. California is now struggling to build more powerplants while also doing everything possible to reduce demand through increased efficiency and conservation. But because we started so late, we are likely going to have some serious problems this summer, and that is why it is even more important that we fix the water problem before it, too, becomes a crisis.

Ecosystem restoration, water conservation, and improved efficiency can be combined with new environmentally responsible off-stream storage. This would allow us to improve the ecosystem and store water for wet years and use it in the dry years to benefit the environment, and farmers.

I began writing this bill last December with the aim of finding something to which all of the major stakeholders can agree—the water users, the city of San Jose, the city of Los Angeles, San Diego, San Francisco, all of the agricultural water contractors, and a myriad of environmental leaders.

I have come to the conclusion that it is impossible, after 7 years of trying, to get them all on the same page, let alone the line. So either we do nothing and sit and wait for a water crisis or we try to do the moderate, the prudent, and the effective thing.

The bill I am sending to the desk for reference to committee is a 7-year authorization bill. It essentially authorizes the record of decision of a program known as CALFED. In California, there are two big water projects. One is the Central Valley Water Project owned by the Federal Government. That is the Federal interest. The Federal Government built it and owns it. The other is the California Water Project owned by the State of California, built by Governor Pat Brown back in the 1960s.

This is, in essence, a State-Federal effort to improve the water infrastructure, to clean up the ecosystems, and to begin to build an infrastructure that can handle the demands of the next 50 years and beyond.

The bill authorizes the ecosystem restoration program, and it fully authorizes all of the environmental projects listed in the record of decision. This includes improving fish passages, restoring streams, rivers, and habitats, and improving water quality.

The bill authorizes 580,000 acre feet of water in the first year through the environmental water account, and the bill essentially authorizes the first three storage projects, off-stream water storage, listed in stage 1 of the record of decision: Enlarging the Los Vaqueros Reservoir, subject to a vote of the people of Contra Costa County; raising Shasta Dam; and constructing the delta wetlands project which involves flooding two delta islands for storage and using the other two islands for ecosystem protection. The end result of these three storage projects will be 2.3 million acre feet of new water storage.

Some reporting and financial analysis must still be completed. CALFED expects these projects will likely have adverse impacts, so we need to get started to make sure they can get in the line and get going.
I do not believe we can meet all of our future water needs without increased water storage, water storage that is environmentally benign, that is off stream, and that provides flexibility in the system for us to increase water supply, improve water quality, and adequately respond to drought.

Recharging groundwater, water recycling and reuse, conservation, and smarter use of the big pumps in the system are all tools we can use to help meet our water needs.

I am concerned this may not even be enough. We live in an area, though, where large new dams are extraordinarily controversial. So there is one thing left, and that is to take water from the wet years and store it in an environmentally sound way to use during the dry years.

The bill I am presenting is balanced. It says, in essence, that the storage projects go ahead at the same time as the environmental projects. I believe very strongly that we are not going to be able to solve the problem just with environmental measures, that we need additional water storage as well.

This is not a flash in the pan. I did not just arrive at this. A native-born Californian, I have watched this for years and years, and for the last 7 years in the Senate I have spent an enormous amount of time—probably 50, 60 meetings—with the stakeholders on all sides of this issue. It is my judgment that we must have this additional storage in addition to the ecosystems work.

It is not going to be a perfect bill. It is a big bill. It is a State-Federal partnership. In my view, water and energy are the two essentials that can keep the California economy alive and keep its people flourishing. I hope it will have a favorable response in the committee and in this Chamber.

By Mr. CRAIG (for himself, Mr. BURNS, Ms. BACUS, Ms. CANTWELL, Mr. CONRAD, Mr. CRAPO, Mr. DASCHLE, Mr. DORGAN, Mr. JOHNSON, and Mrs. MURRAY):

S. 977. A bill to amend the Agricultural Market Transition Act to require the Secretary of Agriculture to make nonrecourse marketing assistance loans and loan deficiency payments available to producers of dry peas, lentils, and chickpeas; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. CRAIG. Mr. President, I rise today to introduce the "Dry Pea, Lentil, and Chickpea Marketing Assistance Loan Act," a bill to authorize a marketing loan program and loan deficiency payments, or LDPs, for pulse crops which include peas, lentils, and chickpeas. I am pleased that Senators BURNS, BACUS, CANTWELL, CONRAD, CRAPO, DASCHLE, DORGAN, JOHNSON and MURRAY have joined as original cosponsors.

Pulses are grown across the northern tier of the United States. Traditionally pulses have been grown as a rotation crop that provides benefit to the soil, by fixing nitrogen, breaking weed and disease cycles, and reducing the need for field burning. Dryland farmers in northern Idaho for years have rotated wheat, canola, and dry peas, lentils or chickpeas. As prices have dropped for all commodities, including pulses, we have seen a shift in production patterns which have decreased the production of dry peas and lentils.

Current wheat prices are no better than dry peas for pound, but a banker will lend money to a grower of wheat and oilseeds because there is a loan program and LDP. The depressed markets have forced dryland farmers across the northern tier of the states into favor of traditional farm program crops like wheat, oilseeds, and barley.

This bill attempts to remedy this situation by creating a loan rate for dry peas, lentils, and chickpeas with support equivalent programs for spring wheat and canola. The bill mirrors existing statutory authority for the loan programs established for other crops by creating floor prices based from 85 percent of a five-year Olympic average. The approximate cost of the bill, and benefits to pulse growers, would be about $8.5 million annually.

When we passed the last farm bill, the goal was to have farmers farm the land and not the programs. As prices have dropped, we are again seeing planting decisions made based on the programs available, which has made pulse crops less attractive in a rotation. As we begin the process of reauthorizing the farm bill, we will work to make sure that pulses are included so that farmers will be competitive with other crops grown in the area.

Mr. BURNS. Mr. President, I rise today as a proud cosponsor of this amendment to the Agricultural Market Transition Act. It would require the Secretary of Agriculture to make nonrecourse marketing assistance loans to producers of dry peas, lentils, and chickpeas.

This amendment will go a long way toward giving producers of these commodities an equal opportunity to obtain the same financial opportunities as other producers now receive.

We encourage our producers to grow what is often referred to as alternative crops. Producers have listened and they are successfully marketing these crops. The actions of this bill will now provide these innovative producers with the same economic benefits as producers of other crops. These farmers have dared to try something different and the least we can do is support them for they're doing.

I look forward to working with my colleagues on this legislation.

By Mr. CRAIG (for himself, Mr. MURKOWSKI, Mr. ALLARD, Mr. BENNETT, Mr. CAMPBELL, Mr. CRAPO, Mr. HATCH, Mr. SMITH of Oregon, Mr. STEVENS, and Mr. THOMAS, the Outfitter Policy Act of 2001.

This legislation is very similar to legislation I introduced in past Congresses. As that legislation did, this bill would put into law many of the management practices by which Federal land management agencies have successfully managed the outfitter and guide industry on National Forests, National Parks and other Federal lands over many years.

This bill recognizes that many Americans want and seek out the skills and experience of commercial outfitters and guides to help them enjoy a safe and pleasant journey.

The Outfitter Policy Act’s primary purpose is to ensure accessibility to public lands by all segments of the population and maintain the availability of quality recreation services to the public. Outfitters and guides across the nation provide opportunities for outdoor recreation for individuals and groups who would otherwise find the backcountry inaccessible.

Previous hearings and discussions on prior versions of this legislation helped to refine the bill I am introducing today. This process provided the intended opportunity for discussion. As well as it allowed for the examination of the historical practices that have offered consistent, reliable outfitter services to the public.

Congress has twice addressed this issue with respect to the National Park System permits, originally establishing standards for Park Service administration of guide/outfitter permits on their lands in 1965 and amending that system in 1998. Therefore, it is appropriate to set similar legislative standards for other public land systems such as Forest Service and Bureau of Land Management lands. However, these and other land management agencies are now without Congressional guidance, and instead rules, permit terms and conditions and other intricacies are often left to local agency personnel. The Outfitter Policy Act would alleviate the discord involved in land management permitting by providing consistent guidance on the administration of guide/outfitter permits for the other Federal land management agencies.

The Outfitter Policy Act provides the basic terms and conditions necessary to sustain the substantial investment often needed to provide the level of service demanded by the public. However, the bill provides the agencies
ample flexibility to adjust use, conditions, and permit terms. All of which must be consistent with agency management plans and policies for resource conservation. The Outfitter Policy Act strives to provide a stable, consistent regulatory climate which encourages quality incentives to the outfitter, while giving the agencies and operators clear directions.

The Outfitter Policy Act is a measure that will facilitate access to public lands by the outfitted public, while providing incentives to the outfitters to provide the high quality services over time. It is necessary to ensure that members of the public who need and rely on guides and outfitters for recreational access to public lands will continue to receive safe, quality services. I look forward to considering this legislation in the coming session of the 107th Congress.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE RESOLUTION 95—DESIGNATING AUGUST 3, 2003, AS “NATIONAL COURT REPORTING AND CAPTIONING DAY”

Mr. BREAUX submitted the following resolution; which was referred to the Committee on the Judiciary:

Resolved,

SECTION 1. SENSE OF THE SENATE THAT A COMMENORATIVE POSTAGE STAMP SHOULD BE ISSUED TO HONOR DR. EDGAR J. HELMS.

(a) FINDINGS.—The Senate finds the following:
(1) Dr. Helms was born in a wilderness lumber camp in upstate New York on January 19, 1863, and passed away on December 23, 1942, at the age of 79.
(2) Dr. Helms established the Church of All Nations in Boston's troubled South End to provide a spiritual haven and a center for job training for the poor and destitute.
(3) In 1902, Dr. Helms founded Goodwill Industries, Inc. (in this section referred to as “Goodwill”), a nonprofit organization established to collect unwanted clothing and household goods from Boston's wealthy citizens to allow poor immigrants to repair those goods for use, and to give relatively unskilled people as well as giving them a source of inexpensive clothing and other goods.
(4) Dr. Helms often denied himself basic comforts to save money for larger purposes.
(5) In the mid-1930's, Goodwill changed from a work relief organization to one that primarily served people with disabilities.
(6) Goodwill played a key role during World War II by providing workers who produced many basic necessities for the war effort.
(7) Goodwill serves people with physical, mental, and emotional disabilities, and those who face extraordinary barriers to employment such as those who are in poverty, including those who receive public assistance or who are homeless, and those without any work experience.
(8) Goodwill provided services for more than 440,000 people in 2000, and more than 77,000 of them became employed as a result of the assistance Goodwill provided.
(9) For almost 100 years, Goodwill has benefited millions of Americans by fulfilling the mission set out by Dr. Helms in his message of “Not Charity But a Chance.”

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Citizens' Stamp Advisory Committee should recommend to the Postmaster General that a commemorative postage stamp be issued in 2002 to honor Dr. Edgar J. Helms.

SEC. 2. TRANSMITTAL TO CITIZENS' STAMP ADVISORY COMMITTEE. The Secretary of the Interior shall transmit a copy of this resolution to the chairperson of the Citizens' Stamp Advisory Committee.

‘‘Mr. KERRY. Mr. President, I introduce today a resolution proposing a commemorative stamp honoring Dr. Edgar J. Helms, in recognition of the founding of Goodwill Industries. I am pleased to be joined in this effort by my good friends Senators LUAR, DURBIN, KENNEDY, and SNOWE.

Next year marks the 100th anniversary of the founding of Goodwill Industries. This non-profit organization was founded in Boston's South End by Dr. Edgar Helms who began Goodwill to provide “Not a Charity. But a Chance” for those in need. Goodwill began by collection donated clothing and household goods and having them repaired by the disabled and the extremely poor. This work is still central to Goodwill's operations. For four decades, Helms labored to provide opportunities for those in need, telling his employees to “be satisfied with [their] work until every handicapped and unfortunate person in [their communities had] an opportunity to develop to his fullest usefulness and to enjoy a maximum of abundant living.”

Today, Goodwill is an international movement, providing services for over 440,000 people each year in almost every state in the nation, as well as more than 50 countries. In 2000, more than 77,000 people found employment as a result of the assistance provided by Goodwill. Goodwill has been commended by every U.S. President since Truman, and the first full week of May is traditionally proclaimed “Goodwill Industries Week.” Dr. Helms's foundation remains an exceptional example of how capitalism and community activism can work together for the benefit of the United States to observe the day with appropriate programs, ceremonies, and activities.

SENATE RESOLUTION 97—HONORING THE BUFFALO SOLDIERS AND COLONEL CHARLES YOUNG

Mr. DEWINE submitted the following resolution; which was referred to the Committee on the Judiciary:

Resolved,

Whereas millions of individuals have wanted the spoken word translated into text to record history and to accomplish this task have relied on scribes;
Whereas the profession of scribe was born with the rise of civilization;
Whereas in Ancient Egypt, scribes were considered to be the literate elite, recording laws and other important documents and since that time, have served as impartial witnesses to history;
Whereas scribes were present with our Nation's founding fathers as the Declaration of Independence and Bill of Rights were drafted;
Whereas President Lincoln entreated scribes to record the Emancipation Proclamation;
Whereas since the advent of shorthand machines, these scribes have been known as “court reporters” and have had a permanent place in courtrooms;
Whereas court reporters are present in Congress, preserving Members' words and actions;
Whereas court reporters are responsible for the correct and accurate transcription of proceedings on the House floor, in the United States Senate, on television screens, bringing information to more than 28,000,000 hearing impaired Americans every day;
Whereas court reporters and captioners translate the spoken word into text and preserve our history; and
Whereas whether called the scribes of yesterday, court reporters of today, or real-time teletypists of tomorrow, the individuals that preserve our Nation's history are truly the guardians of the record; Now, therefore, be it

RESOLVED, That the Senate—
(1) designates August 3, 2001, as “National Court Reporting and Captioning Day”; and
(2) requests that the President issue a proclamation to the people of the United States to observe the day with appropriate programs, ceremonies, and activities.

Whereas the Buffalo Soldiers were among Theodore Roosevelt's Rough Riders in Cuba during the Spanish-American War, and crossed into Mexico in 1916 under General John J. Pershing;
Whereas African-American men were drafted into the Buffalo Soldiers to serve in harsh terrain and protect the Mexican Border;
Whereas the Buffalo Soldiers went to North Africa, Iran, and Italy during World War II, and served in many positions, including as paratroopers and combat engineers;
Whereas in the face of fear of a Japanese invasion, the Buffalo Soldiers were placed along the rugged border terrain of the Baja Peninsula and protected dams, power stations, and rail lines that were crucial to San Diego's war industries;
Whereas among these African-American heroes, Colonel Charles Young, of Ripley, Ohio, stands out as a shining example of the dedication, service, and commitment of the Buffalo Soldiers;
Whereas Colonel Charles Young, the third African-American to graduate from the
United States Military Academy at West Point, served his distinguished career as a member of the Buffalo Soldiers throughout the world, traveling to the Philippines during the Philippine War, Haiti as the first African-American military attack for the United States, Liberia and Mexico as a military attack, Monrovia as advisor to the Liberian government and several other stations within the borders of the United States, holding commands during most of these tours.

Whereas Colonel Charles Young took a vested interest in the development of African-American youth by serving as an educator, teaching in local high schools and at Wilberforce University in Ohio, and developing a military training ground for African-American enlisted men to help them achieve officer status for World War I at Fort Huachuca.

Whereas Colonel Charles Young achieved so much in the face of race-based adversity and while he fought a fatal disease, Bright’s Disease, which eventually took his life; and

Whereas there are currently 21 existing chapters of the 9th and 10th Cavalry Association, with 20 domestic chapters and 1 in Germany.

Whereas Colonel Charles Young, for his lifetime achievements; and

Resolved, That the Senate—

(1) honors the bravery and dedication of the Buffalo Soldiers throughout United States and world history,

(2) honors 1 of the Buffalo Soldiers’ most distinguished heroes, Colonel Charles Young, for his lifetime achievements; and

(3) recognizes the continuing legacy of the Buffalo Soldiers throughout the world.

SENATE RESOLUTION 98—DESIGNATING THE PERIOD BEGINNING ON JUNE 11 AND ENDING ON JUNE 15, 2001 AS A “NATIONAL WORK SAFE WEEK”

Mr. BOND submitted the following resolution; which was referred to the Committee on the Judiciary:

Whereas Congress believes that 100 percent of workplace injuries are preventable when employers and employees work together;

Whereas only employer and employee attitudes and awareness are essential to maintain an injury-free workplace;

Whereas the total nationwide workplace accident costs in 1998 were $122,680,000,000, with a national average of $285,000 per disabling injury and $490,000 per work-related death;

Whereas workplace injuries also carry indirect or hidden costs that cannot be calculated, such as property damage, lost production, and modified duty; and

Whereas beginning on June 11 and ending on June 15, 2001 will be declared Work Safe Week in the State of Missouri.

Now, therefore, be it

Resolved, That the Senate—

(1) designates the period beginning on June 11 and ending on June 15, 2001 as “National Work Safe Week” to be recognized by employers and employees committing themselves to creating an injury-free workplace; by employers and employees taking all necessary steps to achieve this goal; and by employers and employees developing the habits and approaches that will lead to injury-free workplaces throughout the entire year; and

(2) requests the President to issue a proclamation recognizing the anniversary of the founding of the modern Olympic movement; and

(3) calls upon the people of the United States to observe such anniversary with appropriate ceremonies and activities.

Mr. CAMPBELL. Mr. President,

Today I submit a resolution to recognize and support the United States Olympic Committee and the 2002 Olympic Games.

There are several reasons why I have a particular interest in the Olympic Movement and the U.S. Olympic Committee. I am the only Olympian in the United States Senate and Congressman Jim Ryan and I are the only two current Members of Congress to have been members of Olympic Teams.

Years ago, I founded the U.S. Olympic Caucus with Senator Bill Bradley and former Congressman Tom McMillan. In addition, the United States Olympic Committee is headquartered in Colorado Springs, CO, along with the Olympic Training Center. Many athletes are currently training at that facility for future Olympic Games and especially in preparation for the 2002 Olympic Games in Salt Lake City, UT.

As I look back on the 1964 Olympic Games in Tokyo, Japan, I remember how proud I was to be on the U.S. Olympic Team. Carrying the United States flag in the closing ceremonies of the 1964 Olympic Games was the highlight of my life. I remember how proud I was to be an American and an Olympian. I hold that moment in my heart and relive it at each new Olympic Games to this day.

The Olympic motto is “Swifter, Higher, Stronger” and with that ideal, the Olympic Movement brings out the very best in all of us, athletes and spectators alike. I believe, along with the United States Olympic Committee, that the competitions are the heart and soul of the Olympic Movement. This is the reason that I offer this resolution today.

The United States Olympic Committee is to be highly commended for the prompt and decisive action it took after accusations of inappropriate solicitations surfaced. It is also to be commended for establishing the fully independent, United States Anti-Doping Agency, USADA, to address the important issues of athlete doping detection, prevention and education. USADA is also headquartered in Colorado Springs and is leading the way for world anti-doping measures.

I know how much the games do for young men and women and for our country. I am convinced the United States Olympic Committee has done everything in its power to get to the bottom of allegations, punish those who deserve it, and return the focus of the Olympic Movement back where it should be, with the athletes.

Most people don’t realize that unlike many of the world’s Olympic teams, the U.S. Olympic Team gets not one dime of Federal money to subsidize its sports operations. Our Olympic Team is solely supported by the contributions of millions of Americans and American businesses and corporations which are dedicated to the Olympic Movement.

The Olympic Movement will endure and prosper only by the continued vigilance and the ongoing commitment of organizers and supporters, and by our unwavering support of the athletes who are the future of the modern Olympic Games.

As we begin the countdown towards the 2002 Olympic Games, my resolution would designate June 23, 2000, as Olympic Day in recognition of the anniversary of the founding of the modern Olympic Movement. I urge my colleagues to support prompt passage of this resolution.
Mr. FITZGERALD (for himself, and Mr. SMITH of New Hampshire) submitted the following concurrent resolution; which was referred to the Committee on the Senate:

S. Con. Res. 44

Whereas on December 7, 1941, the Imperial Japanese Navy and Air Force attacked units of the Armed Forces of the United States stationed at Pearl Harbor, Hawaii:

Whereas 2,403 members of the Armed Forces of the United States were killed in the attack on Pearl Harbor:

Whereas there are more than 12,000 members of the Pearl Harbor Survivors Association:

Whereas the 60th anniversary of the attack on Pearl Harbor will be December 7, 2001:

Whereas on August 23, 1994, Public Law 103-308 was enacted, designating December 7 of each year as National Pearl Harbor Remembrance Day:

Whereas Public Law 103-308, reenacted as section 129 of title 36, United States Code, requests the President to issue each year a proclamation on the people of the United States to observe National Pearl Harbor Remembrance Day:

Whereas on the occasion of the 60th anniversary of the December 7, 1941, attack on Pearl Harbor, Hawaii, pays tribute to:

(1) the United States citizens who died in the attack; and

(2) the members of the Pearl Harbor Survivors Association:

Mr. FITZGERALD. Madam President, I rise with my colleague Senator SMITH of New Hampshire, to submit a concurrent resolution honoring the American servicemen who were attacked by the Japanese Imperial Forces at Pearl Harbor on December 7, 1941. Senator SMITH submitted a parallel resolution last year but has allowed me to take the lead on this matter this year in light of the special significance of Pearl Harbor remembrance day to my family.

My uncle, Navy Ensign Edward Webb Gosselin, was among the 1,102 American seamen killed aboard the battleship U.S.S. Arizona on December 7, 1941.

Edward had enlisted in the Navy in September of 1940 and reported to his first unit, the Arizona, in May of 1941. He was 24 years old when he died. Edward had just graduated from Yale University and was, in fact, the first Yale graduate to die in World War II.

The Navy later named a destroyer escort after Edward, and it was named the U.S.S. Gosselin.

Pittingly, after participating in the invasion of Okinawa, the Gosselin had the honor of being the first American warship to enter Japanese waters upon that nation’s surrender. The Gosselin also was the first ship to bring home American prisoners of war held in Japan. Many years later, Edward’s father, my grandfather, recounted the story of Edward’s love for his ship and expressed regret upon hearing the ship’s name mentioned during radio broadcasts of the surrender.

The resolution that Senator SMITH and I introduce today reminds federal departments and agencies to fly the United States flag at half-mast on December 7, and pays tribute to the United States citizens who died in the Japanese raid on Pearl Harbor, and to the members of the Pearl Harbor Survivors Association. I conclude by asking all of my colleagues to join me this Memorial Day in remembering and honoring the 2,403 American sailors and soldiers who were killed at Pearl Harbor, and all other Americans in uniform who have died serving their country.

NOTE OF HEARING

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. THOMAS, Chairman. I would like to announce for the information of the Senate and the public that the scheduled oversight hearing before the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Natural Resources to be held on Thursday, June 14, 2001 at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC has been canceled. The purpose of this hearing had been to review the implementation of the Recreation Fee Demonstration Program and to review efforts to extend or make the program permanent. For further information, please contact Jim O'Toole or Shane Perkins of the Committee staff at (202) 224-1219.

RESTORING EARNINGS TO LIFT INDIVIDUAL AND EMPLOYER FAMILIES (RELIEF) ACT OF 2001

On May 23, 2001, the Senate amended and passed H.R. 1836, as follows:

Resolved, That the bill from the House of Representatives (H.R. 1836) entitled “An Act to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2001.” do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE; ETC.

(a) Short Title.—This Act may be cited as the “Restoring Earnings To Lift Individuals and Employer Families (RELIEF) Act of 2001.”

(b) Amendments.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) Section 15 Not To Apply.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.
Subtitle D—Other Provisions

Section 431. Deduction for higher education expenses.

Section 432. Credit for interest on higher education loans.

Section 433. Above-the-line deduction for qualified emergency response expenses of eligible emergency response professionals.

Section 434. Contributions of book inventory.

Subtitle E—Miscellaneous Education Provisions

Section 441. Short title.

Section 442. Above-the-line deduction for qualified professional development expenses of elementary and secondary school teachers.

Section 443. Credit to elementary and secondary school teachers who provide classroom materials.

Subtitle F—Compliance With Congressional Budget Act


TITLE V—ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAX PROVISIONS

Subtitle A—Repeal of Estate and Generation-Skipping Transfer Taxes

Section 501. Repeal of estate and generation-skipping transfer taxes.

Subtitle B—Reductions of Estate and Gift Tax Rates

Section 511. Additional reductions of estate and gift tax rates.

Subtitle C—Increase in Exemption Amounts

Section 521. Increase in exemption equivalent of unified credit, lifetime gifts exemption, and GST exemption amounts.

Subtitle D—Credit for State Death Taxes

Section 531. Reduction of credit for State death taxes.

Section 532. Credit for State death taxes replaced with deduction for such taxes.

Subtitle E—Carryover Basis at Death; Other Changes Taking Effect With Repeal

Section 541. Termination of step-up in basis at death.


Subtitle F—Conservation Easements

Section 551. Expansion of estate tax rule for conservation easements.

Subtitle G—Modifications of Generation-Skipping Transfer Tax

Section 561. Deemed allocation of GST exemption to lifetime transfers to trusts, retroactive allocations.

Section 562. Severing of trusts.

Section 563. Modification of certain valuation rules.

Section 564. Relief provisions.

Subtitle H—Extension of Time for Payment of Estate Tax

Section 571. Expansion of availability of installment payment for estates with interests qualifying lending and finance businesses.

Section 572. Clarification of availability of installment payment.

Subtitle I—Compliance With Congressional Budget Act

Section 581. Sunset of provisions of title.

TITLE VI—PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS

Subtitle A—Individual Retirement Accounts

Section 601. Modification of IRA contribution limits.

Section 602. Deemed IRAs under employer plans.

Section 603. Tax-free distributions from individual retirement accounts for charitable purposes.

Subtitle B—Expanding Coverage

Section 611. Increase in benefit and contribution limits.

Section 612. Plan loans for subchapter S owners, partners, and sole proprietors.

Section 613. Modification of K plan.

Section 614. Elective deferrals not taken into account for purposes of deduction limits.

Section 615. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations.

Section 616. Deduction limits.

Section 617. Option to treat elective deferrals as after-tax Roth contributions.

Section 618. Nonrefundable credit to certain individuals for elective deferrals and IRA contributions.

Section 619. Credit for qualified pension plan contributions of small employers.

Section 620. Credit for pension plan startup costs of dual-employer plans.

Section 621. Elimination of user fee for requests to IRS regarding new pension plans.

Section 622. Treatment of nonresident aliens engaged in international transportation services.

Subtitle C—Enthroning Fairness for Women

Section 631. Catch-up contributions for individuals age 50 or over.

Section 632. Equitable treatment for contributions of employees to defined contribution plans.

Section 633. Faster vesting of certain employer matching contributions.

Section 634. Modifications to minimum distribution rules.

Section 635. Clarification of tax treatment of division of section 457 plan benefits upon divorce.

Section 636. Provisions relating to hardship distributions.

Section 637. Waiver of tax on nondeductible contributions for domestic or similar workers.

Subtitle D—Increasing Portability for Participants

Section 641. Rollovers allowed among various types of plans.

Section 642. Rollovers of IRAs into workplace retirement plans.

Section 643. Rollovers of after-tax contributions.

Section 644. Hardship exception to 60-day rule.

Section 645. Treatment of forms of distribution.

Section 646. Rationalization of restrictions on distribution of plan assets.

Section 647. Purchase of service credit in governmental defined benefit plans.

Section 648. Employers may disregard rollovers for purposes of cash-out amounts.

Section 649. Minimum distribution and inclusion requirements for section 403(b) plans.

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Subtitle E—Strengthening Pension Security and Enforcement

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Section 651. Repeal of 10 percent of current liability funding limits.

Section 652. Maximum contribution deduction rules modified and applied to all defined benefit plans.

Section 653. Excise tax relief for sound pension funding.

Section 654. Treatment of multiemployer plans under section 412.

Section 655. Protection of investment of employee contributions to 401(k) plans.

Section 656. Prohibited allocations of stock in S corporation ESOP.

Section 657. Automatic rollovers of certain mandatory IRA contributions.

Section 658. Clarification of treatment of contributions to multiemployer plan.

PART II—TREATMENT OF PLAN AMENDMENTS REDUCING FUTURE BENEFIT ACCRUALS

Section 659. Notice required for pension plan amendments having the effect of significantly reducing future benefit accruals.

Subtitle F—Reducing Regulatory Burdens

Section 661. Modification of timing of plan valuations.

Section 662. ESOP dividend payments may be reinvested without loss of dividend deduction.

Section 663. Repeal of transition rule relating to certain highly compensated employees.

Section 664. Employees of tax-exempt entities.

Section 665. Clarification of treatment of employer-provided retirement advice.

Section 666. Reporting simplification.

Section 667. Improvement of employee plans compliance.

Section 668. Repeal of the multiple use test.

Section 669. Flexibility in nondiscrimination coverage, and line of business rules.

Section 670. Extension to all governmental plans of moratorium on application of certain nondiscrimination rules applicable to State and local plans.

Subtitle G—Other ERISA Provisions

Section 681. Missing participants.

Section 682. Reduced PBGC premium for new plans of small employers.

Section 683. Reduction of additional PBGC premium for new and small plans.

Section 684. Authorization for PBGC to pay interest on premium overpayment refunds.

Section 685. Substantial owner benefits in terminable plans.

Subtitle H—Miscellaneous Provisions

Section 690. Tax treatment of additional termination benefits.

Section 691. Tax treatment and information requirements for Alaska Native Settlement Trusts.

Subtitle I—Compliance With Congressional Budget Act

Section 695. Sunset of provisions of title.

TITLE VII—ALTERNATIVE MINIMUM TAX

Subtitle A—In General

Section 701. Increase in alternative minimum tax exemption.

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TITLE VIII—OTHER PROVISIONS

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Section 801. Time for payment of corporate estimated taxes.

Section 802. Expansion of authority to postpone certain tax-related deadlines by reason of presidentially declared disaster.

Section 803. No Federal income tax on restitution received by victims of the Nazi regime or their heirs or estates.

Section 804. Removal of limitation.

Section 805. Circuit breaker.

Section 806. Deduction for health insurance costs of self-employed individuals increased.

Section 807. Deduction for health insurance costs of self-employed individuals increased.

Section 808. Charitable contributions of certain items created by the taxpayer.

Section 809. Waiver of statute of limitation for taxes on certain farm valuations.

Section 810. Research credit.

Section 811. Credit for medical research related to developing vaccines against widespread diseases.

Section 812. Acceleration of benefits of wage tax credits for empowerment zones.

Section 813. Treatment of certain hospital support organizations qualified organizations for purposes of determining acquisition indebtedness.
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Sec. 814. Tax-exempt bond authority for treatment facilities reducing arsenic levels in drinking water.

Sec. 815. Time for payment of corporate estimated tax payments due in 2011.

Sec. 816. Disclosure of tax information to facilitate combined employment tax reporting.

Subtitle B—Compliance With Congressional Budget Act

Sec. 821. Sunset of provisions of title.

**TITLE I—INDIVIDUAL INCOME TAX RATE REDUCTIONS**

**Subtitle A—In General**

**SEC. 101. REDUCTION IN INCOME TAX RATES FOR INDIVIDUALS.**

(a) In General.—Section 1 is amended by adding at the end the following new subsection:

```
''(f) REDUCTION IN RATES AFTER 2000.—

''(1) IN GENERAL.—In the case of taxable years beginning after December 31, 2000—

''(A) the initial bracket amount shall be 10 percent, and

''(B) the initial bracket amount shall be 10 percent.

''(2) TECHNICAL AMENDMENTS.—

''(A) The heading for section 1(b)(1) is amended—

''(i) by striking ''section 1(b)(1)'' each place it appears and inserting ''subsection (b)(1)'', and

''(ii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(3)'', and

''(B) The heading for section 1(b)(2) is amended—

''(i) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(ii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(iii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(iv) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(v) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(vi) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(vii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(viii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(ix) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(x) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xi) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xiii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xiv) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xv) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xvi) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xvii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xviii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xix) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xx) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xxi) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

''(xxii) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(4)(A)'' and

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(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall be in effect for taxable years beginning after December 31, 2001.
```
“(A) the credit which would be allowed under this section without regard to this subsection and the limitation under subsection (b)(3), or
(B) the amount by which the amount of credit otherwise allowable under this section (determined without regard to this subsection) would increase if the limitation imposed by subsection (b)(3) were increased by the greater of—

’(i) the amount of so much of the taxpayer’s earned income (within the meaning of section 32) for the taxable year as exceeds $10,000, or
(ii) the case of a taxpayer with 3 or more qualified special needs children, the excess (if any) of—

’(I) the taxpayer’s social security taxes for the taxable year, over

’(II) the credit allowed under section 32 for the taxable year.

The amount of the credit allowed under this subsection shall not be treated as a credit allowed under this subpart and shall reduce the amount of credit otherwise allowable under subsection (a) without regard to subsection (b)(3).’’.

(2) CONFORMING AMENDMENT.—Section 32 is amended by striking subsection (n).

(d) ELIMINATION OF REDUCTION OF CREDIT TO TAXPAYER SUBJECT TO ALTERNATIVE MINIMUM TAX PROVISION.—Section 24(d) is amended—

(1) by striking paragraph (2), and

(2) by redesignating paragraph (3) as paragraph (2).

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), section 32 shall apply to taxable years beginning after December 31, 2000.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2001.

SEC. 202. SENSE OF THE SENATE ON THE MODIFICATION 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 with two children makes $7500 to help make ends meet.

(5) The provision included in section 201 would give families with children the benefit of a partial 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.

(b) REPEAL OF SUNSET PROVISIONS.—Section 23(d)(3) is amended by deleting the last sentence thereof.

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

SEC. 203. EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) IN GENERAL.—

(1) ADOPTION CREDIT.—Section 23A(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, the amount which the adoption becomes final.’’.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137(a) (relating to adoption assistance programs) is amended to read as follows:

’(a) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2001, each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to—

’(I) such dollar amount, multiplied by

’(II) the cost-of-living adjustment determined under section 1(f) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2001’ for ‘calendar year 1992’ in subparagraph (B) thereof.

’(I) 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)(i) of subsection (b) shall be increased by an amount equal to—

’(I) such dollar amount, multiplied by

’(II) the cost-of-living adjustment determined under section 1(f) 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.—

’(I) 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”.

’(g) 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(a)(1), and 22A(a)(2), and (other than 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,”.

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

SEC. 204. REFORMS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Any payment considered to have been made to an 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 in which received and the following month, for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

SEC. 205. DEPENDENT CARE CREDIT.

(a) INCREASE IN DOLLAR LIMIT.—Subsection (c) of section 21(c) (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking “$2,000” in paragraph (1) and inserting “$3,000”, and

(2) by striking “$4,000” in paragraph (2) and inserting “$6,000.”

(b) INCREASE IN APPLICABLE PERCENTAGE.—Section 21(a)(2) (defining applicable percentage) is amended—

(1) by striking “39 percent” and inserting “40 percent”, and

(2) by striking “$10,000” and inserting “$20,000.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.
SEC. 206. 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 a child care facility; (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.

"(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) to which the qualified child care facility 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 allowable 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:

<table>
<thead>
<tr>
<th>Years</th>
<th>Recapture Percentage</th>
</tr>
</thead>
</table>
| 0     | 0%
| 1     | 100%
| 2     | 90%
| 3     | 70%
| 4     | 55%
| 5     | 45%
| 6     | 35%
| 7     | 25%
| 8     | 15%
| 9     | 10%
| 10    | 0% |

"If the recapture event occurs in:

- Years 1–3 ....... 100
- Year 4 ............ 90
- Year 5 ............ 70
- Year 6 ............ 55
- Year 7 ............ 45
- Year 8 ............ 35
- Year 9 ............ 25
- Year 10 .......... 15
- 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.

"(c) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

"(1) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

"(2) CHANGE IN OWNERSHIP.—

"(A) 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.

"(B) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring an 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 an assumption, the person acquiring an 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).

"(3) SPECIAL RULES.—

"(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased by an amount equal to the qualified child care expenditure of the taxpayer for purposes 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 in under this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under section 38.

"(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—Qualifying expenditures 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 in a reasonable period established by the Secretary.

"(D) NO DOUBLE BENEFIT.—

"(E) SPECIAL RULES.—For purposes of this section—

"(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsection (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.

"(4) NO DOUBLE BENEFIT.—

"(f) NO DOUBLE BENEFIT.—

"(A) IN GENERAL.—If a credit is determined under this section with respect to any property, any expansion 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.

"(C) WITHholding of PROCEEDS.—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).

"(D) 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.

"(E) SHLING of CREDIT.—No credit shall be allowed under section 45G for any taxable year.

"(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 a semicolon and 'plus', and by adding at the end the following:

"(14)(b) 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 by adding at the end the following:

"(28) In the case of a facility with respect to which a credit was allocated under section 45G, to the extent provided in section 45G(f)(1)."

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

SEC. 207. 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 scholarships paid to or awarded to the provider 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) WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—
(i) 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)).

"(4) 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 during such year, and the recapture amount of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

- the applicable recapture percentage, and
- the recapture amount for the facility the taxpayer under this chapter for such taxable year 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 shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.

"(B) APPROPRIATION.—For purposes of paragraph (1), 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 ‘property’ means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

"(C) NO DOUBLE BENEFIT.—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.

"(D) 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:

"(2) The tables 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 106(a) of such Code is amended by adding at the end of paragraph (27), by striking the period at the end of paragraph (27) and inserting ‘‘; and’’, and by adding at the end the following:

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

Subtitle B—Compliance With Congressional Budget Act

SEC. 211. SUNSET OF PROVISIONS OF TITLE.

All provisions of this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE III—MARRIAGE PENALTY RELIEF

Subtitle A—In General

SEC. 301. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63 (relating to standard deduction) is amended—
(1) by striking ‘‘$5,000’’ in subparagraph (A) and inserting ‘‘the applicable percentage of the standard deduction calculated under subparagraph (C) for the taxable year’’;
(2) by adding ‘‘or’’ at the end of subparagraph (B); and
(3) by striking ‘‘in the case of’’ and all that follows in subparagraph (C) and inserting ‘‘in any other case.’’;

(b) TECHNICAL AMENDMENTS.—
(1) by striking subparagraphs (C)(i) and (C)(ii) of section 103(b), is amended by striking ‘‘section 103(b)’’ and inserting ‘‘section 103(b)’’;
(2) by adding ‘‘other than with respect to sections 63(c)(4) and 151(d)(3)(A)’’ after section 63(c).
SEC. 302. PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET.

(a) In General.—Section 1(f)(1) (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended by adding at the end the following new subparagraph (B): "(B) PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET.—

"(1) The applicable percentage shall be determined in accordance with the following table:

For taxable years beginning in calendar percentage is—

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>174</td>
</tr>
<tr>
<td>2006 and thereafter</td>
<td>184</td>
</tr>
<tr>
<td>2007</td>
<td>187</td>
</tr>
<tr>
<td>2007 and thereafter</td>
<td>200</td>
</tr>
</tbody>
</table>

"(C) ROUNDING.—If any amount determined under subparagraph (A)(i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 1(f)(2) is amended by inserting "except as provided in paragraph (8)," before "by increasing."  

(2) The heading for subsection (f) of section 1 is amended by inserting "PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET;" before "ADJUSTMENTS;".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 303. MODIFIED ADJUSTMENT TO INCLUDE ONLY EARNED INCOME TO INCLUDE ONLY EARNED INCOME CREDIT; EARNED INCOME CREDIT.

(a) INCREASED PHASEOUT AMOUNT.—

(1) IN GENERAL.—Section 32(b)(2) (relating to amounts) is amended—

(A) by striking "AMOUNTS.—The earned" and inserting "AMOUNTS.—The earned"; and  

(B) by adding at the end the following new subparagraph:

"(B) Joint Returns.—In the case of a joint return filed by an eligible individual and such individual's spouse, the phaseout amount determined under subparagraph (A) shall be increased by $1,000.

(2) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(i) (relating to inflation adjustments) is amended to read as follows:

"(B) Joint Returns.—In the case of a joint return filed by an eligible individual and such individual's spouse, the phaseout amount determined under section 32(i)(3) for 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof, and in the case of the $3,000 amount in subsection (i) for 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) of such section 1."

(b) MODIFICATION OF AGI LIMITS TO REMOVE MARRIAGE PENALTY.—Section 330(b)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by inserting "subparagraph (B)," before "by increasing."

(c) DISTRIBUTION OF THE CREDIT.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(2) SUBSECTION (g).—The amendment made by subsection (g) shall take effect on January 1, 2004.

Subtitle B—Compliance With Congressional Budget Act

SEC. 311. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE IV—AFFORDABLE EDUCATION PROVISIONS

Subtitle A—Education Savings Incentives

SEC. 401. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 402(c)(1) (defining education individual retirement account) is amended by striking "$500" and inserting "$2,000".

(b) MODIFICATION OF AGI LIMITS TO REMOVE MARRIAGE PENALTY.—Section 402(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by—

(1) by striking "$150,000" in subparagraph (A)(ii) and inserting "$190,000", and  

(2) by striking "$10,000" in subparagraph (B) and inserting "$30,000".

(c) TAX-FREE EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOL EXPENSES.—

(1) IN GENERAL.—Section 529(c)(4) (defining qualified higher education expenses) is amended to read as follows:

"(4) QUALIFIED EDUCATION EXPENSES.—

"(A) In General.—The term 'qualified education expenses' means—

"(i) qualified higher education expenses (as defined in section 529(e)(3)), and  

"(ii) qualified elementary and secondary education expenses (as defined in paragraph (1))."

(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—Section 529(b)(2) (relating to contributions and special rules) is amended by adding at the end the following new paragraph:

"(4) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

"(A) In General.—The term 'qualified elementary and secondary education expenses' means—

"(i) expenses for tuition, fees, academic tutoring, special needs services, books, supplies, and other equipment which are incurred in connection with the enrollment or attendance of the designated beneficiary of the trust as an elementary or secondary school student at a public, private, or religious school,  

"(ii) expenses for room and board, uniforms, transportation, and supplemental items and services (including extended day programs) which are required or provided by a public, private, or religious school in connection with such enrollment or attendance, and  

"(iii) expenses for the purchase of any computer technology or equipment (as defined in
section 170(c)(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 a single-graded school. Such terms shall not include computer software including sports, games, or hobbies unless the software is educational in nature.

(B) SCHOOL. The term ‘school’ means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.

(3) CONFORMING AMENDMENTS.—Section 530 is amended—

(A) by striking “higher” each place it appears in subsections (b)(1) and (d)(2), and

(B) by striking “higher” in the heading for subsection (d)(2).

(d) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Section 530(b)(1) (defining education individual retirement account) is amended by adding at the end the following flush sentence:

“The age limitations in subparagraphs (A)(ii) and (E), and paragraphs (5) and (6) of subsection (d), shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary)”.

(e) ENTITIES PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Section 530(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by striking “The maximum amount which a contributor”, and inserting “In the case of a contributor who is an individual, the maximum amount the contributor”.

(f) TIME WHEN CONTRIBUTIONS DEEMED MADE.—

(I) IN GENERAL.—Section 530(b) (relating to definition and special rules), as amended by subsection (c)(2), is amended by adding at the end the following new paragraph:

“5. The time when contributions deemed made shall be deemed to have made a contribution to an education individual retirement account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).”.

(2) EXTENSION OF TIME TO RETURN EXCESS CONTRIBUTIONS.—Subparagraph (C) of section 530(d)(4) (relating to additional tax for distributions not used for educational expenses) is amended by—

(A) by striking clause (i) and inserting the following new clause:

“(i) such distribution is made before the first day of the taxable year following the taxable year, and”, and

(B) by striking “DUE DATE OF RETURN” in the heading and inserting “CERTAIN DATE”.

(3) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—

(I) IN GENERAL.—Section 530(d)(2)(C) is amended by—

(A) by striking “(C) CREDIT” and inserting—

“(C) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—For purposes of subparagraph (A)—

(1) CREDIT COORDINATION.—The total amount of qualified higher education expenses with respect to an individual for any taxable year—

(i) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(ii) which, if paid for by the distributee, would constitute payment of a qualified higher education expense,”;

and

(B) by inserting “OR PROGRAMS” after “BENEFICIARY”, and

(2) by inserting “OR PROGRAMS” after “BENEFICIARY”.

(II) LIMITATION.—The amount treated as a distribution for purposes of determining the credit allowed to the taxpayer or any other person under section 25A, and

(i) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(ii) which could constitute a qualified higher education expense, and

(iii) to which the amount described in clause (i) is attributable, is reduced by the amount by which the credit allowed to the taxpayer or any other person under section 25A, and

(iv) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(v) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(vi) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(vii) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(viii) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(ix) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(x) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xi) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xii) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xiii) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xiv) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xv) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xvi) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xvii) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xviii) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xix) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(xx) which is taken into account in determining the credit allowed to the taxpayer or any other person under section 25A, and

(III) LIMITATION ON CASH DISTRIBUTIONS.—Subsection (e) of section 529 is amended by striking “(A) Subsection (e) of section 529 is amended to read as follows:

“(ii) CASH DISTRIBUTIONS.—In the case of distributions not described in clause (i), if—

(I) such distributions do not exceed the qualified higher education expenses (reduced by the exclusion of distributions described in clause (ii)), no amount shall be includible in gross income, and

(II) in any other case, the amount otherwise includible in gross income is reduced by an amount which bears the same ratio to such amount as expenses bear to such distributions.”;

(IV) EXCEPTION FOR INSTITUTIONAL PROGRAMS.—In the case of any taxable year beginning before January 1, 2004, clauses (i) and (ii) shall not apply with respect to any distribution during such taxable year under a qualified tuition program established and maintained by 1 or more eligible educational institutions.

(V) TREATMENT OF DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

(6) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

(I) (as provided in section 25A(c)(2)), and

(II) by the amount of such expenses otherwise taken into account under clauses (i) and (ii) of section 530(d)(2)(A) apply, exceed.

(7) THE TOTAL AMOUNT OF QUALIFIED HIGHER EDUCATION EXPENSES OTHERWISE TAKEN INTO ACCOUNT—Subparagraphs (i) and (ii) of section 530(d)(2)(A) are amended by—

(A) by striking “(C) the aggregate distributions to which clauses (i) and (ii)” and inserting “(C) the aggregate distributions to which clauses (i) and (ii)”.

(B) by adding at the end the following new paragraph:

“LII. The total amount of qualified higher education expenses otherwise taken into account under clauses (i) and (ii) of section 530(d)(2)(A) are amended by—

(I) by the amount of such expenses otherwise taken into account under clauses (i) and (ii) of section 530(d)(2)(A) apply, exceed.

(8) THE TOTAL AMOUNT OF QUALIFIED HIGHER EDUCATION EXPENSES OTHERWISE TAKEN INTO ACCOUNT—Subparagraphs (i) and (ii) of section 530(d)(2)(A) are amended by—

(A) by inserting “QUALIFIED TUTION" each place it appears and in-
Education Act of 1965 (20 U.S.C. 1087d), as in effect on the date of the enactment of the Restoring Earnings To Lift Individuals and Empower Families Act (RELIEF Act) of 2001 as determined by the eligible educational institution for such period, or

“(D) if greater, the actual invoice amount the student residing in housing owned or operated by the eligible educational institution is charged by such institution for room and board costs for such period.”.

(f) TECHNICAL AMENDMENTS.—Section 528(c)(3)(D) is amended—

(1) by inserting “except to the extent provided by the Secretary,” before “all distributions” in clause (ii), and

(2) by inserting “except to the extent provided by the Secretary,” before “the value” in clause (iii).

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

Subtitle B—Educational Assistance

SEC. 411. PERMANENT EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127 (relating to exclusion for educational assistance programs) is amended by striking subsection (d) and by redesignating subsection (e) as subsection (d).

(b) REPEAL OF LIMITATION ON GRADUATE EDUCATION.—The last sentence of section 127(c)(1) is amended by striking “-” and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree”.

(c) CONFORMING AMENDMENT.—Section 51(b)(6)(II) is amended by striking “or would be so excludable but for section 127(d)”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to expenses relating to courses beginning after December 31, 2001.

SEC. 412. ELIMINATION OF 60-MONTH LIMIT AND INCREASE IN INCOME LIMITATION ON STUDENT LOAN INTEREST DEDUCTIONS.

(a) ELIMINATION OF 60-MONTH LIMIT.—

(1) IN GENERAL.—Section 221 (relating to interest on educational loans), as amended by section 402(b)(2)(B), is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (e), (f), and (g), respectively.

(2) CONFORMING AMENDMENT.—Section 6050S(e) is amended by striking “section 221(e)(1)” and inserting “section 221(d)(1)”.

(b) INCREASE IN INCOME LIMITATION.—

(1) IN GENERAL.—Section 221(b)(2)(B) (relating to amount of reduction) is amended by striking clauses (i) and (ii) and inserting the following:

“(i) the excess of—

“(1) the taxpayer’s modified adjusted gross income for such taxable year, over

“(2) $50,000 ($100,000 in the case of a joint return), bears to

“(ii) $15,000 ($30,000 in the case of a joint return)”.

(2) CONFORMING AMENDMENT.—Section 221(g)(1) is amended by striking “$40,000 and $60,000 amounts” and inserting “$50,000 and $100,000 amounts”.

(c) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after December 31, 2001.

SEC. 413. EXCLUSION OF CERTAIN AMOUNTS RECEIVED UNDER THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM AND THE F. EDWARD HERBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 117(c) (relating to the exclusion from gross income amounts received as a qualified scholarship) is amended—

(1) by striking “Subsections (a) and inserting the following:

“(1) IN GENERAL.—Except as provided in paragraph (2), subsections (a) and

(2) by adding at the end the following new paragraph:

“(2) EXCEPTIONS.—Paragraph (1) shall not apply to any amount received by an individual under—

“(A) the National Health Service Corps Scholarship Program under section 338A(g)(1)(A) of the Public Health Service Act, or

“(B) the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of title 10, United States Code.”

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

Subtitle C—Liberalization of Tax-Exempt Financing Rules for Public School Construction

SEC. 421. ADDITIONAL INCREASE IN ARBITRAGE REIPEX EXEMPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATIONAL FACILITIES.

(a) IN GENERAL.—Section 148(b)(4)(D)(viii) (relating to increase in exemption for bonds financing public school capital expenditures) is amended by striking “$5,000,000” the second place it appears and inserting “$10,000,000”.

(b) EFFECTIVE DATE.—The amendments made by this subsection shall apply to obligations issued in calendar years beginning after December 31, 2001.

SEC. 422. TREATMENT OF QUALIFIED PUBLIC EDUCATIONAL FACILITY BONDS AS EXEMPT FACILITY BONDS.

(a) TREATMENT AS EXEMPT FACILITY BOND.—Subsection (a) of section 142 (relating to exempt facility bond) is amended by striking “or” at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting “, or”, 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 employer.”

(b) CONFORMING AMENDMENT.—Section 221(e)(2)(A) is amended by inserting “other than under subsection (d) thereof)” after “section 127.”

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

Title H—Additional Revenue Provisions

Subtitle A—Individuals

SEC. 431. REDUCTION IN EXEMPTION AMOUNTS.

(a) IN GENERAL.—Section 151(b)(1) (relating to standard deduction) is amended by striking “$5,000, $10,000, and $15,000” and inserting “$7,500, $15,000, and $22,500”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.
“(4) PUBLIC SCHOOLS.—For purposes of this subsection, the terms ‘elementary school’ and ‘secondary school’ have the meanings given such terms by section 1410 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801), as in effect on the date of the enactment of this subsection.

(5) ANNUAL AGGREGATE FACE AMOUNT OF TAX-EXEMPT BONDS.—(A) IN GENERAL.—An issue shall not be treated as an issue described in subsection (a)(13) if the aggregate face amount of bonds issued by the State pursuant thereto (when added to the aggregate face amount of bonds previously so issued during the calendar year) exceeds an amount equal to—

(i) the lesser of—

(I) $10 multiplied by the State population, or

(II) $5,000,000.

(B) ALLOCATION RULES.—(1) IN GENERAL.—Except as otherwise provided in this subparagraph, the State may allocate the amount described in subparagraph (A) for any calendar year in such manner as the State determines appropriate.

(ii) RULES FOR CARRYFORWARD OF UNUSED LIMITATION.—A State may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of section 146(l), except that the only purpose for which the carryforward limitation may be elected is the issuance of exempt facility bonds described in subsection (a)(13).”.

(c) EXEMPTION FROM GENERAL STATE VOLUME LIMITATION.—Section 144(g) (relating to exception for certain bonds) is amended—

(1) by striking “or (12)” and inserting “(12),” and

(2) by striking “144(f)(3)” and inserting “144(f)(4).”

(d) EXEMPTION FROM LIMITATION ON USE FOR LAND ACQUISITION.—Section 147(h) (relating to certain bonds used to acquire land) is amended by striking—

(1) “the land” and substituting “the land, or the renewable resource” for “the land,” and

(2) “the land associated with the renewable resource” for “the land.”

(e) CONFORMING AMENDMENT.—The heading of section 147(h) is amended by striking “LAND ACQUISITION” and inserting “LAND AND RENEWABLE RESOURCE ACQUISITION.”

(f) Effective Date.—The amendments made by this section shall take effect after December 31, 2001.

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) bonds) is amended by redesignating subsection (a) 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 such land (including standing timber, agricultural crops, or water rights) from an unaffiliated person, and

(B) the land is subject to a conservation easement—

(i) which is granted in perpetuity to an unaffiliated person that is—

(I) an exempt entity, 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 excludes the requirements of relevant environmental and land use statutes and regulations governing use of such land,

(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, and

(v) 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 such 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, lease, or other use does not constitute an unrelated trade or business, determined by applying section 512(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.

(3) LIMITATION ON TAXABLE YEAR OF DEDUCTION.—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.

Subtitle D—Other Provisions

SEC. 431. DEDUCTION FOR HIGHER EDUCATION EXPENSES.

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

“SEC. 222. QUALIFIED TUITION AND RELATED EXPENSES.

(1) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction an amount equal to the qualified tuition and related expenses paid by the taxpayer during the taxable year, but not exceeding the applicable dollar limit.

(2) APPLICABLE DOLLAR LIMIT.—(A) 2002 AND 2003.—For purposes of this section—

(i) in the case of a taxpayer whose adjusted gross income for the taxable year does not exceed $65,000 ($130,000 in the case of a joint return), $5,000, and—

(ii) in the case of any other taxpayer, zero.

(B) 2004 AND 2005.—For purposes of this section—

(i) in the case of an individual, there shall be allowed as a deduction an amount equal to the qualified tuition and related expenses paid by the taxpayer during the taxable year, but not exceeding the applicable dollar limit.

(i) without regard to this section and sections 911, 931, and 933, and

(ii) after application of sections 86, 135, 137, 219, 221, and 469.

(3) NO DOUBLE BENEFIT.—(1) IN GENERAL.—No deduction shall be allowed under subsection (a) for any expense for which a deduction is allowed to the taxpayer under any other provision of this chapter.

(2) COORDINATION WITH OTHER EDUCATION INCENTIVES.—(A) DENIAL OF DEDUCTION IF CREDIT ELECTED.—No deduction shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses with respect to an individual if the taxpayer or any other person elects to have section 25A apply with respect to such individual.

(B) COORDINATION WITH EXCLUSIONS.—The total amount of qualified tuition and related expenses shall be reduced by the amount of such expenses taken into account (after applying any amount excluded under section 135, 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.

(4) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

(1) QUALIFIED TUITION AND RELATED EXPENSES.—The term ‘qualified tuition and related expenses’ has the meaning given such term by section 25A(f). Such expenses shall be reduced in the same manner as under section 25A(q)(2).

(2) IDENTIFICATION REQUIREMENT.—No deduction shall be allowed under subsection (a) to a taxpayer with respect to the qualified tuition and related expenses of an individual unless the taxpayer includes the name and taxpayer identification number of the individual on the return of tax for the taxable year.

(3) LIMITATION ON TAXABLE YEAR OF DEDUCTION.—No deduction shall be allowed under subsection (a) for a taxable year beginning in the calendar year in which such individual’s taxable year begins.

(4) LIMITATION ON TAXABLE YEAR OF DEDUCTION.—(A) IN GENERAL.—A deduction shall be allowed under subsection (a) for qualified tuition and related expenses for any taxable year only to the extent such expenses are in connection with enrollment at an institution of higher education during the taxable year.

(B) CERTAIN PREPAYMENTS ALLOWED.—Subparagraph (A) shall not apply to qualified tuition and related expenses paid during a taxable year if such expenses are in connection with an academic term beginning during such taxable year or during the first 3 months of the next taxable year.

(4) NO DEDUCTION FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If the taxpayer is a married individual (as defined in section 7701), this section shall apply only if the taxpayer and the taxpayer’s spouse file a joint return for the taxable year.

(5) NONRESIDENT ALIENS.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien individual for purposes of chapter 1 by reason of an election under subsection (g) or (h) of section 6013.

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"(6) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring recordkeeping and information return.

"(e) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2007.

(6) LIMIT ON PERIODIC CREDIT ALLOWED.—A credit shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether consecutive or not) in which interest payments are required. For purposes of this subsection, any loan and all refinancings of such loan shall be treated as 1 loan. Such 60 months shall be determined by the Secretary in the case of multiple loans which are refinanced by, or serviced as, a single loan and in the case of loans incurred before January 1, 2006.

"(e) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED EDUCATION LOAN.—The term 'qualified education loan' has the meaning given such term by section 221(e)(1).

"(2) DEPENDENT.—The term 'dependent' has the meaning given such term by section 152.

"(3) ELIGIBLE EMERGENCY RESPONSE PROFESSIONALS.—The term 'eligible emergency response professionals' means—

(A) an individual who is—

(i) a member of a volunteer fire department,

(ii) a first responder,

(iii) a paid member of a public safety entity, or

(iv) a full-time employee of a governmental entity to provide emergency medical services for any area within the jurisdiction of a governmental entity,

"(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a) is amended by inserting after paragraph (17) the following:

(18) HIGHER EDUCATION EXPENSES.—The deduction allowed by section 222.

(c) CONFORMING AMENDMENTS.—

(1) Section 151(d)(4), 137(b)(3), and 219(g)(3) are each amended by inserting "222." after "221.

(2) Section 221(b)(2)(C) is amended by inserting "221." before "222.

(3) Section 469(c)(3)(E) is amended by striking "and 221" and inserting "221, and 222.

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

SEC. 432. CREDIT FOR INTEREST ON HIGHER EDUCATION LOANS.

(a) IN GENERAL.—Subpart A of part IV of subchapter B of chapter 1 is amended by striking the item relating to section 222 and inserting the following:

"Sec. 222. Qualified tuition and related expenses.

"Sec. 223. Cross reference.

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

SEC. 432. CREDIT FOR INTEREST ON HIGHER EDUCATION LOANS.

(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

(b) MAXIMUM CREDIT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the credit allowed by subsection (a) for the taxable year shall not exceed $500.

"(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

(A) IN GENERAL.—If the modified adjusted gross income of the taxpayer for the taxable year exceeds $35,000 ($70,000 in the case of a joint return), the amount which would (but for this paragraph) be allowable as a credit under this subsection shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so allowable as such excess bears to $10,000 ($20,000 in the case of a joint return).

(B) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to section 62.

(c) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2009, the $35,000 and $70,000 amounts referred to in subparagraph (A) shall 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 '2008' for '1992'.

(D) ROUNDING.—If any amount as adjusted under subparagraph (C) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

(E) INDIVIDUALS NOT ELIGIBLE FOR CREDIT.—No credit shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual's taxable year begins.

"(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.

"(4) DENIAL OF DOUBLE BENEFIT.—

"(I) 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 if the amount of such expenses exceeds the amount excladable under section 135, 529(c)(1), or 530(d)(2) for the taxable year.

"(3) 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 (17) the following:

(18) HIGHER EDUCATION EXPENSES.—The deduction allowed by section 222.

(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 "222." before "221.

(2) Section 221(b)(2)(C), as amended by this Act, is amended by inserting "224." before "222.

(3) Section 469(c)(3)(E), as amended by this Act, is amended by striking "and 221" and inserting "221, and 224."

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

SEC. 433. 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 inserting after section 224 as section 225 and by inserting after section 224 the following new section:

"Sec. 225. Interest on higher education loans.

"Sec. 223. Cross reference.

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

SEC. 434. CONTRIBUTIONS OF BOOK INVENTORY.

(a) DEDUCTION ALLOWED.—The term 'qualified book contribution' means a charitable contribution of books, but only if the contribution is to an organization—

"(A) described in subclause (I) or (III) of paragraph (6)(B)(i), or

"(B) described in section 501(c)(3) and exempt from tax under section 170(b)(2)(A)(ii), 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.
SEC. 442. ABOVE-THE-LINE DEDUCTION FOR QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) DEDUCTION ALLOWED.—Part VII of subchapter A of chapter 1 of title 26 (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 on 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 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 fur-

(c) LOCAL EDUCATIONAL AGENCY.—The term ‘local educational agency’ has the meaning given such term by section 4101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), 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 to which a deduction is allowed under this section.

"(2) COORDINATION WITH EXCLUSIONS.—A de-

"(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), 133(c)(4), 137(b)(3), and 219(g)(3) are each amended by inserting ‘‘223,’’ after ‘‘222,’’

"(2) Section 221(d)(2)(C) is amended by inserting ‘‘223,’’ before ‘‘911’’,

"(3) Section 48(g)(3)(E) is amended by striking ‘‘and 222’’ and inserting ‘‘and 223’’;

"(4) The table of sections for part VII of sub-

"(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 under 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 222(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’ shall be determined as specified in section 48(g)(3)(E).
SEC. 511. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the two highest brackets and inserting the following:

Over $2,500,000 ............... $1,025,800, plus 50% of the excess over $2,500,000.

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by adding after paragraph (2) the following new paragraph:

(2) PHASEDOWN OF MAXIMUM RATE OF TAX.—

"(A) IN GENERAL.—In the case of estates of decedents dying, and gifts made, in calendar years after 2002 and before 2011, the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

"(i) the maximum rate of tax for any calendar year shall be determined in the table under subparagraph (B), and

"(ii) the brackets and the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under subparagraph (A).

(b) LIFETIME GIFT EXEMPTION INCREASED TO $5,000,000.—

"Maximum Lifetime Gift Tax Exemption:

(1) 2003 ............... $345,800
(2) 2004 ............... $38,800
(3) 2005 ................ $38,800
(4) 2006 ................ $38,800
(5) 2007, 2008, and 2009 ............... $4,000,000.

(c) ADDITIONAL REDUCTIONS OF MAXIMUM RATE OF TAX.—Subsection (c) of section 2001, as amended by subsection (b), is amended by adding after paragraph (7) the following new paragraph:

"(8) EFFECTIVE DATE.—The amendments made by subsection (c) shall apply to gifts made after December 31, 2002.

Subtitle C—InCREASE IN EXEMPTION AMOUNTS

SEC. 521. INCREASE IN EXEMPTION AMOUNT OF UNIFIED CREDIT, LIFETIME GIFT TAX, AND GST EXEMPTION AMOUNTS.

(a) IN GENERAL.—Subsection (c) of section 2010 (relating to applicable credit amount) is amended by striking the table and inserting the following new table:

"(1) IN GENERAL.—The tax imposed by section 2001, the tentative tax to be computed therefor claimed before the later of—

"(A) the amount of the tentative tax which would be determined under the rate schedule set forth in section 2002(a)(1) if the amount with respect to which such tentative tax is to be computed were $1,000,000, reduced by 5% of the excess over $1,000,000.

(b) LIFETIME GIFT EXEMPTION INCREASED TO $5,000,000.—

"(1) 2002 and 2003 ............... $1,000,000
(2) 2004 ............... $2,000,000
(3) 2005, 2006, 2007, and 2008 ............... $3,000,000
(4) 2009 ................ $4,300,000
(5) 2010 ................ $5,000,000.

(c) TREATMENT OF CERTAIN TRANSFERS IN TRUST.—Subsection (d) of section 2511 (relating to transfers in trust) is amended by striking paragraph (5) and inserting the following:

"(5) EFFECTIVE DATE.—The amendments made by subsection (d)(5) shall apply to estates of decedents dying, and generation-skipping transfers made, after December 31, 2003.

Subtitle D—Credit for State Death Taxes

SEC. 531. REDUCTION OF CREDIT FOR STATE DEATH TAXES.

(a) MAXIMUM CREDIT REDUCED TO 8 PERCENT.—

"(1) IN GENERAL.—The table contained in section 2011(b) is amended by striking the ten highest brackets and inserting the following:

"Over $2,040,000 ............... $106,800, plus 6% of the excess over $2,040,000.

(b) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(c) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(d) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(e) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(f) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(g) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(h) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(i) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(j) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(k) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(l) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(m) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(n) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(o) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(p) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(q) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(r) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(s) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(t) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(u) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(v) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(w) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(x) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(y) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(z) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(aa) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(bb) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(cc) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(dd) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(ee) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(ff) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(gg) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(hh) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.

(ii) EFFECTIVE DATE.—The amendment made by this subsection shall apply to States making a claim for refund of the excess over $2,040,000.
(1) Subsection (a) of section 2102 is amended by striking "the credit for State death taxes provided by section 2011 and".

(2) Subparagraph (A) of section 2053(c)(1) is amended by striking "2011 to 2013, inclusive".

(3) Paragraph (2) of section 2014(b) is amended by striking ", 2011,"

(4) Sections 2015 and 2016 are each amended by striking "and following) in determining whether property"

(5) Subsection (d) of section 2053 is amended to read as follows:

"(d) CIVILIAN DEATH TAXES.—

(1) Amended—Notwithstanding the provisions of subsection (c)(1)(B), for purposes of the tax imposed by section 2001, the value of the taxable estate may be determined, if the executor so elects before the expiration of the period of limitation for assessment provided in section 6501, by deducting from the gross estate the amount (as determined in accordance with regulations prescribed by the Secretary) of any estate, succession, legacy, or inheritance tax imposed by and actually paid to any foreign country, in respect of any property situated within such foreign country and included in the gross estate of a citizen or resident of the United States, upon a transfer by the decedent for public, charitable, or religious uses described in section 2055 or section 2106.

(2) Election—An election under this subsection is effective for purposes of this paragraph when made in accordance with regulations prescribed by the Secretary of the Treasury.

(3) Effect of Credit for Foreign Death Taxes of Deduction Under this Subsection.—

(A) Amended—In the case of a tax imposed by section 2001, the value of the taxable estate shall be decreased by an amount equal to 125 percent of the maximum credit provided by section 2011(b), as in effect before its repeal by the Restoring Earnings To Lifelong and Empower Families (RELIEF) Act of 2001.

(B) Repealed. Section 2004 is repealed.

(11) Paragraph (2) of section 6511 is amended by striking "2011(c), 2014(b)," and inserting "2014(b)

(12) Subsection (c) of section 6612 is amended by striking "section 2011(c)" relating to refunds due to credits.

(13) The table of sections for paragraph (2) of section 2101 is amended by striking the item relating to section 2011.

(14) The table of sections for paragraph (4) of section 2101 is amended by striking the item relating to section 2011.

(15) The table of sections for chapter 13 of subchapter A of chapter 11 is amended by adding at the end the following new item:

"Sec. 2058. State death taxes.".

(16) The table of sections for chapter 1 is amended by striking the item relating to section 2058.

(17) Effective Date.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2004.

Title C—Carryover Basis at Death; Other Changes Taking Effect With Repeal

SECTION 541. TERMINATION OF STEP-UP IN BASIS AT DEATH.

Section 1014 (relating to basis of property acquired from decedent) is amended by adding at the end the following new subsection—

"(f) TERMINATION.—This section shall not apply with respect to decedents dying after December 31, 2010.

SECTION 542. TREATMENT OF PROPERTY ACQUIRED FROM A DECEASED DATING AFTER DECEMBER 31, 2010.

(a) GENERAL.—The full cost of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:


(a) in GENERAL.—Except as otherwise provided in this section—

(1) property acquired from a decedent dating after December 31, 2010, shall be treated for purposes of this subsection as transferred at zero cost; and

(2) the basis of property from such a decedent shall be the lesser of—

(A) the adjusted basis of the decedent, or

(B) the fair market value of the property at the date of the decedent’s death.

(b) BASIS INCREASE FOR CERTAIN PROPERTY.—

(1) IN GENERAL.—In the case of property to which the provisions of this subsection apply and which is transferred by the decedent’s executor or by the trustee of a trust created by the decedent, the basis increase which is allocated to the property pursuant to this section.

(2) AGGREGATE BASIS INCREASE.—In the case of any estate, the aggregate basis increase under this section shall be $1,300,000.

(c) LIMIT INCREASED BY UNUSED BUILT-IN LOSSES AND LOSS CARRYOVERS.—The limitation under subparagraph (a) shall be increased by—

(1) the sum of the amount of any capital loss carryover under section 1212(b), and the amount of any net operating loss carryover under section 172 (which would not have for the decedent’s death) be carried from the decedent’s last taxable year to a later taxable year of the decedent, plus

(2) the sum of any losses that would have been allowable under section 165 if the property acquired from the decedent had been sold at fair market value immediately before the decedent’s death.

(3) DECEDENT NONRESIDENTS WHO ARE NOT CITIZENS OF THE UNITED STATES.—In the case of a decedent nonresident not a citizen of the United States—

(A) paragraph (2)(B) shall be applied by substituting "$60,000" for "$1,300,000," and

(B) paragraph (2)(C) shall not apply.

(c) ADDITIONAL BASIS INCREASE FOR PROPERTY ACQUIRED BY SURVIVING SPOUSE.—

(1) GENERAL.—If any property to which this subsection applies and which is qualified spousal property, the basis of such property under subsection (a) (as increased under subparagraph (a) shall be increased by its spousal property basis increase.

(2) SPousal Property Basis Increase.—For purposes of this subsection—

(a) Spousal property basis increase for property referred to in paragraph (1) is the portion of the aggregate spousal property basis increase which is allocated to the property pursuant to this section.

(b) Aggregate Spousal Property Basis Increase.—In the case of any estate, the aggregate spousal property basis increase is $3,600,000.

(3) QUALIFIED SPOUSAL PROPERTY.—For purposes of this subsection, the term ‘qualified spousal property’ means—

(A) outright transfer property, and

(B) qualified terminable interest property.

(4) Outright Transfer Property.—For purposes of this subsection—

(A) in GENERAL.—The term ‘outright transfer property’ means any interest in property acquired from the decedent by the decedent’s surviving spouse.

(B) Exception.—Subparagraph (A) shall not apply where, on the lapse of time, on the occurrence of an event or contingency, or on the failure of an event or contingency, or on an event passing to the surviving spouse will terminate or fail.

(C) If an interest in such property passes and has passed (for less than an adequate and full consideration in money or money’s worth) from the decedent to any person other than such surviving spouse (or the estate of such spouse), and

(D) if such interest is to be acquired for the surviving spouse, pursuant to directions of the decedent, by his executor or by the trustee of a trust.

For purposes of this paragraph, an interest shall be considered as an interest which will terminate or fail merely because it is the ownership of a bond, note, or similar contractual obligation, the discharge of which would not have the effect of an annuity on the life or for a term.

(C) Interest of Spouse Conditional on Survival for Limited Period.—For purposes of this paragraph, an interest passing to the surviving spouse shall not be considered as an interest which will terminate or fail on the death of such spouse if—
“(i) such death will cause a termination or failure of such interest only if it occurs within a period not exceeding 6 months after the decedent’s death, or only if it occurs as a result of a commissioner’s action in the decedent’s estate, or in the surviving spouse, or if it occurs in the case of either such event, and
(ii) such termination or failure does not in fact occur.

“(5) QUALIFIED TERMINABLE INTEREST PROPERTY.—For purposes of this subsection—
(A) IN GENERAL.—The term ‘qualified terminable interest property’ means property of the decedent and the surviving spouse, or only if it occurs in the case of either such event, and
(B) RULES RELATING TO OWNERSHIP.—The surviving spouse includes an interest in property if—
(i) the surviving spouse is entitled to all the income from the property, payable annually or at more frequent intervals, and has a usufruct interest for life in the property, and
(ii) no person has a power to appoint any part of the property to any person other than the surviving spouse.

Clause (ii) shall not apply to a power exercisable only at or after the death of the surviving spouse. To the extent provided in regulations, a trust may be treated in a similar manner to an income interest in property (regardless of whether the property from which the annuity is payable can be separately identified).

(C) PROPERTY INCLUDES INTEREST THEREIN.—The term ‘property’ includes an interest in property.

“(D) SPECIFIC PORTION TREATED AS SEPARATE PROPERTY.—A specific portion of property shall be treated as separate property. For purposes of the preceding sentence, the term ‘specific portion’ includes a portion determined on a fractional or percentage basis.

“(d) Definitions and Special Rules for Application of Subsections (b) and (c).—

“(1) PROPERTY TO WHICH SUBSECTIONS (b) AND (c) APPLY.—
(A) IN GENERAL.—The basis of property acquired from a decedent may be increased under subsection (b) or (c) only if the property was owned by the decedent at the time of death.

(B) RULES RELATING TO OWNERSHIP.—
(i) JOINTLY HELD PROPERTY.—In the case of property owned by the decedent and another person as joint tenants with right of survivorship or tenants by the entirety—

(ii) if the only such other person is the surviving spouse, the property shall be treated as the owner to the extent of the portion of the property which is proportionate to such consideration, and

(iii) in any case (to which subclause (i) does not apply) in which the property has been acquired by gift, bequest, devise, or inheritance by the decedent and any other person as joint tenants with right of survivorship or tenants by the entirety—

(C) PROPERTY ACQUIRED FROM INCOME INTEREST.—In the case of property, the property shall be treated as the owner to the extent of the portion of the property which is proportionate to such consideration, and

“(f) PROPERTY ACQUIRED FROM INCOME INTEREST.—The following property shall be treated as the owner to the extent of the portion of the property which is proportionate to such consideration, and

“(i) the United States, any State or political subdivision thereof, any possession of the United States, any Indian tribal government (within the meaning of section 7871), or any instrumentality of any of the foregoing,

“(ii) an organization (other than a cooperative described in section 521) which is exempt from tax imposed by chapter 41 or

“(iii) any foreign person or entity (within the meaning of section 188(h)(2)).

“(g) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.

“(h) Returns by Trustees or Beneficiaries.—If the executor is unable to make a complete return required to be filed under section 1022(b)(3) for the dollar amount referred to in paragraph (1), the executor shall include in the return a description of such property and the name of every person holding
a legal or beneficial interest therein. Upon noti-
tice from the Secretary, such person shall in like
manner make a return as to such property.

(c) INFORMATION REQUIRED TO BE FUR-
NISHED.—Any person required to make a return
under subsection (a) shall furnish to the Secre-
tary with respect to any property acquired from
the decedent—

(1) the name and TIN of the recipient of such
property,

(2) an accurate description of such property,

(3) the adjusted basis of such property in the
hands of the decedent and its fair market value
at the date of such exchange,

(4) the decedent’s holding period for such
property,

(5) sufficient information to determine whether
any gain on the sale of the property would be
treated as ordinary income,

(6) the amount of basis increase allocated to
the property under subsection (b) or (c) of sec-
tion 1222, and

(7) such other information as the Secretary
may by regulations prescribe.

(d) PROPERTY ACQUIRED FROM DECEDENT.—
For purposes of this section, section 1022 shall
apply for purposes of determining the property
acquired from a decedent.

(e) STATEMENTS TO BE FURNISHED TO CER-
TAIN PEOPLES.—Every person required to
make a return under subsection (a) shall furnish
to each person whose name is required to be set
forth in such return (other than the person
required to make such return) a written statement
showing—

(1) the name, address, and phone number of
the person to whom such return is to be sent,

(2) the written information specified in subsec-
tion (c) with respect to property acquired from, or
passing from, the decedent to the person required
to receive such statement.

The written statement required under the pre-
ceding sentence shall be furnished not later than
30 days after the date that the return re-
quired by subsection (a) is filed.

(2) A Statement relating to section 6019 (relating to gift tax returns) is amended—

(a) by striking “Any individual” and inserting
“(a) In general.” and

(b) adding at the end the following new sub-
section:

“(b) Statements to be furnished to certain
persons.—Every person required to make a return
under subsection (a) shall furnish to each
person whose name is required to be set
forth in such return (other than the person
required to make such return) a written statement
showing—

(1) the name, address, and phone number of
the person required to make such return, and

(2) the information specified in such return
with respect to property received by the person
required to receive such statement.

The written statement required under the pre-
ceding sentence shall be furnished not later than
30 days after the date that the return re-
quired by subsection (a) is filed.”.

(3) Time for filing section 6019 returns.—

(A) Returns relating to large transfers at
death.—Section 6019(a) of section 6019 is amended to read as follows:

“(a) Returns relating to large transfers at
death.—The return required by section 6018 with
respect to a decedent shall be filed with the
return of the tax imposed by chapter 1 for the
decedent’s last taxable year or such later date
specified in regulations prescribed by the Secre-
tary.”.

(B) Conforming amendments.—Paragraph
(3) of section 6019(b) is amended—

(i) by striking “estate tax return” in the
heading and inserting “section 6019 return,” and

(ii) by striking “(relating to estate tax
returns)” and inserting “(relating to returns
relating to death).”.

(4) Penalties.—Part I of subchapter B of
chapter 68 (relating to assessable penalties) is
amended by adding at the end the following new
section:

“SEC. 6716. FAILURE TO FILE INFORMATION WITH
RESPECT TO CERTAIN TRANSFERS AT DEATH.

“(a) Information required to be furnished to
the Secretary.—Any person re-
quired to furnish any information under section
6101 who fails to furnish such information on
the date prescribed therefor (determined with re-
gard to any extension of time for filing) shall
pay a penalty of $10,000 ($500 in the case of in-
formation required to be furnished under section
6101(b)(2)) for each such failure.

“(b) Information required to be furnished to
beneficiaries.—Any person required to furnish
information to beneficiaries as described in
section 6018(b) or 6019(b) the information
required under such section who fails to furnish
such information shall pay a penalty of $30 for
each such failure.

“(c) Reasonable cause exception.—No pen-
alty shall be imposed under subsection (a) or (b)
with respect to any failure if it is shown that
such failure is due to reasonable cause.

“(d) Intentional disregard.—If any failure
under subsection (a) or (b) is due to intentional
disregard of the requirements under sections
6101 and 6019(b), the penalty under such sub-
section shall be 5 percent of the fair market
value (as of the date of death or, in the case of
section 6019(b), the date of the gift) of the prop-
erty with respect to which the information is
required.

“(e) Deficiency procedures not to apply.—

(A) Section 6702 of chapter 63 (relating to
deficiency procedures for income, estate, gift,
and certain excise taxes) shall not apply in re-
spect of the assessment or collection of any pen-
alty imposed by this section.

(5) Clerical amendments.—

(A) The table of sections for part I of sub-
chapter B of chapter 68 is amended by adding at
the end the following new item:

“Sec. 6716. Failure to file information with
respect to certain transfers at death and
gifts.”.

(B) The item relating to subpart C in the table
of subparts for part I of subchapter A of chap-
ter 61 is amended—

“Subpart C. Returns relating to transfers during
life or at death.”.

(2) exclusion of gain on sale of principal
residence made available to heir of deced-
ent in certain cases.—Subsection (d) of sec-
tion 1211 is amended by adding at the end the
following new paragraph:

“(d) Property acquired from a decedent.

The exclusion under this section shall apply to
property sold by—

(A) the estate of a decedent, and

(B) any individual who acquired such prop-

erty from the decedent (within the meaning of
section 1022),

except to the extent provided in regulations
prescribed by the Secretary, a rule similar to the rule provided
in subsection (a) shall apply where—

(1) by reason of the death of the decedent, a
person has a right to receive from a trust a spec-
cific dollar amount which is the equivalent of a
pecuniary bequest, and

(2) the trustee of a trust satisfies such right
with property.

(2) Basis of property acquired in ex-
change described in subsection (a) or (b).—
The basis of property acquired in an exchange
with respect to which gain realized is not recog-
nized by reason of subsection (a) or (b) shall be
the basis of such property immediately before the
exchange increased by the amount of the
gain recognized to the estate or trust on the ex-
change.

(2) The item relating to section 1040 in the
table of sections for part III of chapter 1 is amended to read as follows:

“Sec. 1040. Use of appreciated carryover
basis property to satisfy pecuniary be-
quest.”.

(e) Miscellaneous amendments related to
carryover basis.—

(1) Restriction of gain on transfers to
nonresidents.—

(A) Subsection (a) of section 684 is amended
by inserting “or to a nonresident alien” after
“trust”.

(B) Subsection (b) of section 684 is amended
by striking “any person” and inserting “any
United States person”.

(C) The section heading for section 684 is
amended by inserting “and nonresident
aliens” after “estates”.

(2) The item relating to section 684 in the
table of sections for part F of part I of sub-
chapter J of chapter 1 is amended by inserting
“and nonresident aliens” after “estates”.

(2) Capital gain treatment for inherited
art work or similar property.—

(A) In general.—Subparagraph (C) of section
1221(a)(3) (defining capital asset) is amended by
inserting “(other than by reason of section
1022)” after “is determined”.

(B) Coordination with section 170.—Para-
graph (1) of section 170(e) (relating to certain
contributions of ordinary income and capital
gain property) is amended by adding at the end
the following: “For purposes of this paragraph,
the determination of whether property is a cap-
tial asset shall be made without regard to the
exception contained in section 1221(a)(3)(C) for
basis determined under section 1022.”

(3) Definition of Exchange from Sale
of Principal Residence.—Section 7701(a)
(relating to definitions) is amended by adding at
the end the following:

“(47) Executor.—The term ‘executor’ means
the decedent or administrator of the decedent,
or, if there is no executor or administrator ap-
pointed, qualified, and acting within the United
States, then any person in actual or construc-
tive possession of any property of the dece-
dent.”.

(C) Certain trusts.—Subparagraph (A) of
section 4947(a)(2) is amended by inserting
“0(424B),” after “170(1),”.

(4) Other amendments.—

(A) Section 1246 is amended by striking sub-
section (e).

(B) Subsection (e) of section 1249 is amended—

(i) by striking “(e);” and

(ii) by striking “except that and all that
foll"ows and inserting a period.

(C) Section 1266 is amended by striking sub-
section (i).

(5) Clerical amendment.—The table of sec-
tions for part II of subchapter O of chapter 1 is
amended by inserting after the item relating to
section 1021 the following new item:

“Sec. 1022. Treatment of property acquired
from a decedent dying after December 31, 2010.”.

(f) Effective date.—

(1) In general.—Except as provided in para-
graph (2), the amendments made by this section

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shall apply to estates of decedents dying after December 31, 2010.

(2) TRANSFERS TO NONRESIDENTS.—The amendments made by subsection (e)(1) shall apply to transfers made on or after December 31, 2010.

(3) SECTION 6075.—The amendment made by subsection (e)(4) shall apply to deductions for taxable years beginning after December 31, 2010.

Subtitle G—Modifications of Generation-Skipping Transfers Tax

SEC. 551. EXPANSION OF ESTATE TAX RULE FOR CONSERVATION EASEMENTS.

(a) REPEAL OF CERTAIN RESTRICTIONS ON WHERE LAND IS LOCATED.—Clause (i) of section 2031(c)(2) (defining land subject to a qualified conservation easement) is amended to read as follows:

"(i) which is located in the United States or any possession of the United States;"

(b) CLARIFICATION OF DATE FOR DETERMINING VALUE OF LAND AND EASEMENT.—Section 2031(c)(2)(A) (defining applicable percentage) is amended by adding at the end thereof the following new sentence: "The values taken into account under the preceding sentence shall be such values as of the date of the contribution referred to in paragraph (6)(B)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2010.

Subtitle H—Modifications of Generation-Skipping Trusts

SEC. 561. DEEMED ALLOCATION OF GST EXEMPTION TO LIFETIME TRANSFERS TO TRUSTS; RETROACTIVE ALLOCATIONS.

(a) IN GENERAL.—Section 2622 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (e) and by inserting after such subsection (b) the following new subsections:

"(c) DEEMED ALLOCATION TO CERTAIN LIFETIME TRANSFERS TO GST TRUSTS.—

"(1) IN GENERAL.—If any individual makes an indirect skip during such individual’s lifetime, any unused portion of such individual’s GST exemption shall be allocated to the property transferred to the extent necessary to make the inclusion ratio for such property zero. If the amount of the indirect skip exceeds such unused portion, the entire unused portion shall be allocated to the property transferred.

"(2) UNUSED PORTION.—For purposes of paragraph (1), the unused portion of an individual’s GST exemption or portions of such exemption which has not previously been:

"(A) allocated by such individual,

"(B) determined under subsection (b) with respect to a direct skip occurring during or before the calendar year in which the indirect skip is made, or

"(C) treated as allocated under paragraph (1) with respect to a prior indirect skip.

"(3) DEFINITIONS.—

"(A) INDIRECT SKIP.—For purposes of this subsection, the term ‘indirect skip’ means any transfer of property (other than a direct skip) subject to the tax imposed by chapter 12 made to a GST trust.

"(B) DIRECT TRUST.—The term ‘GST trust’ means a trust that could have a generation-skipping transfer with respect to the transferor unless—

"(i) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by one or more individuals who are non-skip persons,

"(II) before the date that the individual attains age 46, or

"(III) on or before one or more dates specified in the trust instrument that will occur before the date that such individual attains age 46, or

"(IV) before the calendar year in which the individual attains age 46, in accordance with regulations prescribed by the Secretary, may reasonably be expected to occur before the date that such individual attains age 46.

"(B) such person—

"(i) is a lineal descendant of a grandparent of the transferor or a grandparent of the transferor’s spouse or former spouse, and

"(ii) is assigned below the generation assignment of the transferor, and

"(C) such person predates the transferor, then the transferor may make an allocation of any of such transferor’s unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.

(5) APPLICABILITY AND EFFECT.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year for which the non-skip person’s death occurred—

"(A) the value of such transfer or transfers for purposes of section 2624(a) shall be determined as if such allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made,

"(B) such allocation shall be effective immediately before such death, and

"(C) the amount of the transferor’s unused GST exemption available to be allocated shall be determined immediately before such death.

"(2) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 2622(d) is amended by striking "with respect to a prior direct skip" and inserting "or subsection (c)(1)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers subject to chapter 11 or 12 made after December 31, 2000, and to estate tax inclusion periods ending after December 31, 2000.

SEC. 562. SEVERING OF TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end thereof the following new paragraph:

"(2) RETROACTIVE ALLOCATIONS.—Section 2642(y) of the Internal Revenue Code of 1986 (as added by subsection (b)), and the amount of any possession of the United States,"

(b) CLARIFICATION OF DATE FOR DETERMINING INCLUSION RATIO FOR SUCH PROPERTY.—Section 2642(e)(3)(A) or a charitable remainder annuity trust or a charitable remainder unitrust (within the meaning of section 664(d)), or

"(iii) the trust instrument provides that, if one or more individuals who are non-skip persons die on or before the calendar year for which the election is to be made on a timely filed gift tax return for the calendar year in which the indirect skip is made, or

"(ii) otherwise elects an inheritance or a gift tax return for the calendar year in which the indirect skip is made, or

"(I) before the date that the individual attains age 46, or

"(II) the single trust was divided on a fractional basis, and

"(III) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.

"(ii) SEVERING OF TRUSTS.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is qualified severance only if the single trust is divided into two trusts, one of which receives a share of the trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.

"(3) REGULATIONS.—The term ‘qualified severance’ includes any other severance permitted under regulations prescribed by the Secretary.

"(4) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be effective at any time. The Secretary may prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after December 31, 2000.
SEC. 563. MODIFICATION OF CERTAIN VALUATION RULES.

(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED MADE.—Paragraph (4) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:

‘‘(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED MADE.—If the allocation of the GST exemption to any transfers of property made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632(b)(1) or (c)(1)—

‘‘(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of subchapter D of chapter 12 of the Internal Revenue Code of 1986, and, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the end of the close of the estate tax inclusion period,

‘‘(B) such allocation shall be effective on and after the date of such transfer, and, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.’’

(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:

‘‘(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of subchapter D of chapter 12 of the Internal Revenue Code of 1986, and, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the end of the close of the estate tax inclusion period.’’

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers subject to chapter 11 of the Internal Revenue Code of 1986 made after December 31, 2000.

SEC. 564. RELIEF PROVISIONS.

(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:

‘‘(g) RELIEF PROVISIONS.—

‘‘(1) RELIEF FROM LATE ELECTIONS.—

‘‘(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—

‘‘(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and

‘‘(ii) an election under subsection (b)(3) or (c)(5) of section 2632.

Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of the enactment of this paragraph.

‘‘(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instructions of the decedent with respect to transfers made before the date of the enactment of this paragraph.

‘‘(C) RELIEF FROM LATE ELECTIONS.—Section 2642(q)(1) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to requests pending on, or filed after, December 31, 2000.

‘‘(2) SUBSTANTIAL COMPLIANCE.—Section 2642(q)(2) of such Code (as so added) shall apply to transfers subject to chapter 11 or 12 of the Internal Revenue Code of 1986 made after December 31, 2000. No implication is intended with respect to the assessment of tax from late elections or the application of a rule of substantial compliance on or before such date.

‘‘(3) EXTENSION OF TIME FOR PAYMENT OF TAX.—Section 6151(a) (relating to extension of time for payment) is amended by inserting ‘‘(as added by subsection (a))’’ before the period ending ‘‘at the end of the 6 month period.’’

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after December 31, 2001.

SEC. 571. EXPANSION OF AVAILABILITY OF IN-STALMENT PAYMENT FOR ESTATES WITH INTERESTS IN LENDING AND FINANCE BUSINESS TREATED AS STOCK IN AN ACTIVE TRADE OR BUSINESS COMPANY.

(a) IN GENERAL.—Section 6166(b)(6) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

‘‘(D) IN GENERAL.—If the executor elects the benefits of this subsection, the determination of the deductible amount for the taxable year shall be increased by the applicable amount.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after December 31, 2001.

SEC. 581. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE VI—PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS

Subtitle A—Individual Retirement Accounts

SEC. 601. MODIFICATION OF IRA CONTRIBUTION LIMITS.

(a) INCREASE IN CONTRIBUTION LIMIT.—

(1) IN GENERAL.—Paragraph (1)(A) of section 219(b) (relating to maximum amount of deductible contributions) is amended by striking ‘‘$2,000’’ and inserting ‘‘the deductible amount’’.

(2) DEDUCTIBLE AMOUNT.—Section 219(b) is amended by adding at the end the following new paragraph:

‘‘(5) DEDUCTIBLE AMOUNT.—For purposes of paragraph (1)(A)—

‘‘(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Deductible Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002–2005</td>
<td>$5,000</td>
</tr>
<tr>
<td>2006–2007</td>
<td>$3,000</td>
</tr>
<tr>
<td>2008 and 2009</td>
<td>$3,500</td>
</tr>
<tr>
<td>2010</td>
<td>$4,000</td>
</tr>
<tr>
<td>2011</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

‘‘(B) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS 50 OR OLDER.—

‘‘(i) IN GENERAL.—In the case of an individual whose attains the age of 50 before the close of the taxable year, the deductible amount for such taxable year shall be increased by the applicable amount.

(ii) APPLICABLE AMOUNT.—For purposes of clause (i), the applicable amount shall be the amount determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Applicable Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002–2005</td>
<td>$500</td>
</tr>
<tr>
<td>2006 through 2009</td>
<td>$1,000</td>
</tr>
<tr>
<td>2010</td>
<td>$1,500</td>
</tr>
<tr>
<td>2011</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

‘‘(C) COST-OF-LIVING ADJUSTMENT.—

‘‘(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2010, the $5,000 amount under subparagraph (A) shall be increased by an amount equal to—

‘‘(I) such dollar amount, multiplied by

‘‘(II) the cost-of-living adjustment determined under section 251(f)(1) for the calendar year in which such taxable year begins, determined by substituting ‘calendar year 2010’ for ‘calendar year 1992’ in subparagraph (B) thereof,
"(ii) ROUNDED RULES.—If any amount after adjustment under clause (i) is not a multiple of $500, such amount shall be rounded to the lower multiple of $500.

(b) QUALIFIED EMPLOYER PLANS.—

(1) Section 408A(a)(1) is amended by striking "in excess of $2,000 on behalf of any individual" and inserting "on behalf of any individual in excess of $2,000 for an employee plan." For purposes of such subsection for such taxable year under section 219(b)(1)(A) .

(2) Section 408A(2)(B) is amended by inserting "$2,000" and inserting "the dollar amount in effect under section 415(b)(1)(A) ."

(3) Section 408(b) is amended by striking "$2,000" in the matter following paragraph (4) and inserting "the dollar amount in effect under section 415(b)(1)(A) ." For purposes of this title in the same manner as required by this section or section 219(b)(1)(A) .

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

SEC. 602. DEEMED IRAS UNDER EMPLOYER PLANS.

(a) In General.—Section 408 (relating to individual retirement accounts) is amended by re-designating subsection (g) as subsection (r) and by inserting after subsection (p) the following new subsection:

"(q) DEEMED IRAS UNDER QUALIFIED EMPLOYER PLANS.—

"(1) GENERAL RULE.—If—

(A) a qualified employer plan elects to allow employees to make voluntary employee contributions to a separate account or annuity established under the plan, and

(B) under the terms of the qualified employer plan, such account or annuity meets the applicable requirements of this section or section 408A for an individual retirement account or annuity,

then such account or annuity shall be treated for purposes of this title in the same manner as an individual retirement plan and not as a qualified employer plan (and contributions to such account or annuity as contributions to an individual retirement plan and not to the qualified employer plan). For purposes of subpart (B), the requirements of subsection (a)(5) shall be applicable.

"(2) SPECIAL RULES FOR QUALIFIED EMPLOYER PLANS.—For purposes of this title, a qualified employer plan shall not fail to meet any requirement contained in this subpart merely by reason of establishing and maintaining a program described in paragraph (1).

"(3) DEFINITIONS.—For purposes of this subpart:

(A) QUALIFIED EMPLOYER PLAN.—The term qualified employer plan" has the meaning given such term by section 72(p)(4); except that such term shall also include an eligible deferred compensation plan (as defined in section 457(b)) which is maintained by an eligible employer described in section 457(e)(1)(A).

(B) PLAN ENTERING INTO AN OUT-OF-PLAN CONTRIBUTION.—

The term voluntary employee contribution means any contribution (other than a mandatory contribution within the meaning of section 411(c)(2)(C)) which is made by an employee under a qualified employer plan which allows employees to elect to make contributions described in paragraph (A), and

(ii) with respect to which the individual has designated the contribution as a contribution to which such subsection applies.

(1) IN GENERAL.—Section 4 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1003) is amended by adding at the end the following new subsection:

"(c) If a pension plan allows an employee to elect to make voluntary employee contributions to accounts and annuities as provided in section 408(q) of the Internal Revenue Code of 1986, such accounts and annuities (and contributions thereto) shall not be treated as part of such plan (or any amendment thereto) for purposes of any provision of this title other than section 403(c), 404, or 405 (relating to exclusive benefit, and fiduciary and co-fiduciary responsibilities).

(2) CONFORMING AMENDMENT.—Section 4(a) of such Act (29 U.S.C. 1003(a)) is amended by inserting "or (c)" after "subsection (b)".

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to plans years beginning after December 31, 2002.

SEC. 603. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

"(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

"(A) IN GENERAL.—In the case of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c), no amount shall be includible in the gross income of the account holder or beneficiary.

"(B) SPECIAL RULES RELATING TO CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND CHARITABLE GIFT ANNUITIES.—

"(i) IN GENERAL.—In the case of a qualified charitable distribution from an individual retirement account—

(I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

(II) to a pooled income fund (as defined in section 664(c)(3)), or

(III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)), no amount shall be includible in gross income of the account holder.

The preceding sentence shall apply only if no person holds any interest in the amounts in the trust, fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

"(ii) NO INCLUSION FOR DISTRIBUTION TO A CHARITABLE ANNUITY TRUST.—In determining the amount includible in gross income of the distributee of a distribution from a trust described in clause (i)(III), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income shall be treated as income described in section 664(b)(4).

"(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No amount shall be includible in gross income of the account holder or beneficiary (as so defined) by reason of a qualified charitable distribution to such fund.

"(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this subsection, the term qualified charitable distribution means any distribution from an individual retirement account—

(I) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 70½, and

(II) which is a charitable contribution (as defined in section 170(c)) made directly from the account to—

(I) an organization described in section 170(c), or

(II) a trust, fund, or annuity described in subparagraph (B),

"(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction to the taxpayer for the charitable distribution described in subparagraph (C) shall be treated as includible in the gross income of the taxpayer for such year.

"(E) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2009.

Subtitle B—Expanding Coverage

SEC. 611. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS.

(a) Defined Benefit Plans.—

(1) DOLLAR LIMIT.—

(A) Paragraph (a) of section 415(b)(1) (relating to the limitation for defined benefit plans) is amended by striking "$90,000" and inserting "the applicable limit".

(B) Section 415(b) is amended by adding at the end the following new paragraph:

"(12) APPLICABLE LIMIT.—For purposes of paragraph (1)(A), the applicable limit shall be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>For taxable years beginning in</th>
<th>The applicable limit is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002, 2003, and 2004 ..........</td>
<td>$150,000 (or $75,000 and $200,000)</td>
</tr>
<tr>
<td>(C) Paragraphs (C) and (D) of section 415(b)(2) are each amended—</td>
<td></td>
</tr>
</tbody>
</table>

(i) in the headings, by striking "$90,000" and inserting "applicable limit";

(ii) by striking "$90,000 limitation"; each place it appears and inserting "limitation";

(iii) by striking "a $90,000 annual benefit" each place it appears and inserting "an annual benefit equal to the applicable limit".

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subsection (C) of section 415(b)(2) is amended by striking "the greater of $222,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for "$90,000" " and inserting "one-half the amount otherwise applicable for such year under paragraph (1)(A) for the applicable limit".

(3) LIMIT INCREASED WHEN BENEFIT BEGINS AFTER AGE 62.—Subparagraph (D) of section 415(b)(2) is amended by striking "the social security retirement age" each place it appears in the heading and text and inserting "age 62" and by striking the second sentence.

(b) Qualified Trusts.—

(1) DOLLAR LIMIT.—Subsection (a) of section 415(b) (relating to the limitation on distributions during benefit years) is amended—

(i) by striking "$90,000" in paragraph (1)(A) and inserting "applicable limit";

(ii) by striking "$90,000" in paragraph (1)(C) and inserting "$90,000"; and

(iii) by striking "$90,000 limitation" and inserting "limitation";

(2) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) by striking "$90,000" in paragraph (1)(A) and inserting "applicable limit"; and

(B) in paragraph (3)(A)—

(i) by striking "$90,000" in the heading and inserting "applicable limit";

(ii) by striking "October 1, 2004" and inserting "January 1, 2004";

(3) TAKING DISTRIBUTIONS WITHIN BENEFIT YEARS AFTER AGE 62.—Subparagraph (D) of section 415(b)(2) is amended by striking the "the social security retirement age" each place it appears in the heading and text and inserting "age 62.";

(4) COST-OF-LIVING ADJUSTMENTS.—

(A) Section 415(b)(2) is amended by striking paragraph (F);

(B) Section 415(b)(9) is amended to read as follows:

"(9) SPECIAL RULE FOR COMMERCIAL AIRLINE PILOTS.—In the case of any participant who is a commercial airline pilot, if, as of the time of the participant’s retirement, regulations prescribed by the Federal Aviation Administration require an individual to separate from service as a commercial airline pilot after attaining any age occurring on or after age 62, paragraph (2)(C) shall be applied by substituting such age for age 62.";

(C) Section 415(b)(10)(C)(i) is amended by striking "applied without regard to paragraph (2)(F)".

(D) QUALIFIED PLANS—
(1) COMPENSATION LIMIT.—
(A) Section 401(a)(17) is amended—
(i) in subparagraph (A), by striking "$35,000" and inserting “the applicable dollar amount”;
(ii) in subparagraph (B), by striking "$35,000" and inserting “the applicable dollar amount”;
(iii) by striking “the” preceding sentence and inserting “section 401(a)(17)(B)”;
(C) Section 408(b) is amended—
(i) in each of paragraphs (3)(C) and (6)(D)(i), by striking “a multiple of $500” and inserting “a multiple of $500 shall be rounded to the next applicable dollar amount”;
(ii) by striking paragraph (8) and inserting “amount shall be determined in accordance with the table following this paragraph, the applicable dollar amount shall be the amount determined in accordance with the following table:
(A) by striking paragraph (b)(2)(A) and inserting “(B) by striking ‘November 1, 1993’ and inserting ‘October 1, 1993’ and (C) by striking ‘$10,000’ and inserting ‘$5,000’.
(c) ELECTIVE DEFERRALS.—
(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on elective deferrals) is amended to read as follows: “(1) IN GENERAL.—The limit on elective deferrals of any individual for any taxable year shall be the lesser of—
(A) $15,000, or
(B) the amount determined in accordance with the following table:
(D) Section 401(a)(17) is amended—
(i) by striking “$35,000” and inserting “the applicable dollar amount in effect under section 401(a)(17)(A)”;
(ii) by striking “the” preceding sentence and inserting “section 401(a)(17)(B)”;
(B) by striking “The Secretary” and inserting “In calendar years beginning after 2005, the Secretary”;
(B) by striking “October 1, 1993” and inserting “July 1, 2003”;
(C) by striking “$10,000” and inserting “$5,000”.
(c) SIMPLE RETIREMENT ACCOUNTS.—
(1) IN GENERAL.—Section 416(i)(1)(A) (defining key employee) is amended—
(A) by striking “or any of the 4 preceding calendar years” in the matter following clause (i);
(B) by striking clause (i) and inserting the following: “(i) an officer of the employer having an annual compensation greater than the amount in effect under section 414(q)(1)(B)(ii) for such plan year;”;
(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively;
(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C); and
(E) by adding at the end the following: “For purposes of this subparagraph, in the case of an employee who is not employed during the preceding plan year or is employed for a portion of such year, such employee shall be treated as a key employee if it can be reasonably anticipated that such employee will be described in 1 of the preceding clauses for the current plan year.”;
(2) CONFORMING AMENDMENT.—Section 416(i)(1)(B)(iii) is amended by striking “and subparagraph (A)”;
(b) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by striking “$15,000” and inserting “$10,000”.
(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—
(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

“(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(A) IN GENERAL.—For purposes of determining—

(i) the present value of the cumulative accrued benefit for any employee, or

(ii) the amount of the account of any employee, such present value or amount shall be increased by the aggregate distributions made with respect to such account during the plan year following the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting ‘‘5-year period’’ for ‘‘1-year period’’.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ‘‘LAST 5 YEARS’’ in the heading and inserting ‘‘LAST YEAR BEFORE DETERMINATION DATE’’; and

(B) by striking ‘‘5-year period’’ and inserting ‘‘1-year period’’.

(d) FROZEN PLAN EXEMPT FROM MINIMUM BENEFITS.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) by striking ‘‘(ii)’’ in clause (i) and inserting ‘‘(i)’’; and

(B) by adding, at the end the following:

“(iii) Exception for frozen plan.—For purposes of determining an employee’s years of service under the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410) are key employee or former key employee.

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

SEC. 614. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DE- dUCTION LIMITS

(a) IN GENERAL.—Section 404 (relating to de- duction for contributions of an employer to an employees’ trust or annuity plan and compensation under a deferred payment plan) is amended by adding at the end the following new subsection:

“(a) ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.

“(1) IN GENERAL.—The applicable percentage of any elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitation contained in paragraphs (3), (7), or (9) of subsection (a), and such elective deferrals shall not be taken into account in applying any such limitation to any other contributions.

(B) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage shall be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Taxable Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 through 2010</td>
<td>25 percent</td>
</tr>
<tr>
<td>2011 and thereafter</td>
<td>100 percent</td>
</tr>
</tbody>
</table>

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

SEC. 615. REPEAL OF COORDINATION REQUIRE- MENTS FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS

(a) IN GENERAL.—Subsection (c) of section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations), as amended by section 611, is amended to read as follows:

“(c) LIMITATION.—The maximum amount of the compensation of any one individual which may be allocated to the account of an employee during any taxable year shall not exceed the amount in effect under subsection (b)(2)(A) (as modified by any adjustment provided under subsection (b)(3)).

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2001.

SEC. 616. DEFINITIONS OF TERMS.

(a) MODIFICATION OF LIMIT.—

(1) STOCK Bonus and profit sharing trusts.—

(A) IN GENERAL.—Subclause (I) of section 404(a)(3)(A)(i) (relating to stock bonus and profit-sharing trusts) is amended by striking ‘‘15 percent’’ and inserting ‘‘25 percent’’.

(B) CONFORMING AMENDMENT.—Subparagraph (C) of section 404(h)(1) is amended by striking ‘‘15 percent’’ each place it appears and inserting ‘‘25 percent’’.

(2) DEFINED CONTRIBUTION PLANS.—

(A) IN GENERAL.—Clause (i) of section 404(a)(3)(A) (relating to stock bonus and profit-sharing trusts) is amended to read as follows:

“(i) the present value of the cumulative account (as determined under a stock bonus or profit-sharing trust) subject to subsection (a)(3)(A).

(B) CONFORMING AMENDMENTS.—

(i) Section 404(h)(1)(A) is amended by inserting ‘‘other than a trust to which paragraph (3) applies’’ after ‘‘trust’’.

(ii) Section 404(h)(2) is amended by striking ‘‘stock bonus or profit-sharing trust’’ and inserting ‘‘trust subject to subsection (a)(3)(A)’’.

(ii) The heading of section 404(h)(2) is amended by striking ‘‘STOCK BONUS AND PROFIT-SHARING TRUSTS’’ and inserting ‘‘CERTAIN TRUSTS’’.

(c) DEFINITIONS AND RULES RELATING TO DESIGNATED ROTH CONTRIBUTIONS.—

(1) DEFINITION OF ROTH CONTRIBU TIONS.—

(A) IN GENERAL.—The term ‘‘designated Roth contribution’’ means any elective deferral which—

(i) is made to a designated Roth account on or after December 31, 2001 and thereafter

(ii) is made by an individual who is otherwise eligible to make such contributions.

(B) THE EMPLOYEE DESIGNATES (AT SUCH TIME AND IN SUCH MANNER AS THE SECRETARY MAY PROVIDE) AN Amount OR AMOUNTS WHICH IS OTHERWISE ELIGIBLE

(iii) THE AMOUNT OF ELECTIVE DEFERRALS WHICH AN EMPLOYEE MAY DESIGNATE UNDER PARAGRAPH (1) SHALL NOT EXCEED THE EXCESS (IF ANY)

(iv) THE MAXIMUM AMOUNT OF ELECTIVE DEFERRALS EXCLUDABLE FROM GROSS INCOME OF THE EMPLOYEE FOR THE TAXABLE YEAR (WHICH IS DETERMINED WITHOUT REGARD TO THIS SECTION), TIMES

(v) THE AGGREGATE AMOUNT OF ELECTIVE DEFERRALS OF THE EMPLOYEE FOR THE TAXABLE YEAR WHICH THE EMPLOYEE DOES NOT DESIGNATE UNDER PARAGRAPH (1)

(2) ROHLLOVER CONTRIBUTIONS.—

(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated Roth account which is otherwise allocable under this chapter may be made only if the contribution is to—

(i) another designated Roth account of the individual from whose account the payment or distribution was made, or

(ii) A ROTH IRA OF SUCH INDIVIDUAL.

(B) THE EMPLOYER MAKES THE ROLLOVER CONTRIBUTION TO A DESIGNATED ROTH ACCOUNT UNDER SUBPARAGRAPH (A) SHALL NOT BE TAKEN INTO ACCOUNT FOR PURPOSES OF PARAGRAPH (1).

(3) DISTRIBUTION RULES.—For purposes of this title—

(A) EXCLUSION.—Any qualified distribution from a designated Roth account shall not be includible in gross income.

(B) QUALIFIED DISTRIBUTIONS.—For purposes of this subsection—

(i) THE FIRST TAXABLE YEAR FOR WHICH THE INDIVIDUAL MADE THE DESIGNATED ROTH CONTRIBUTION TO ANY DESIGNATED ROTH ACCOUNT ESTABLISHED FOR SUCH INDIVIDUAL UNDER THE SAME APPLICABLE RETIREMENT PLAN, OR

(ii) THE PLAN A ROLLOVER CONTRIBUTION WAS MADE TO SUCH DESIGNATED ROTH ACCOUNT FROM A DESIGNATED ROTH ACCOUNT PREVIOUSLY ESTABLISHED FOR SUCH INDIVIDUAL UNDER ANOTHER APPLICABLE RETIREMENT PLAN FOR THE FIRST TAXABLE YEAR FOR WHICH THE INDIVIDUAL MADE A DESIGNATED ROTH CONTRIBUTION TO SUCH PREVIOUSLY ESTABLISHED ACCOUNT.

(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND CONTRIBUTIONS AND EARNINGS THEREON.—The term ‘‘qualified distribution’’ shall not include any distribution of any excess deferral

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under section 402(g)(2) or any excess contribution under section 401(k)(8), and any income on the excess deferral or contribution.

(3) TREATMENT OF DISTRIBUTIONS OF CERTAIN EXCESS DEFERRALS.—Notwithstanding section 72, if any excess deferral under section 402(g)(2) attributable to a designated Roth contribution is not distributed on or before the 1st April 15 following the taxable year in which such excess deferral is made, the amount of such excess deferral shall—

(A) not be treated as investment in the contract, and

(B) be included in gross income for the taxable year in which such excess is distributed.

(4) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated Roth account and other distributions and payments from the plan.

(e) OTHER DEFINITIONS.—For purposes of this section—

(1) APPLICABLE RETIREMENT PLAN.—The term ‘applicable retirement plan’ means—

(A) an employer’s trust described in section 401(a) which is exempt from tax under section 501(a), and

(B) a plan under which amounts are contributed by such individual for an annuity contract described in section 403(b).

(2) ELECTIVE DEFERRAL.—The term ‘elective deferral’ means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3).

(b) EXCESS DEFERRALS.—Section 402(g)(2) (relating to limitation on exclusion for elective deferrals) is amended—

(c) ELIGIBLE INDIVIDUAL.—For purposes of this section—

(1) IN GENERAL.—The term ‘eligible individual’ means any individual if such individual has attained the age of 18 as of the close of the taxable year.

(2) DEPENDENTS AND FULL-TIME STUDENTS NOT ELIGIBLE.—The term ‘eligible individual’ shall not include—

(A) any individual with respect to whom a deduction under section 151 is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual’s taxable year begins, and

(B) any individual who is a student (as defined in section 151(c)(4)).

(d) QUALIFIED RETIREMENT SAVINGS CONTRIBUTIONS.—For purposes of this section—

(1) IN GENERAL.—The term ‘qualified retirement savings contributions’ means, with respect to any taxable year, the sum of—

(A) the amount of the qualified retirement contributions (as defined in section 219(e)) made by the eligible individual,

(B) the amount of—

(i) any elective deferrals (as defined in section 402(g)(3)) of such individual, and

(ii) any elective deferral of compensation by such individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

(C) the amount of voluntary employee contributions by such individual to any qualified retirement plan (as defined in section 403(c)).

(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—

(A) IN GENERAL.—The qualified retirement savings contributions determined under paragraph (1) by adding at the end of paragraph (1)(A) (as added by section 201(c)(1)) the following new sentence: ‘The preceding sentence shall not apply to the portion of such excess as does not exceed the designated Roth contributions of the individual for the taxable year.’; and

(b) by inserting ‘(or would be included for the last sentence thereof)’ after ‘(paragraph ‘(1)’ in paragraph ‘(A)’.

(c) ROLLOVERS.—Subparagraph (B) of section 402(g)(3) is amended by adding at the end the following:

‘(ii) any distribution from an eligible rollover distribution plan (as defined in section 402A), an eligible retirement plan with respect to which a portion shall be made only by another designated Roth account and a Roth IRA.’.

(d) REPORTING REQUIREMENTS.—

(1) W-2 INFORMATION.—Section 6051(a)(8) is amended by inserting ‘, including the amount of designated Roth contributions (as defined in section 402A)’ before the comma at the end.

(2) ELECTIVE DEFERRALS.—Subparagraph (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

‘(f) DESIGNATED ROTH CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated Roth contributions (as defined in section 402A) to the Secretary, plan administrators and beneficiaries of the plan, and such other persons as the Secretary may prescribe.’.

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: ‘Such term includes a rollover contribution described in section 402A(c)(3)(A).’.

(2) The table of sections for subpart A of part I of chapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

‘Sec. 402A. Optional treatment of elective deferrals as Roth contributions.’.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 618. NONREFUNDABLE CREDIT TO CERTAIN INDIVIDUALS FOR ELECTIVE DEFERRALS AND IRA CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits), as amended by section 432, is amended by inserting after section 25B the following new section:

‘Sec. 25C. ELECTIVE DEFERRALS AND IRA CONTRIBUTIONS TO CERTAIN INDIVIDUALS.’.

(1) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the applicable percentage of so much of the qualified retirement savings contributions of the eligible individual for the taxable year as do not exceed $2,000.

(b) APPLICABLE PERCENTAGE.—For purposes of this section, the applicable percentage is the percentage determined in accordance with the following table:—

<table>
<thead>
<tr>
<th>Joint return</th>
<th>Over</th>
<th>Not over</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$0</td>
<td>$30,000</td>
</tr>
<tr>
<td></td>
<td>30,000</td>
<td>32,500</td>
</tr>
<tr>
<td></td>
<td>32,500</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Adjusted Gross Income</td>
<td>Over</td>
<td>Not over</td>
</tr>
<tr>
<td>------------------------</td>
<td>------</td>
<td>---------</td>
</tr>
<tr>
<td>$0</td>
<td>$0</td>
<td>$22,500</td>
</tr>
<tr>
<td>$22,500</td>
<td>24,375</td>
<td>37,500</td>
</tr>
<tr>
<td>$37,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head of a household</td>
<td>Over</td>
<td>Not over</td>
</tr>
<tr>
<td>------------------------</td>
<td>------</td>
<td>---------</td>
</tr>
<tr>
<td>$0</td>
<td>$0</td>
<td>$15,000</td>
</tr>
<tr>
<td>$15,000</td>
<td>16,250</td>
<td>25,000</td>
</tr>
<tr>
<td>$25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other cases</td>
<td>Over</td>
<td>Not over</td>
</tr>
<tr>
<td>------------------------</td>
<td>------</td>
<td>---------</td>
</tr>
<tr>
<td>$0</td>
<td>$0</td>
<td>$2,000</td>
</tr>
<tr>
<td>$2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Applicable percentage</td>
<td>50</td>
<td>10</td>
</tr>
</tbody>
</table>

(c) ADJUSTED GROSS INCOME.—For purposes of this section, adjusted gross income shall be determined without regard to sections 911, 931, and 933.

(g) INVESTMENT IN THE CONTRACT.—Notwithstanding any other provision of law, a qualified retirement savings contribution shall not fail to be included in determining the investment in the contract for purposes of section 72 by reason of the applicable percentage.

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

(b) CREDIT ALLOWED AGAINST REGULAR TAX AND ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 25C, as added by subsection (a), is amended by inserting after subsection (f) the following new subsection:

‘(g) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate credit allowed by this section for the taxable year shall not exceed the sum of—

(i) any tax the taxpayer’s regular tax liability for the taxable year reduced by the sum of the credits allowed by sections 21, 22, 23, 24, 25, 25A, and 25B plus

(ii) the tax imposed by section 55 for such taxable year.’.

(2) CONFORMING AMENDMENTS.—

(A) Section 25A(a)(1), as amended by section 201, is amended by inserting ‘or section 25C’ after ‘section 24’.

(B) Section 25(c), as amended by section 201, is amended by striking ‘sections 24’ and inserting ‘sections 24, 25C’.

(C) Section 25(e)(1)(C), as amended by section 201, is amended by inserting ‘25C’ after ‘24’.

(D) Section 404(b), as amended by section 201, is amended by inserting ‘or 25C’ after ‘section 24’.
(E) Section 1400C(d), as amended by section 201, is amended by inserting “and section 25C” after “section 24”.

(c) CONFORMING AMENDMENT.—The table of sections referred to in subpart A of part IV of subchapter A of chapter 1, as amended by section 432, is amended by inserting after the item relating to section 25B the following new item:

“Sec. 25C. Elective deferrals and IRA contributions for certain individuals.”

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

SEC. 619. CREDIT FOR QUALIFIED PENSION PLAN CONTRIBUTIONS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related deduction allowed by adding at the end the following new section:

“SEC. 45E. SMALL EMPLOYER PENSION PLAN CONTRIBUTIONS.

“(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible employer, the small employer pension plan contribution credit determined under this section for any taxable year is an amount equal to 50 percent of the amount which would (but for subsection (f)(1)) be allowed as a deduction under section 404 for such taxable year for qualified employer contributions made to any qualified employer plan with respect to which the credit under this section is otherwise allowable for a qualified employer plan of the employer if, during the 3-taxable year period immediately preceding the 1st taxable year for which the credit under this section is otherwise allowable for a qualified employer plan of the employer, the employer or any member of any controlled group including the employer (or any predecessor of either) established or maintained a qualified pension plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified employer plan.

“(b) DOLLAR LIMITATION.—The amount of the small employer pension plan contribution credit determined under this section—

(1) $500 for the first credit year and each of the 2 taxable years immediately following the first credit year, and

(2) zero for any other taxable year.

“(c) DEFINED PLAN.—In the case of a defined benefit plan, the term ‘qualified employer plan’ means the amount of nonelective and matching contributions to the plan made by the employer on behalf of any employee who is not a highly compensated employee.

“(d) DISTRIBUTIONS.—In the case of a profit-sharing or stock bonus plan, the requirements of this paragraph are met if, under the plan, qualified employer contributions are distributable only as provided in section 401(k)(3)(B).

“(e) OTHER DEFINITIONS.—For purposes of this section—

(1) ELIGIBLE EMPLOYER.—

(A) IN GENERAL.—The term ‘eligible employer’ means, with respect to any year, an employer which has no more than 250 employees who received at least $5,000 of compensation from the employer during the taxable year.

(B) DOLLAR LIMITATION.—The amount of the credit determined under this section for any taxable year under the following table:

<table>
<thead>
<tr>
<th>Years of service:</th>
<th>The nonforfeitable percentage is</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>2</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td>60</td>
</tr>
<tr>
<td>4</td>
<td>80</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
</tr>
</tbody>
</table>

“(f) SPECIAL RULES.—

(1) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed for that portion of the qualified employer contributions allocable to an employee who has a nonforfeitable right to 100 percent of the employee’s accrued benefit derived from employer contributions.

(2) ELECTION NOT TO CREDIT.—This section shall not apply to a taxpayer for any taxable year in which such taxpayer elects to have this section apply to such taxable year.

(3) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 15, or subsection (n) or (o) of section 414, shall be treated as one person.

“(g) LIMITATION ON CREDIT.—

(1) IN GENERAL.—The term ‘eligible employer’ has the meaning given such term by section 408(p)(2)(C)(i).

(2) REQUIREMENT FOR NEW QUALIFIED EMPLOYER PLANS.—Such term shall not include an eligible employer if, during the 3-taxable year period immediately preceding the 1st taxable year for which the credit under this section is otherwise allowable for a qualified employer plan of the employer, the employer or any member of any controlled group including the employer (or any predecessor of either) established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified employer plan.

“(h) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (defining current year business credit) is amended by striking ‘plus’ at the end of paragraph (12), by striking the period at the end of paragraph (12) and inserting ‘; and’, and by adding at the end the following new paragraph:

‘‘(14) in the case of an eligible employer (as defined in section 45E(a)), the small employer pension plan contribution credit determined under section 45E(a).’’

“(i) CONFORMING AMENDMENTS.—

(1) Section 26(d) is amended by adding at the end the following new paragraph:

‘‘(10) No carryback of small employer pension plan contribution credit determined under section 26(d).’’

(2) Subsection (c) of section 196 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 small employer pension plan contribution credit determined under section 45E(a).’’

“(j) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or incurred in taxable years beginning after December 31, 2002.

SEC. 620. CREDIT FOR PENSION PLAN STARTUP COSTS OF SMALL EMPLOYERS.

(a) GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related deduction allowed by adding at the end the following new section:

“SEC. 45F. SMALL EMPLOYER PENSION PLAN STARTUP COSTS.

“(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible employer, the small employer pension plan startup cost credit determined under this section for any taxable year is an amount equal to 50 percent of the qualified startup costs paid or incurred by the taxpayer during the taxable year.

“(b) DOLLAR LIMITATION.—The amount of the credit determined under this section for any taxable year shall not exceed $500 for the first credit year and each of the 2 taxable years immediately following the first credit year, and

“(c) 2003 for any other taxable year.

“(c) ELIGIBLE EMPLOYER.—For purposes of this section—

(1) IN GENERAL.—The term ‘eligible employer’ has the meaning given such term by section 408(p)(2)(C)(i).

(2) REQUIREMENT FOR NEW QUALIFIED EMPLOYER PLANS.—Such term shall not include an eligible employer if, during the 3-taxable year period immediately preceding the 1st taxable year for which the credit under this section is otherwise allowable for a qualified employer plan of the employer, the employer or any member of any controlled group including the employer (or any predecessor of either) established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified employer plan.

“(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or incurred in taxable years beginning after December 31, 2001.
a qualified employer plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified employer plan.

(b) Definitions.—For purposes of this section—

(1) QUALIFIED STARTUP COSTS.—The term "qualified startup costs" means any ordinary and necessary expenses of an eligible employer which are paid or incurred in connection with—

(i) the establishment or reorganization of an eligible employer plan, or

(ii) the retirement-related education of employees with respect to such plan.

(2) OTHER ELIGIBLE PLANS.—Such term shall not include any expense in connection with a plan that does not have at least 1 participant.

(3) FIRST CREDIT YEAR.—The term "first credit year" means—

(A) the taxable year which includes the date that the qualified employer plan to which such costs relate becomes effective, or

(B) at the election of the eligible employer, the taxable year preceding the taxable year referred to in paragraph (A).

(c) Special Rules.—For purposes of this section—

(A) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person. All eligible employer plans shall be treated as 1 eligible employer plan.

(2) Disallowance of Deduction.—No deduction shall be allowed for that portion of the qualified startup costs paid or incurred for the taxable year which is equal to the credit determined under subsection (a).

(d) Eligible Employer Plan.—The term "eligible employer plan" means—

(A) a plan which—

(i) is maintained by an employer which has—

(1) a highly compensated employee, and

(2) no more than 100 employees for the preceding calendar year, and

(ii) at least one employee who is not a highly compensated employee (as defined in section 414(q)) and is participating in the plan.

(B) NEW PENSION PLAN.—The term "eligible employer plan" means, with respect to any plan year immediately preceding the taxable year in which the request is made, the employer or any member of any controlled group including the employer (or any predecessor of either) established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued, substantially the same employees as are in the qualified employer plan.

(e) Determination of Average Fees Charged.—For purposes of any determination of average fees charged, any request to which subsection (a) applies shall not be taken into account.

(f) Effective Date.—The provisions of this subsection shall apply with respect to requests made after December 31, 2001.

SEC. 621. ELIMINATION OF USER FEE FOR REGULATIONS. (a) Exclusion from income sourcing rules.—Section 861(a)(3) (relating to gross income from sources within the United States) is amended by striking "(i) the applicable dollar amount," and inserting "(i) a plan under which amounts are contributed by an individual and the annuity contract described in section 403(b), (ii) an eligible defined contribution plan under section 457 of an eligible employer described in section 457(e)(1)(A), and (iii) an arrangement meeting the requirements of section 408(k) or (p)."

(b) Elective deferral.—The term "elective deferral" has the meaning given such term by subsection (u)(2)(C).

Subtitle C—Enhancing Fairness for Women

SEC. 631. CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) In General.—Section 414(u) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(v) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—

(I) the participant's compensation (as defined in section 415(c)(3)) for the year, over

(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

(B) Applicable dollar amount.—For purposes of this paragraph, the applicable dollar amount shall be determined in accordance with the following table:

For any taxable year beginning in:

Year                      Applicable dollar amount
2002 and 2003 ............... $500
2004 and 2005 ............... $1,000
2006 and thereafter .......... $2,000
2008 ................................ $3,000
2009 ................................ $4,000
2010 and thereafter .......... $5,000

(3) Treatment of Contributions.—In the case of any contribution to a plan under paragraph (1),

(A) such contribution shall not, with respect to the year in which the contribution is made—

(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 404(a), 404(b), 406(k), 408(p), 415, or 457, or

(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(k)(3), 401(k)(11), 401(m), 403(b)(12), 408(k), 408(b), 408(b)(1), or 416 by reason of the making of (or the right to make) such contribution.

(c) Exception.—For purposes of this subsection, the term "eligible participant" means, with respect to any plan year, a participant in a plan which has attained the age of 50 before the close of the plan year, and

(d) Effective Date.—The amendments made by this section shall apply to contributions made after December 31, 2001.
shall be determined in accordance with the following table:

<table>
<thead>
<tr>
<th>Years for which plan rules apply</th>
<th>The applicable percentage is</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002 through 2010 ................</td>
<td>50 percent</td>
</tr>
<tr>
<td>2011 and thereafter ..............</td>
<td>60 percent</td>
</tr>
</tbody>
</table>

(3) APPLICATION TO SECTION 401(b).—Section 403(b) is amended—
(A) by striking “the exclusion allowance for such contributions” in paragraph (1) and inserting “the applicable limit under section 415”;
(B) by striking paragraph (2), and
(C) by inserting “or any amount received by a former employee after the fifth taxable year following the taxable year in which such employee was terminated” before the period at the end of the second sentence of paragraph (3).

(4) COMMENTS.—
(A) Subsection (f) of section 72 is amended by striking “section 403(b)(2)(D)(iii)” and inserting “section 403(b)(2)(D)(iii), as in effect before the enactment of the Restoring Earnings to Lift Individuals and Empower Families Act of 2001”;

(B) Section 404(a)(10)(B) is amended by striking “the exclusion allowance under section 403(b)(2).”;

(C) Section 415(a)(2) is amended by striking “,” and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2).”;

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

“(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term ‘participant’s compensation’ means the participant’s includable compensation determined under section 415(c)(1).”;

(E) Section 415(c) is amended by striking paragraph (4).

(F) Paragraph (5)(c)(7) is amended to read as follows:

“(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—
(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to which an election has been made, when expressed as an annual addition to such participant’s account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of:

“100 percent of $40,000 aggregate limitation.—The total amount of additions with respect to any participant which may be taken into account for purposes of this paragraph for all years may not exceed $40,000.

“(C) ANNUAL ADDITION.—For purposes of this paragraph, the term ‘annual addition’ has the meaning given such term by paragraph (2).”;

(G) Subparagraph (B) of section 402(g)(7) (as redesignated by section 611(c)(3)) is amended by inserting before the period at the end of the Restoring Earnings to Lift Individuals and Empower Families Act of 2001”;

(H) Section 604(g) is amended—
(i) by striking the requirement that the plan rules be applied in accordance with subparagraph (c) of section 415(c)(1), and inserting “applicable limitation under paragraph (7)”,
(ii) by striking the requirement that the plan rules be applied in accordance with subparagraph (c) of section 415(c)(1), and inserting “applicable limitation under paragraph (7)”, and
(iii) by adding at the end the following new paragraph:

“(7) APPLICABLE LIMITATION.—
(A) IN GENERAL.—For purposes of paragraph (3)(E), the applicable limitation under this paragraph with respect to a participant is an amount equal to the lesser of—

(i) $30,000; or
(ii) 25 percent of the participant’s compensation (as defined in section 415(e)(3)) by striking “limitations under section 415(c)” and inserting “applicable limitation under paragraph (7)”;

(B) COST-OF-LIVING ADJUSTMENT.—The Secretary shall adjust annually the $30,000 amount under subparagraph (A)(i) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning October 1, 1993, and any increase under this subparagraph which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.”;

5. EFFECTIVE DATE—
(A) Except as provided in subparagraph (B), the amendments made by this subsection shall apply to electric generating facilities, for purposes of section 437, in accordance with the applicable limit under section 415;

(B) Special Rules for Sections 403(b) and 408.—
(I) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new subparagraph:

“(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has control under subsection (b) or of section 414 and (subject to the exclusion allowance as provided in section 403(b)(2)).”;

(2) EFFECTIVE DATE.—
(A) IN GENERAL.—The amendments made by paragraph (1) shall apply to taxation years beginning after December 31, 2001.

(B) EXCLUSION ALLOWANCE.—Effective for limitation years beginning in 2001, in the case of any annuity contract described in section 403(b) of the Internal Revenue Code of 1986, the applicable exclusion allowance under section 408(a)(1)(A) shall be determined in accordance with the table contained in subparagraph (B): and

The nonforfeitable percentage is:

<table>
<thead>
<tr>
<th>Years of service</th>
<th>The percentage is</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>60</td>
</tr>
<tr>
<td>5</td>
<td>80</td>
</tr>
<tr>
<td>6</td>
<td>100</td>
</tr>
</tbody>
</table>

(b) AMENDMENT OF ERISA.—Section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)) is amended—
(1) in paragraph (2), by striking “A plan” and inserting “the applicable limit under section 403(b)”;

(2) by adding at the end the following:

“(4) In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

(A) by substituting ‘3 years’ for ‘5 years’ in subparagraph (A), and

(B) by substituting the following table for the table contained in subparagraph (B):

The nonforfeitable percentage is:

<table>
<thead>
<tr>
<th>Years of service</th>
<th>The percentage is</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>20</td>
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<td>3</td>
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<td>4</td>
<td>60</td>
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<tr>
<td>5</td>
<td>80</td>
</tr>
<tr>
<td>6</td>
<td>100</td>
</tr>
</tbody>
</table>

(4) MODIFICATION OF 403(b) EXCLUSION ALLOWANCE TO CONFORM TO 415 MODIFICATION.—The Secretary of the Treasury shall modify the regulations governing the exclusion allowance under section 403(b)(2) of the Internal Revenue Code of 1986 to render void the requirement that contributions to a defined benefit pension plan be treated as previously excluded amounts for purposes of the exclusion allowance for taxation years beginning after December 31, 2000, such regulations shall be applied as if such requirements were never in effect.

(c) EFFECTIVE DATES.—
(I) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan years beginning after December 31, 2001.

(II) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified by the date of the enactment of this Act, the amendments made by this section shall apply to contributions on behalf of employees covered by any such agreement for plan years beginning before the earlier of—

(A) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of the enactment); or

(ii) January 1, 2002; or

(B) January 1, 2006.

(3) SERVICE REQUIRED.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

SEC. 634. MODIFICATIONS TO MINIMUM DISTRIBUTION RULES.

(a) LIFE EXPECTANCY TABLES.—The Secretary of the Treasury shall prescribe life expectancy tables under the regulations relating to minimum distribution requirements under sections 401(a)(9), 406(d) and (b)(3), 403(b)(10), and 457(d) of the Internal Revenue Code to reflect current life expectancy.

(b) REPEAL OF RULE WHERE DISTRIBUTIONS HAD BEFORE DEATH OCCURS.—In the case of a plan, a section 401(k) plan, or a section 403(b) plan, the amendments made by this section shall apply to distributions (other than the one described in such section 401(k) plan or section 403(b) plan) which would have been made by reason of the death of the employee or annuitant if the employee or annuitant were then alive, except in the case of a plan maintained pursuant to a collective bargaining agreement between employee representatives and one or more employers.

(2) CONFORMING CHANGES.—
(A) Clause (i) of section 401(a)(9)(B) as so redesignated is amended—

(i) by striking “FOR OTHER CASES” in the heading; and

(ii) by striking “the distribution of the employee’s interest has begun in accordance with
(B) Clause (ii) of section 401(a)(9)(B) (as so redesignated) is amended by striking “clause (ii)” and inserting “clauses (ii) and (iii)”.

(C) Clause (iii) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking “clause (iii)(i)” and inserting “clauses (iii)(i) and (iii)(ii)”;

(ii) by striking “clause (iii)(II)” in subclause (I) and inserting “clause (iii)(III)”;

(iii) by striking “April 1 of the calendar year following the calendar year in which the spouse attains age 70 1/2”;

(iv) by striking “the distributions to such spouse begin,” in subclause (II) and inserting “his entire interest has been distributed to him.”

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to years beginning after December 31, 2001.

(B) DISTRIBUTIONS TO SURVIVING SPOUSE.—

(i) IN GENERAL.—In the case of an employee described in this subsection, distributions to the surviving spouse of the employee shall not be required to commence prior to the date on which such distributions would have been required to begin under paragraph (1)(E) of section 401(a)(9)(B) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act).

(ii) CERTAIN EMPLOYERS.—An employer is described in this clause if such employer dies before—

(I) the date of the enactment of this Act, and

(II) the required beginning date (within the meaning of section 401(a)(9)(C) of the Internal Revenue Code of 1986) of the employee.

Section 401. Clarification of Tax Treatment of Division of Section 457 Plan Benefits Upon Divorce

(a) IN GENERAL.—Section 414(p)(11) (relating to application of rules to governmental and church plans) is amended—

(i) by inserting “or an eligible deferred compensation plan (within the meaning of section 401(g)(5))” after “subsection (e)”;

(ii) by inserting “and the following ‘GOVERNMENTAL AND CHURCH PLANS’ and inserting ‘CERTAIN OTHER PLANS’.”;

(b) WAIVER OF CERTAIN DETERMINATION REQUIREMENTS—

(1) Section 414(p)(10) of section 414(p) is amended by striking “and section 409(d)” and inserting “section 409(d), and section 457(d)”.

(2) Section 414(f)(4) (relating to payment of tax under subchapter D) is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

“(12) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—If a distribution or payment from an eligible deferred compensation plan described in section 457(f) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(c)(1)(A) shall apply to such distribution or payment.”.

(c) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—Subsection (p) of section 414(p) is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

“(13) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—If a distribution or payment from an eligible deferred compensation plan described in section 457(f) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(c)(1)(A) shall apply to such distribution or payment.”.

Subtitle D—Increasing Portability for Participants

Section 641. Rollovers Allowed Among Various Tax-Favored Plans

(a) ROLLOVERS FROM AND TO SECTION 457 PLAN PLANS—

(1) ROLLOVERS FROM SECTION 457 PLAN PLANS—

(A) IN GENERAL.—Section 402(c)(8)(B) (relating to transfers from eligible deferred compensation plans) is amended—

(i) by inserting “or an eligible deferred compensation plan” after “subsection (e)”;

(ii) by inserting “or an eligible plan maintained by an eligible employer described in section 457(f)(1)(A)” after “subsection (e)”;

(iii) by striking “his entire interest has been distributed to him.”

(B) MODIFICATION OF DEFINITION OF ELIGIBLE ROLLOVER.—Subsection (c)(4) of section 402(c)(4) (relating to eligible rollover distribution) is amended to read as follows:

“(C) any distribution which is made upon hardship of the employee.”.

(2) EFFECTIVE DATE.—The revised regulations under this subsection shall apply to years beginning after December 31, 2001.

(b) ROLLOVERS NOT TREATED AS ELIGIBLE ROLLOVER DISTRIBUTIONS.—

(1) MODIFICATION OF DEFINITION OF ELIGIBLE ROLLOVER.—Subsection (c)(4) of section 402(c)(4) (relating to eligible rollover distribution) is amended by striking “or a qualified domestic relations order if such administrator is prohibited from making elective and employee contributions in order for a distribution to be deemed necessary to satisfy financial need shall be equal to 6 months.”

(2) EFFECTIVE DATE.—The revised regulations under this subsection shall apply to years beginning after December 31, 2001.

(c) TAx TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—Subsection (q) of section 4972 (relating to the determination of tax on nonqualified payments) is amended by striking the following new subparagraph:

“(C) 10 PERCENT ADDITIONAL TAX.—Subsection (c)(1) is amended—

(i) in the case of a distribution described in such clause, the plan described in section 457(c)(1)(A) shall be treated as a qualified retirement plan for purposes of section 497(c).

(ii) not to exceed 10 percent.”.

(b) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(j) shall apply for purposes of subparagraph (A).

(c) REPORTING.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 497(c)).

Section 405. Deferred Limitations on Rollover Amounts

(a) ROLLOVERS FROM Section 401(a)(9) PLANS.—Subsection (b) of section 401(a)(9) (relating to limitations on rollover amounts) is amended by striking “other than money, the amount so transferred”.

(b) MODIFICATION.—Subsection (b) of section 401(a)(9) is amended—

(i) by inserting “or an eligible deferred compensation plan” after “subsection (e)”;

(ii) by striking “his entire interest has been distributed to him.”

(iii) by striking “or amount transferred”.

(iv) by striking “his entire interest has been distributed to him.”

(c) EFFECTIVE DATE.—The amendments made by this subsection shall apply to distributions made after December 31, 2001.

Section 437. Waiver of Tax on Nondeductible Contributions for Domestic or Similar Workers

(a) IN GENERAL.—Section 402(c)(6) (relating to exceptions to nondeductibility of contributions) is amended by striking “clauses (ii)” and inserting “clauses (ii)(I), (ii)(II) and (ii)(III)”.

(b) EFFECTIVE DATE.—The amendments made by this subsection shall apply to contributions made on behalf of the employer’s family (as defined in section 447(e)(1))

(c) NO INCLUSION.—Nothing in the amendments made by this section shall be construed to treat as income gain from the acquisition of any property received by an employee in an eligible rollover distribution (within the meaning of section 401(a)(31)) shall not be includible in gross income for the taxable year in which paid.

(d) WITHHOLDING.—Paragraph (12) of section 306(a) is amended by adding at the end the following:

“(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) which is maintained by an eligible employer described in section 457(f)(1)(A), or”.

(ii) IP Rules for Domestic or Similar Workers.

Subtitle C—Amending Other Workers

Section 637. Waiver of Tax on Nondeductible Contributions for Domestic or Similar Workers

(a) IN GENERAL.—Section 402(c)(6) (relating to exceptions to otherwise nondeductible contributions) is amended by striking “clauses (ii)” and inserting “clauses (ii)(I), (ii)(II) and (ii)(III)”.

(b) EFFECTIVE DATE.—The amendments made by this subsection shall apply to contributions made on behalf of the employer’s family (as defined in section 447(e)(1))

(c) NO INCLUSION.—Nothing in the amendments made by this section shall be construed to treat as income gain from the acquisition of any property received by an employee in an eligible rollover distribution (within the meaning of section 401(a)(31)) shall not be includible in gross income for the taxable year in which paid.
(h) ALLOWANCE OF ROLLOVERS FROM AND TO 403(b) PLANS.—

(1) ROLLOVERS FROM SECTION 403(b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts (as defined in clause (d) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on or before July 24, 1986 by such individual which is permitted solely by reason of any amendment made by this section.

SEC. 642. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following:

"(i) is an eligible retirement plan described in clause (ii) of section 402(c)(8)(B)."

(b) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

"(I) APPLICABILITY OF SECTION 72.—

"(i) in general.—If—

"(A) a distribution is made from an individual retirement plan, and

"(B) a rollover contribution is made to an eligible retirement plan, as defined in section 402(c)(8)(B), (ii) is an eligible retirement plan described in section 402(c)(8)(B)(ii) or subparagraph (A) of section 402(c)(8)(B)."

SEC. 643. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) PLAN TRANSFERS.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—Paragraph (6) of section 411(d) (relating to accelerated benefit not to be decreased by amendment) is amended by adding at the end the following:

"(B) PLAN TRANSFERS.—

"(i) in general.—Defined contribution plan (in this subparagraph referred to as the "transferee plan") and defined benefit plan (in this subparagraph referred to as the "transferor plan") shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide..."
some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the ‘‘transferor plan’’) to the extent that—

(1) the forms of the transferor plan and the transferee plan authorize the transfer described in subparagraph (i);

(II) the transfer described in subparagraph (i) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan;

(III) the election described in subparagraph (i) was made after the participant or beneficiary received a notice describing the consequences of making the election; and

(IV) the transferee plan allows the participant or beneficiary, in the case of a plan of an eligible employer, to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

‘(I) SPECIAL RULE FOR MERGERS, ETC.—Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.’.

(AMENDMENT OF ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(4)) is amended by adding at the end the following:

‘‘(4)(A) a defined contribution plan (in this subparagraph referred to as the ‘‘transferor plan’’) shall not be treated as failing to meet the requirements of this subsection merely because the transferor plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the ‘‘transferor plan’’) to the extent that—

(i) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan;

(ii) the forms of the transferor plan and the transferee plan authorize the transfer described in clause (i);

(iii) the transfer described in clause (i) was made after the participant or beneficiary whose account was transferred to the transferee plan;

(iv) the election described in clause (iii) was made after the participant or beneficiary received a notice describing the consequences of making the election; and

(v) the transferee plan allows the participant or beneficiary, in the case of a plan of an eligible employer, to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

(B) Subparagraph (A) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.’.’

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

(b) 457 PLANS.—Subsection (e) of section 457, as amended by section 401, is amended by adding after paragraph (16) the following new paragraph:

‘‘(17) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includable in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)(1)) if such transfer is—

(A) for the purchase of permissive service credit (as defined in section 415(e)(5)(A)) under such plan, or

(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.’’

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2001.

SEC. 648. EMPLOYERS MAY THRESHOLD ROLL-OVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(1) AMENDMENT OF INTERNAL REVENUE CODE.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

‘‘(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions and earnings allocable thereto. For purposes of this subparagraph, the term ‘rollover contributions’ means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(c)(6).’’

(2) AMENDMENT OF ERISA.—Section 203(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(e)(1)) is amended by adding at the end the following:

‘‘(A) is paid to the participant or other beneficiary, in the case of a plan of an eligible employer, as gross income only for the taxable year in which such amount is includable in income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)(1)) if such transfer is—

(A) for the purchase of permissive service credit (as defined in section 415(e)(5)(A)) under such plan, or

(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.’’

SEC. 649. MINIMUM DISTRIBUTION AND INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) MINIMUM DISTRIBUTION REQUIREMENTS.—Paragraph (2) of section 457(d) (relating to distribution requirements) is amended as read as follows:

‘‘(2) MINIMUM DISTRIBUTION REQUIREMENTS.—(A) IN GENERAL.—The minimum distribution requirements of this paragraph shall apply to distributions after December 31, 2001.

(B) INTEREST.—The requirements of this paragraph shall apply in all years beginning after December 31, 2001.

(C) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2001.

SEC. 650. MINIMUM DISTRIBUTION AND INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) MINIMUM DISTRIBUTION REQUIREMENTS.—Paragraph (2) of section 457(d) (relating to distribution requirements) is amended as read as follows:

‘‘(2) MINIMUM DISTRIBUTION REQUIREMENTS.—(A) IN GENERAL.—The minimum distribution requirements of this paragraph shall apply to distributions after December 31, 2001.

(B) INTEREST.—The requirements of this paragraph shall apply in all years beginning after December 31, 2001.

(C) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2001.

SEC. 651. INCORPORATION OF ENacted PROVISIONS.

(a) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2001.

SEC. 652. TREATMENT OF BENEFITS AND SUBSIDIES THAT CREATE SIGNIFICANT BURDENS OR COMPLEXITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall by regulations provide that paragraph (2)(B) of section 401(a)(9) shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

(b) AMENDMENT OF ERISA.—The last sentence of section 1054(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: ‘‘The Secretary shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

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

SEC. 653. TREATMENT OF BENEFITS AND SUBSIDIES THAT CREATE SIGNIFICANT BURDENS OR COMPLEXITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

(b) AMENDMENT OF ERISA.—The last sentence of section 1054(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: ‘‘The Secretary shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

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

SEC. 654. TREATMENT OF BENEFITS AND SUBSIDIES THAT CREATE SIGNIFICANT BURDENS OR COMPLEXITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

(b) AMENDMENT OF ERISA.—The last sentence of section 1054(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: ‘‘The Secretary shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

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

SEC. 655. TREATMENT OF BENEFITS AND SUBSIDIES THAT CREATE SIGNIFICANT BURDENS OR COMPLEXITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

(b) AMENDMENT OF ERISA.—The last sentence of section 1054(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: ‘‘The Secretary shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

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

SEC. 656. TREATMENT OF BENEFITS AND SUBSIDIES THAT CREATE SIGNIFICANT BURDENS OR COMPLEXITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

(b) AMENDMENT OF ERISA.—The last sentence of section 1054(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: ‘‘The Secretary shall by regulations provide that this subparagraph shall not apply to any nonforfeitable accrued benefit which creates significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.’’

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2001.
'in gross income under this subsection.'.

To the extent provided in section 72(t)(9), section 72(t) shall apply to any amount includible in gross income under this subsection.'.

SEC. 652. MAXIMUM CONTRIBUTION DEDUCTION RULES MODIFIED AND APPLIED TO ALTERNATIVE PLANS.

(a) IN GENERAL.—Subparagraph (D) of section 404(a)(1) (relating to special rule in case of certain plans) is amended to read as follows:

"(D) SECTION 412(l)(8)(C)) shall be treated as one plan, but a plan has more than 100 participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 414(g)) resulting from a plan amendment which is made or becomes effective after the unfunded termination liability (determined as if the proposed termination date referred to in section 4041(b)(2)(A)(i)(II) of the Employee Retirement Income Security Act of 1974 were the last day of the plan year).".

(b) IN GENERAL.—Subparagraph (D) of section 415(b)(1)(A) (relating to combining of plans) is amended by redesignating subparagraph (D) as subsection (q) and by inserting "(other than a multiemployer plan)" after subparagraph (B) of paragraph (1) shall not apply.".

(c) CONFORMING AMENDMENT.—Section 415(b)(7) (relating to benefits under certain collectively bargained plans) is amended by inserting "(other than a multiemployer plan)" after subparagraph (A) is amended to read as follows:

"(B) SPECIAL RULE FOR GOVERNMENT AND MULTIEmployER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(g)), subparagraph (B) of paragraph (1) shall not apply.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2001.
for the purposes of application of paragraph (5), the term 'deemed-owned share,' means, with respect to any individual—

(i) the aggregate number of deemed-owned shares of all disqualified persons (or be allocated directly or indirectly under any plan of the employer meeting the requirements of section 401(a)(9) for the benefit of any disqualified person under the rules of paragraphs (2) and (3) of section 318(a). If, without regard to this paragraph, a person is treated as a disqualified person under the rules of paragraphs (2) and (3) of section 318(a), the shares of stock in such corporation, except to the extent provided in such regulations as may be necessary to conform to the value of such stock or appreciation based on the value of such stock or appreciation right to acquire or receive stock of the S corporation in the future. Except to the extent provided in such regulations, the shares of stock in such corporation and deemed-owned shares of such corporation and deemed-owned shares of such disqualified person are treated as owned by such disqualified person.

(ii) the number of deemed-owned shares of such person shall be treated as owned by such disqualified person in the same manner as stock is treated as owned by such disqualified person under the rules of paragraphs (2) and (3) of section 318(a). If, without regard to this paragraph, a person is treated as a disqualified person under the rules of paragraphs (2) and (3) of section 318(a), this paragraph shall not be construed to result in the person or year not being so treated.

(ii) the allocation or ownership referred to in such paragraph giving rise to such tax, or

(iii) the date on which the Secretary is notified of such allocation or ownership.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Section 401(a)(31) (relating to mandatory direct transfers) is amended by inserting after subsection (a) the following new subparagraph:

(A) employee stock ownership plan, or

(B) employee stock ownership plan established in the fiscal year of an employee stock ownership plan if, at any time during such plan year—

(i) such plan holds employer securities consisting of stock in an S corporation, and

(ii) disqualified persons own at least 50 percent of the number of shares of stock in the S corporation, or

(2) E XCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after July 11, 2000, or

(B) employee stock ownership plan established on or before such date if employer securities held by the plan consist of stock in a corporation with respect to which an election under section 346(a) of the Internal Revenue Code of 1986 (relating in effect at the date of adoption of such plan) is made by the employer sponsoring such plan, or the plan is the same plan that was in effect at the date of the adoption of such plan, the amendments made by this section shall apply to plan years ending after July 11, 2000.

SEC. 657. AUTOMATIC ROLLOVERS OF CERTAIN MANDATORY DISTRIBUTIONS.

(a) DIRECT TRANSFERS OF MANDATORY DISTRIBUTIONS.—

(1) IN GENERAL.—Section 401(a)(31) (relating to optional direct transfer of eligible rollover distributions), as amended by section 643, is amended by redesignating subparagraphs (B), (C), and (D) as subparagraphs (C), (D), and (E), respectively, and by inserting after subparagraph (D) the following new subparagraph:

(B) CERTAIN MANDATORY DISTRIBUTIONS.—

(i) IN GENERAL.—In case of a trust which is part of an eligible plan, such trust shall not be a qualified trust under this section unless the plan of which such trust is a part provides that if—

(II) the account of any person in violation of section 409(p)(1).
“(I) a distribution described in clause (ii) in excess of $1,000 is made, and

“(II) the distributee does not make an election under subparagraph (A) and does not elect to receive a distribution directly without a rollover treatment, the plan administrator shall make such transfer to an individual retirement account or annuity of a designated trustee or issuer and shall notify the distributee in writing (either separately or as part of another) that the distribution may be transferred without cost or penalty to another individual account or annuity.

“(b) ELIGIBLE PLAN.—For purposes of clause (i), the term ‘eligible plan’ means a plan which provides that any nonforfeitable accrued benefit for which the present value (as determined under section 411(d)) does not exceed $5,000 shall be immediately distributed to the participant.”

“(2) REFORMING AMENDMENTS.—

“(A) The heading of section 401(a)(31) is amended by striking ‘OPTIONAL DIRECT’ and inserting ‘DIRECT’.

“(B) Section 401(a)(31), as redesignated by paragraph (1), is amended by striking ‘Subparagraph (A)’ and inserting ‘Subparagraphs (A) and (B)’.

“(2) NOTICE REQUIREMENT.—Section 401(a)(31)(C), as redesignated by paragraph (1), is amended by striking ‘and’ at the end of subparagraph (B) and substituting ‘or’ therefor.

“(3) COMPLIANCE PERIOD.—Subparagraph (A) of section 401(a)(31)(C) of the Internal Revenue Code of 1986, as redesignated by paragraph (1), is amended by striking ‘and’ at the end of subparagraph (B) and inserting ‘or’ therefor.

“SEC. 459. FAILURE TO PROVIDE NOTICE OF PENSION PLAN AMENDMENTS HAVING THE EFFECT OF SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

“(a) EXCISE TAX.—

“(1) IN GENERAL.—Chapter 43 (relating to qualified pension, etc., plans) is amended by adding at the end of the last paragraph of section 4980F—

“SEC. 4980F. FAILURE TO PROVIDE NOTICE OF PENSION PLAN AMENDMENTS HAVING THE EFFECT OF SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

“(a) IMPOSITION OF TAX.—There hereby is imposed a tax on the failure of an applicable pension plan to meet the requirements of subsection (b) with respect to any individual plan.

“(b) AMOUNT OF TAX.—

“(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $10 for each day in the noncompliance period with respect to such failure.

“(2) NONCOMPLIANCE PERIOD.—For purposes of this subsection, the term ‘noncompliance period’ means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the notice to which the failure relates is provided or the failure is otherwise corrected.

“(c) LIMITATIONS ON AMOUNT OF TAX.—

“(1) TAX NOT TO APPLY WHERE FAILURE NOT DISCOVERED AND REASONABLE DILIGENCE EXERCISED.—No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that the plan administrator is liable for the tax under subsection (d) did not know that the failure existed and exercised reasonable diligence to meet the requirements of subsection (e).

“(2) FAILURE CONRECTED WITHIN 30 DAYS.—No tax shall be imposed by subsection (a) on any failure if—

“(A) any person subject to liability for the tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e), and

“(B) such person provides the notice described in subparagraph (A) before the commencement of the noncompliance period beginning on the first date such person knew, or exercised reasonable diligence would have known, that such failure existed.

“(3) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—

“(A) IN GENERAL.—If the person subject to liability for failure under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e), the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the plan year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as a single plan.

“(B) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this paragraph, if all persons who are treated as a single employer for purposes of this section do not have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

“(4) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary, in the case of any part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive or otherwise inequitable relative to the failure involved.

“(5) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a)—

“(A) in the case of a plan other than a multi- employer plan, the employer,

“(B) in the case of a multiemployer plan, the plan administrator.

“(c) NOTICE REQUIREMENTS FOR PLAN AMENDMENTS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

“(1) IN GENERAL.—If the sponsor of an applicable pension plan adopts an amendment which has the effect of significantly reducing the rate of benefit accrual of 1 or more participating employees, or an amendment which reduces the rate of benefit accrual of 2 or more participating employees, the plan administrator shall, not later than the 45th day before the effective date of the amendment, provide written notice to each employee or the association representing applicable individuals which—

“(A) sets forth a summary of the plan amendment and the effective date of the amendment;

“(B) includes a statement that the plan amendment is expected to significantly reduce the rate of future benefit accrual, or reduces the benefit, for the class of employees reasonably expected to be affected by the reduction in the rate of future benefit accrual;

“(C) sets forth examples illustrating how the plan will change benefits for such classes of employees;

“(D) if paragraph (2) applies to the plan amendment, includes a notice that the plan administrator will provide a benefit estimation tool kit described in paragraph (2)(B) to each applicable individual no later than the date required under paragraph (2)(A), and

“(E) includes a notice of each applicable individual’s right under Federal law to receive, and procedures for requesting, an annual benefit statement.

“(2) REQUIREMENT TO PROVIDE BENEFIT ESTIMATION TOOL KIT.—

“(A) IN GENERAL.—If a plan amendment results in the significant restructuring of the plan benefit formula (as determined under regulations prescribed by the Secretary, the plan administrator shall, not later than the 15th day before the effective date of the amendment, provide a benefit estimation tool kit described in subparagraph (B) to each applicable individual.

“(B) BENEFIT ESTIMATION TOOL KIT.—The benefit estimation tool kit described in this subparagraph shall include the following information:

“(i) Sufficient information to enable an applicable individual to estimate the individual’s projected retirement benefits under the terms of the plan in effect both before and after the adoption of the amendment.

“(ii) The formulas and actuarial assumptions necessary to estimate the value of any early retirement benefit or retirement-type subsidy (within the meaning of
section 411(d)(6)(B)(i) is included in the lump sum distribution.

"(3) NOTICE TO DESIGNEE.—Any notice under paragraph (1) or (2) may be provided to a person designated as the person to which it would otherwise be provided.

"(4) FORM OF EXPLANATION.—The information required to be provided under this subsection shall be prepared in a manner calculated to be reasonably understood by the average plan participant.

"(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) APPLICABLE INDIVIDUAL.—

"(A) IN GENERAL.—The term ‘applicable individual’ means, with respect to any plan amendment—

"(i) each participant in the plan, and

"(ii) any beneficiary who is an alternate payee under the plan (as defined in section 414(p)(1)(A)), whose rate of future benefit accrual under the plan may reasonably be expected to be significantly reduced by such plan amendment.

"(B) EXCEPTION FOR PARTICIPANTS WITH LESS THAN 1 YEAR OF PARTICIPATION.—Such term shall not include a participant who has less than 1 year of participation (within the meaning of section 411(b)(4)) under the plan as of the effective date of the amendment.

"(2) APPLICABLE PENSION PLAN.—The term ‘applicable pension plan’ means—

"(A) a defined benefit plan, or

"(B) an individual account plan which is subject to the funding standards of section 412.

"(3) EARLY RETIREMENT.—A plan amendment which eliminates or significantly reduces any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i)) shall be treated as having the effect of significantly reducing the rate of future benefit accrual.

"(4) REGULATIONS RELATING TO EARLY RETIREMENT SUBSIDIES.—The Secretary shall promulgate such regulations as are necessary to carry out the provisions of this section.

"(g) REGULATIONS.—The Secretary shall, not later than 1 year after the date of the enactment of this Act, promulgate regulations to carry out the provisions of this section.

"(h) TECHNICAL CORRECTIONS.—The amendments made by this section shall be construed to be technical corrections to existing laws and shall not be substantive changes to such laws.

"(i) AMENDMENT OF ERISA.—Section 204(h) of the Employee Retirement Income Security Act of 1974 does not apply to any late amendment made by this section.

"(j) EFFECTIVE DATES.—(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

"(2) TRANSITION.—Until such time as the Secretary of the Treasury issues regulations under section 4980F(f)(2) of the Internal Revenue Code of 1986 and section 204(h)(2) of the Employee Retirement Income Security Act of 1974 (as added by the amendments made by this section), each plan shall be treated as meeting the requirements of such sections if it makes a good faith effort to comply with such requirements.

"(k) SPECIAL RULES.—The period for providing any notice required under this section shall end not before the date which is 3 months after the date of the enactment of this Act.
with recommendations thereon, to the Committee on Ways and Means and the Committee on Education and the Workforce of the House of Representatives and the Committee on Finance and the Committee on Health, Education, Labor, and Pensions of the Senate.

Subtitle F—Reducing Regulatory Burdens

SEC. 661. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) In General.—Paragraph (9) of section 412(c) (relating to annual valuation) is amended to read as follows:

“(9) ANNUAL VALUATION.—(A) IN GENERAL.—For purposes of this section, a determination of experience gains and losses and a valuation of the plan’s liability shall be made not less frequently than once every three years. However, such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary.

(B) VALUATION DATE.—

“(i) CURRENT YEAR.—Except as provided in clause (ii), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

“(ii) ELECTION TO USE PRIOR YEAR VALUATION.—The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if—

“(1) the election is in effect under this clause with respect to the plan, and

“(2) as of such date, the value of the assets of the plan are not less than 125 percent of the plan’s current liability (as defined in paragraph (7)(B)).

“(iii) ADJUSTMENTS.—Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

“(iv) ELECTION.—An election under clause (ii), once made, shall be irrevocable without the consent of the Secretary.

(b) AMENDMENT OF ERISA.—Paragraph (9) of section 302(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended—

(1) by inserting “(A)” after “(9)”, and

(2) by adding at the end the following:

“(B) Except as provided in clause (ii), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

“(ii) The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if—

“(1) the election is in effect under this clause with respect to the plan, and

“(2) as of such date, the value of the assets of the plan are not less than 125 percent of the plan’s current liability (as defined in paragraph (7)(B)).

“(iii) ADJUSTMENTS.—Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

“(iv) ELECTION.—An election under clause (ii), once made, shall be irrevocable without the consent of the Secretary.

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

SEC. 662. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DESTRUCTION.

(a) In General.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking “or” at the end of clause (ii), by redesignating clause (iii) as clause (ii), and by inserting after clause (ii) the following:

“(iii) is, at the election of such participants or their beneficiaries—

“(1) payable as provided in clause (i) or (ii), or

“(ii) paid to the plan and reinvested in qualifying employer securities, or

“(b) LIMITATION ON NONDEDUCTIBILITY.—Section 404(k)(1) (relating to deduction for dividends paid on certain employer securities) is amended to read as follows:

“(1) DEDUCTION.—

“(A) IN GENERAL.—In the case of a C corporation, there shall be allowed as a deduction for the taxable year an amount equal to the amount of any applicable dividend described in clause (i), (ii), or (iii) of paragraph (2)(A), and

“(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

For taxable years The applicable beginning in: percentage is:
2002, 2003, and 2004 ...... 25 percent
2005, 2006, 2007 ...... 50 percent
2008, 2009, and 2010 ...... 75 percent
2011 and thereafter .......... 100 percent.

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

SEC. 663. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) In General.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to plan years beginning after December 31, 2001.

SEC. 664. EMPLOYEES OF TAX-EXEMPT ENTITIES.

(a) In General.—The Secretary of the Treasury shall modify Treasury Regulations section 1.410(b)-6(a) to provide that employees of an organization described in section 403(b)(1)(A)(i) (or subparagraph (B) which are also used in section 414 of the Internal Revenue Code of 1986) who are eligible to make contributions under section 403(b) of such Code pursuant to a salary reduction agreement may be treated as eligible with respect to a plan under section 401(k) (or m) of such Code that is provided in substantially the same general arrangement as a plan under section 403(b), if—

(1) no employee of an organization described in section 403(b)(1)(A)(i) of such Code is eligible to participate in such section 403(b) plan or section 401(k) plan;

(2) 95 percent of the employees who are not employees of an organization described in section 403(b)(1)(A)(i) of such Code are eligible to participate in such plan under section 403(b) or (m); and

(b) EFFECTIVE DATE.—The modification required by subsection (a) shall apply as of the same date set forth in section 1425(b) of the Small Business Job Protection Act of 1996.

SEC. 665. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) In General.—Subsection (a) of section 1425(b)(7) (relating to exclusion from gross income) is amended by inserting “employer” after “participant”.

(b) EFFECTIVE DATE.—The amendments made by this section shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $250,000 or less are required to file an annual return for the first time, beginning after January 1, 1994.

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2002.

SEC. 666. IMPROVEMENTS TO Employer-Provided Plan Compliance Resolution System.

The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program) giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program;

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures;

(3) extending the duration of the self-correction period under the Self-Correction Program for significant compliance failures; and

(4) expanding the availability to correct insignificant compliance failures under the Self-Correction Program during audit.

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2002.

SEC. 668. REPEAL OF THE MULTIPLE USE TEST.

(a) In General.—Paragraph (9) of section 401(m) is amended to read as follows:
“(9) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and subsection (k), including regulations permitting appropriate aggregation of plans and contributions.”.

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

SEC. 680. FLEXIBILITY IN NONDISCRIMINATION, COVERAGE, AND LINE OF BUSINESS

(a) NONDISCRIMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury shall, by regulation, provide that a plan shall be deemed to satisfy the requirements of sections 401(a)(1) and 401(a)(5) if the plan is amended by striking “maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof)”.

(b) CONDITIONS FOR REGULATIONS.—

(1) The heading for subparagraph (G) of section 401(a)(5) is amended to read as follows: “GOVERNMENTAL PLANS”.

(2) The heading for subparagraph (H) of section 401(a)(5) is amended to read as follows: “EXCEPTION FOR GOVERNMENTAL PLANS”.

(3) Subparagraph (k)(3) is amended by inserting “GOVERNMENTAL PLANS—” after “(G)”.

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

Subtitle G—Other ERISA Provisions

SEC. 601. MISSING PARTICIPANTS.

(a) IN GENERAL.—

A plan described in paragraph (4) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (c) the following new subsection:

“(f) PLANS DESCRIBED.—A plan is described in this paragraph if—

(A) the plan is a pension plan (within the meaning of section 3(2))—

(i) under which the provisions of this section do not apply (without regard to this subsection), and

(ii) which is a plan described in paragraph (3) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting “other than a new single-employer plan (as defined in subsection (f)), a multiemployer plan (as so defined),” after “single-employer plan,”;

(2) in clause (ii), by striking the period at the end and inserting “, and”;

and

(3) by adding at the end the following new clause:

“(iv) in the case of a new single-employer plan (as defined in subsection (f)) maintained by a small employer for the plan year, $5 for each individual who is a participant in such plan during the plan year.”.

(b) DEFINITION OF NEW SINGLE-EMPLOYER PLAN.—

A plan described in section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new clause:

“(F) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor or any member of such sponsor’s controlled group (or any predecessor of such sponsor’s controlled group) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.”.

(II) In the case of a plan maintained by two or more contributing sponsors that are not part of the same controlled group, the employees of all contributing sponsors and controlled groups of such sponsors shall be aggregated for purposes of determining whether any contributing sponsor is a small employer.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plans established after December 31, 2001.

SEC. 683. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW AND SMALL PLANS.

(a) NEW PLANS.—

Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by striking “, and” after the end and inserting “, and”, and

(b) SMALL PLANS.—

Subparagraph (F) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(F)) is amended by adding at the end the following new provisions:

“(2) the following new subparagraph:

“(B) to an entity other than the corporation

“(C) to an entity other than the corporation

“(D) to the corporation, or

“(E) to the corporation, or

“(F) to the corporation.”.

SEC. 690. EXTENSION TO ALL GOVERNMENTAL PLANS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—

(1) Subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by striking “section 414(d)” and all that follows and inserting “section 414(d)”,.

(2) Subparagraph (G) of section 401(k)(3) and paragraph (2) of section 1506(d) of the Taxpayer Bill of Rights is amended by striking “maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof)”.

(b) CONDITIONS FOR REGULATIONS.—

(1) The heading for subparagraph (G) of section 401(a)(5) is amended to read as follows: “GOVERNMENTAL PLANS”.

(2) The heading for subparagraph (H) of section 401(a)(26) is amended to read as follows: “EXCEPTION FOR GOVERNMENTAL PLANS”.

(3) Subparagraph (k)(3) is amended by inserting “GOVERNMENTAL PLANS—” after “(G)”.

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

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(G)(i) In the case of an employer who has 25 or fewer employees on the first day of the plan year, the additional premium determined under subparagraph (E) for each participant shall not exceed $50 multiplied by the number of participants in the plan as of the close of the preceding plan year.

(ii) For purposes of clause (i), whether an employer has 25 or fewer employees on the first day of the plan year is determined taking into consideration all of the employees of all members of the contributing sponsor's controlled group that are described in section 404(q) of the Internal Revenue Code of 1986.

(b) Time of Filing.—An election made by subsection (a) shall apply to plans established after December 31, 2001.

SEC. 654. AUTHORIZATION FOR PBGC TO PAY IN-TEREST ON PREMIUM OVERPAYMENTS AND UNDERPAYMENTS.

(a) In General.—Section 4007(b) of the Employment Retirement Income Security Act of 1974 (29 U.S.C. 1307(b)) is amended—

(1) by striking ("b") and inserting "(b)(1)", and

(2) by inserting at the end the following new paragraph:

"(b) The corporation is authorized to pay, subject to regulations prescribed by the corporation, interest on any amount of premium refunded to a designated payor. Interest under this paragraph shall be calculated at the same rate and in the same manner as interest is calculated for underpayments under paragraph (1)."

(c) Effective Dates.—The amendment made by subsection (a) shall apply to periods beginning not earlier than the date of the enactment of this Act.

SEC. 655. SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) Modification of Phase-In of Guarantee.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1342(b)(5)) is amended to read as follows:

"(5)(A) For purposes of this paragraph, the term "majority owner" means an individual who, at any time during the 60-month period ending on the date the determination is being made—

(1) owns the entire interest in an unincorporated trade or business,

(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

(3) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C))."

(b) Effective Date.—The amendment made by subsection (a) shall apply to determinations after December 31, 2001.

SEC. 656. CONFORMING AMENDMENTS.

(a) Section 4041(a)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(a)(1)) is amended—

(1) by striking "(4)(B) and inserting "section 4020(b)(5)(B)"; and

(2) by inserting after subsection (c) the following new subsection:

"(b) For purposes of subparagraph (D) of subsection (b) of section 1344(a), the amount of benefits provided for purposes of determining the amount of a distribution for taxation of trust interests is reduced by the amount of tax at the rate of tax which would apply to such distribution if such trust interests were not a majority owner.''.

(c) Effective Dates.—

(1) Subsection (a).—The amendments made by subsection (a) shall apply to plans established after December 31, 2001.

(2) Subsection (b).—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 2001.

SEC. 657. TAXATION OF INCOME OF TRUST.—Except as provided in subsection (f)(1)(B)(ii)(I),

(1) In General.—There is hereby imposed on the taxable income of an electing Settlement Trust a tax at the lowest rate specified in section 1(c).

(2) Capital Gain.—In the case of an electing Settlement Trust with a net capital gain for the taxable year, there is hereby imposed on such gain at the rate of tax which would apply to such gain if the taxpayer were subject to a tax on its other taxable income at only the lowest rate specified in section 1(c).

Any such tax shall be in lieu of the income tax otherwise imposed by this chapter on such income or gain.

(3) One-Time Election.—

"(I) In General.—A Settlement Trust may elect to have the provisions of this section apply to the trust and its beneficiaries.

"(II) Time and Method of Election.—An election under paragraph (I) shall be made by the trustee of such trust—

(A) on or before the due date (including extensions) for filing the Settlement Trust's return of tax for the first taxable year of such trust ending after the date of the enactment of this Act, and

(B) by attaching to such return of tax a statement specifically providing for such election.

"(4) Period in Effect.—Except as provided in subsection (f), an election under this subsection—

(A) shall apply to the first taxable year described in paragraph (2)(A) and all subsequent taxable years, and

(B) may not be revoked once it is made.

(4) Contributions to Trust.—

"(I) Beneficiaries of Electing Trust Not Taxed on Contributions.—In the case of an electing Settlement Trust, no amount shall be includable in the gross income of a beneficiary of such trust by reason of a contribution to such trust.

"(2) Earnings and Profits.—The earnings and profits of the sponsoring Native Corporation shall not be reduced on account of any contribution to such Settlement Trust.

"(e) Tax Treatment of Distributions to Beneficiaries.—Amounts distributed by an electing Settlement Trust during any taxable year shall be considered to possess the following characteristics in the hands of the recipient beneficiaries:

"(1) First, as amounts excludable from gross income for the taxable year to the extent of the taxable income of such trust for such taxable year (decreased by any income tax paid by the trust with respect to the income) plus any amounts included from gross income of the trust under section 103.

"(2) Second, as amounts excludable from gross income to the extent of the amount described in paragraph (1) for all taxable years for which an election is in effect under subsection (c) with respect to the trust, and not previously taken into account under paragraph (1).

"(3) Third, as amounts distributed by the sponsoring Native Corporation with respect to its stock (within the meaning of section 301(a) of such Act) attributable to the taxable year after proper adjustment is made for all distributions made by the sponsoring Native Corporation during such taxable year.

"(4) Fourth, as amounts described in paragraph (1) for the taxable year of the trust in excess of the distributable net income of such trust for such taxable year.

Amounts distributed to which paragraph (3) applies shall not be treated as a corporate distribution for purposes of section 301(c) or section 301(d) of such Act, and the basis of the trust in such amounts shall be increased by the amount of tax imposed by this section.
recipients, section 643(e) and not section 301(b) or (d) shall apply.

"(f) Special Rules Where Transfer Restrictions Modified.—

"(1) Taxpayer’s Beneficial Interests.—If, at any time, a beneficial interest in an electing Settlement Trust may be disposed of by a person in a manner which would not be permitted by section 7(h), the provisions of this section shall apply to distributions made by the sponsoring Native Corporation during such taxable year. In no case shall the increase under clause (iii) exceed the fair market value of the trust’s assets as of the date the beneficial interest of the trust first becomes so disposable. The earnings and profits of the Native Corporation Trust shall be determined under section 311 of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if such interest were Settlement Common Stock—

"(A) no election may be made under subsection (b) of section 643 of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if such interest were Settlement Common Stock,

"(B) if such an election is in effect as of such time—

"(i) such election shall cease to apply as of the close of the taxable year in which such disposition is first permitted,

"(ii) the provisions of this section shall not apply to such trust for such taxable year and all taxable years thereafter, and

"(iii) the distributable net income of such trust shall be increased by the current or accumulated earnings and profits of the sponsoring Native Corporation for the taxable year after proper adjustment is made for all distributions made by the sponsoring Native Corporation during such taxable year.

"(2) Stock in Corporation.—If—

"(A) stock in the sponsoring Native Corporation may be disposed of by a person in a manner which would not be permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if such stock were Settlement Common Stock, and

"(B) the stock after such disposition of stock is first permitted, such corporation transfers assets to a Settlement Trust, paragraph (1)(B) shall be applied to such trust on and after the date of the transfer in the same manner as if the trust permitted disposal of such beneficial interests in the trust in a manner not permitted by such section 7(h).

"(3) Certain Distributions.—For purposes of this section, the transfer of an interest in a Native Corporation or an electing Settlement Trust in order to accomplish the whole or partial liquidation of a sponsoring Native Corporation or beneficiary in such corporation or trust, or to accomplish the whole or partial liquidation of such corporation or trust, shall be deemed to be a transfer by section 7(h) of the Alaska Native Claims Settlement Act.

"(g) Taxable Income.—For purposes of this title, the taxable income of an electing Settlement Trust shall be determined under section 641(b) without regard to any deduction under section 651 or 661.

"(b) Definitions.—For purposes of this section—

"(1) Electing Settlement Trust.—The term ‘electing Settlement Trust’ means a Settlement Trust which has made the election, effective for a taxable year, described in subsection (c).

"(2) Native Corporation.—The term ‘Native Corporation’ has the meaning given such term by section 3(m) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)).

"(3) Settlement Common Stock.—The term ‘Settlement Common Stock’ has the meaning given such term by section 3(p) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(p)).

"(4) Settlement Trust.—The term ‘Settlement Trust’ means a trust that constitutes a settlement trust under section 3(1) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(1)).

"(5) Sponsoring Native Corporation.—The term ‘sponsoring Native Corporation’ means the Native Corporation which transfers assets to an electing Settlement Trust.

"(i) Special Loss Disallowance Rule.—Any loss that would otherwise be recognized by a recipient of the stock of a sponsoring Native Corporation shall be reduced (but not below zero) by the per share loss adjustment factor. The per share loss adjustment factor shall be determined by multiplying all contributions to all electing Settlement Trusts sponsored by such Native Corporation made on or after the first day each trust is treated as an electing Settlement Trust as defined in (ii) and shall be allocated on a per share basis and determined as of the day of each such contribution.

"(j) Cross Reference.—

"For information required with respect to electing Settlement Trusts and sponsoring Native Corporations, see section 6059H ."

(h) Reporting.—Subpart A of part III of chapter 61 of subtitle F (relating to information concerning persons subject to special provisions) is amended by inserting after section 6093G the following new section:

"SEC. 6059H. Information with Respect to Alaska Native Settlement Trusts and Sponsoring Native Corporations."

"(a) Requirement.—The fiduciary of an electing Settlement Trust (as defined in section 646(h)(1)) shall include with the return of income of the trust a statement containing the information required under subsection (c).

"(b) Application.—"(1) APPLICABLE REQUIREMENTS.—"The filing of any statement under this section shall be in lieu of the reporting requirements under section 6041A to furnish any statement to a beneficiary regarding amounts distributed to such beneficiary (and such other reporting rules as the Secretary deems appropriate).

"(c) Required Information.—The information required under this subsection shall include—

"(1) the amount of distributions made during the taxable year to each beneficiary,

"(2) the treatment of such distribution under the applicable provisions of section 646, including the amount that is excluded from the recipient’s gross income under section 646, and

"(3) the amount (if any) of any distribution during such year that is deemed to have been made by the sponsoring Native Corporation (as defined in subsection (d)).

"(d) Sponsoring Native Corporation.—

"(1) In General.—The electing Settlement Trust shall, on or before the date on which the statement required to be filed, furnish such statement to the sponsoring Native Corporation (as so defined).

"(2) Distributees.—The sponsoring Native Corporation shall furnish each recipient of a distribution described in section 646(e)(3) a statement containing the amount deemed to have been distributed to such recipient by such corporation for the taxable year.

"(e) Clerical Amendment.—

"(1) The table of sections for subpart A of part III of chapter 61 of subtitle F of such Code is amended by adding at the end the following new item:

"Sec. 646. Tax treatment of electing Alaska Native Settlement Trusts ."

"(2) The table of sections for subpart A of part III of chapter 61 of subtitle F of such Code is amended by inserting after the item relating to section 6093G the following new item:

"Sec. 6093H. Information with respect to Alaska Native Settlement Trusts and sponsoring Native Corporations ."

"(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

"Subtitle B—Compliance With Congressional Budget Act

SEC. 701. INCREASE IN ALTERNATIVE MINIMUM TAX EXEMPTION.

(a) In General.—

"(1) Subparagraph (A) of section 55(d)(1) (relating to exemption amount for taxpayers other than corporations) is amended by striking ‘‘$15,000’’ and inserting ‘‘$20,000’’ in the case of taxable years beginning in 2001, 2002, 2003, 2004, 2005, and 2006’’.


"(b) Conforming Amendments.—

"(1) Paragraph (1) of section 55(d) is amended by striking ‘‘and’’ at the end of subparagraph (B) and inserting after subparagraph (B) the following new subparagraphs:

"(C) 30 percent of the dollar amount applicable to subparagraph (A)(1) in the case of a married individual who files a separate return, and

"(D) $22,500 in the case of an estate or trust .”,

"(2) Subparagraph (C) of section 55(d)(3) is amended by striking ‘‘paragraph (1)(C)’’ and inserting ‘‘paragraph (1)(C) or (D) of paragraph (1)’’.

"(3) The last sentence of section 55(d)(3) is amended—

"(A) by striking ‘‘paragraph (1)(C)(i)’’ and inserting ‘‘paragraph (1)(C)(i)’’; and

"(B) by striking ‘‘$165,000 or (ii) $22,500’’ and inserting ‘‘the minimum amount of such income (as so determined) for which the exemption amount under paragraph (1)(C) is zero, or (ii) such exemption amount (determined without regard to this paragraph)’’.

"(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

"Subtitle B—Compliance With Congressional Budget Act

"Sec. 711. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2004, shall cease to apply as of the close of September 30, 2011.

"Title VIII—Other Provisions

"Subtitle A—In General

"Subtitle A—In General

"Sec. 802. Expansion of Authority to Postpone Certain Tax-Related Deadlines.

"Notwithstanding section 6655 of the Internal Revenue Code of 1986—

"(1) 70 percent of the amount of any required installment of corporate estimated tax which is otherwise due in September 2004 shall not be due until October 1, 2004; and

"(2) 20 percent of the amount of any required installment of corporate estimated tax which is otherwise due in September 2004 shall not be due until October 1, 2004.
COORDINATION WITH THE FEDERAL EMERGENCY MANAGEMENT AGENCY.—Shall assist taxpayers in claiming and resolving Federal tax matters associated with or resulting from any Presidentially declared disaster (as so defined). One of the duties of the disaster response team shall be to extend in appropriate cases the 90-day period described in subsection (a) by not more than 30 days.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of enactment of this Act.

SEC. 803. NO FEDERAL INCOME TAX ON RESTITUTION RECEIVED BY VICTIMS OF THE NAZI REGIMES OR THEIR HEIRS OR ESTATES.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, any excludable restitution payment received by an eligible individual (or the individual’s heirs or estate)—

(1) shall not be included in gross income; and

(2) shall not be taken into account for purposes of applying any provision of such Code which takes into account excludable income in computing adjusted gross income, including section 85 of such Code (relating to taxation of social security benefits). For purposes of such Code, the basis of any property received by an eligible individual (or the individual’s heirs or estate) as part of an excludable restitution payment shall be the fair market value of such property as of the time of the receipt.

(b) COORDINATION WITH FEDERAL MANUFACTURED PRODUCTS.—

(1) IN GENERAL.—Any excludable restitution payment received in determining eligibility for, and the amount of benefits or services to be provided under, any Federal or federally assisted program which provides benefits or services based, in whole or in part, on need.

(2) PROHIBITION AGAINST RECOVERY OF VALUE.—No officer, agency, or instrumentality of any government shall require the taxpayer to pay value for benefits or services provided under a program described in subsection (a) before January 1, 2000, by reason of any failure to take account of excludable restitution payments received before such date.

(3) NOTICE REQUIRED.—Any agency of government receiving excludable restitution payments in determining eligibility for a program described in subsection (a) before January 1, 2000, shall make a good faith effort to notify the individual who may have been entitled to excludable benefits or services under the program of the potential eligibility of the individual for such benefits or services.

(4) IN GENERAL.—Nothing in this Act shall be construed to override any right or requirement under “An Act to require certain payments made to victims of Nazi persecution to victims of the disaster response team shall be to extend in appropriate cases the 90-day period described in subsection (a) by not more than 30 days.”

(c) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term eligible individual means an individual persecuted on racial or religious reasons by Nazi Germany, any other Axis regime, or any other Nazi-controlled or Nazi-occupied country.

(d) EXCLUDABLE RESTITUTION PAYMENT.—For purposes of this section, the term “excludable restitution payment” means any payment or distribution to an individual (or the individual’s heirs or estate) which—

(1) is payable by reason of the individual’s status as an eligible individual, including any amount payable by any foreign country, the United States of America, or any other foreign or domestic entity, or a fund established by any such country or entity, any amount payable as a result of a transaction of a legal nature and any amount payable under a law providing for payments or restitution of property; and

(2) constitutes the direct or indirect return of, or compensation or reparation for, assets stolen or hidden from, or otherwise lost to, the individual before, during, or immediately after World War II or the Axis occupation of such individual’s status as an eligible individual, including any proceeds of insurance under policies issued on eligible individuals by European insurance companies immediately before and during World War II; or

(3) consists of interest which is payable as part of any payment or distribution described in paragraph (1).

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—This section shall apply to any amount received on or after January 1, 2000.

(2) NO INERENCE.—Nothing in this Act shall be construed to create any inference with respect to the proper tax treatment of any payment received before January 1, 2000.

SEC. 804. REMOVAL OF LIMITATION.

(a) IN GENERAL.—Section 162(l)(1) of the Internal Revenue Code of 1986 (relating to exclusion of survivor benefits from gross income) is amended by adding after paragraph (2) the following new paragraph:

“(2) APPLICATION.—This subsection shall apply to amounts received after December 31, 2000.”

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 805. CIRCUIT BREAKER.

(a) IN GENERAL.—In any fiscal year beginning with or after the fiscal year in which the public at the end of that fiscal year (as projected by the Office of Management and Budget sequestration update report on August 25th preceding the beginning of such 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. 103, 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 containing a proposal described in section 310(e) of the Congressional Budget Act of 1974 (2 U.S.C. 641(e)) shall not be considered in the Senate by request of the Majority Leader (as so defined) unless a motion to table the objection is lost by a majority vote of the Senate.

(c) APPROPRIATION.—An appropriation that provides for the payment of appropriations for the fiscal year and for the period beginning with the first day of July of the fiscal year following the fiscal year for which the appropriations were made in an amount 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.

SEC. 806. DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Section 162(l)(1)(B) (relating to other coverage) 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 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: “(2) ALLOWANCE OF DEDUCTION.—In the case of an employee within the meaning of section 401(c)(1) (other than an employer) or the spouse of such employee, the amount of the deduction shall be treated as paid for any purpose or function described under clause (iv), and for any purpose or function described under clause (v) if the amount attributable to the function is less than 10 months prior to such contribution.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.
``(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 property which is claimed to be worthless—
``(1) owned, maintained, and displayed by organizations described in subsection (b)(1)(A), and
``(2) sold 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 CARRYBACK; DEPRECIATION.— The increase in the deduction under this section by reason of this paragraph for any taxable year—
``(i) is not in excess of the 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 (a).
``(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 or improved by 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 CONTRIBU TIONS.—Paragraph (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 amendments made by this section shall apply to contributions made after the date of the enactment of this Act.
``SEC. 909. 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 202A(c)(1)(E)(i) 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.
``SEC. 810. 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 paragraph (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 INCREM ENTAL CREDIT.—
``(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental deduction) is amended by striking "2.65 percent" and inserting "3 percent", and
``(B) by striking "3.2 percent" and inserting "4 percent", and
``(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.
``SEC. 811. CREDIT FOR MEDICAL RESEARCH RELATED TO DEVELOPING VACCINES AGAINST WIDESPREAD DISEASES.
``(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter I (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.
````(1) IN GENERAL.—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.
````(2) QUALIFIED VACCINE RESEARCH EXPENSES.—For purposes of this section—
````(A) QUALIFIED VACCINE RESEARCH CREDIT.—
````(i) 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 (D) for purposes of this section.
````(ii) MODIFICATIONS; INCREASED INCENTIVE FOR CONTRACT RESEARCH PAYMENTS.—For purposes of subparagraph (A), subsection (b) of section 41 shall be read—
````(i) by substituting 'vaccine research' for 'qualified research' each place it appears in paragraphs (1) and (2) of such subsection, and
````(ii) by substituting '100 percent' for '5 percent' in paragraph (3)(A) of such subsection.
````(B) EXCLUSION FOR FUNDS PAID 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.
````(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 qualified vaccine research expenses (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.
````(C) COORDINATION WITH CREDIT FOR INCREASED DEDUCTION OF INCOME TAX.—The amendments made by this subsection shall apply to amounts paid or incurred after the date of the enactment of this Act.
````(D) AGAINST WIDESPREAD DISEASES.
````(E) LYNCHING TREATED AS SEPARATE PROPERTY.—No credit shall be allowed under this section for any 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) TRANSITION RULE.—Section 39(d), as amended by section 620, is amended by adding at the end the following new paragraph:
````(D) 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.
````(E) DENIAL OF DOUBLE BENEFIT.—Section 280C is amended by adding at the end the following new subsection:
````(D) CREDIT FOR QUALIFIED 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.
````(E) DEDUCTION FOR UNSED PORTION OF CREDIT.—Section 196(c) (defining qualified business credits) is amended by striking "and" at the end of paragraph (4), by striking the period at the end of paragraph (9) and inserting ", and", and by adding at the end the following new paragraph:
````(G) the vaccine research credit determined under section 45G(a) (other than such credit determined under the rules of section 280C(d)(2)).
````(3) 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:
````Sect. 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.
````SEC. 812. ACCELERATION OF BENEFITS OF WAGE TAX CREDITS FOR EMPowerMENT ZONES.
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 Families (RELIEF) Act of 2001, or
````(2) July 1, 2001."
SEC. 813. TREATMENT OF CERTAIN HOSPITAL SUPPORT ORGANIZATIONS AS QUALIFIED ORGANIZATIONS FOR PURPOSES OF DETERMINING ACQUISITION INDEBTEDNESS.

(a) IN GENERAL.—Subparagraph (C) of section 514(c)(4) of the Internal Revenue Code of 1986 (relating to the property acquired by an 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:

"(9) 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—

"(A) were acquired, directly or indirectly, by gift or otherwise or

"(B) consisted of real property, and

"(ii) the fair market value of the organization’s real estate acquired, directly or indirectly, by gift or otherwise or by the proceeds of sales of assets of the description in clause (i) at any time since its organization, was not less than 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 otherwise or by the proceeds of sales of assets of the description in clause (i) at any time since its organization, to the extent that the property to be financed by the net proceeds of the issue is described in section 142(a)(4), but only to the extent the property to be financed by the net proceeds of the issue is described in section 142(a)(4)."

(c) EXEMPT FROM AMT.—Section 57(f)(6)(C) of the Internal Revenue Code of 1986 (relating to tax-exempt bond investments of specified private activity bonds) is amended by adding at the end the following new clause:

"(4) EXCEPTION FOR CERTAIN WATER FACILITY BONDS.—For purposes of subparagraph (F)(iii), 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) only to the extent that the property to be financed by the net proceeds of the issue is described in section 142(a)(4)."

SEC. 814. TAX-EXEMPT BOND AUTHORITY FOR TREATMENT FACILITIES REDUCING ARSENIC LEVELS IN DRINKING WATER.

(a) IN GENERAL.—Section 142(c)( relating to facilities for the furnishing of water) is amended—

(1) by redesigning 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 for the furnishing of water with a per billion arsenic standard recommended by the National Academy of Sciences."

(b) FACILITIES NOT SUBJECT TO STATE CAP.—Section 142(c)(3) (relating to coordination with other requirements) is amended by striking "or" at the end of paragraph (D) and inserting "; and" in place thereof.

SEC. 815. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAX PAYMENTS DUE IN 2011.

Notwithstanding section 6655 of the Internal Revenue Code of 1986 (relating to an estimated tax payment due under such section), the time for payment 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 estimated tax payment determined without regard to this section.

SEC. 816. DISCLOSURE OF TAX INFORMATION TO FACILITATE COMBINED EMPLOYER TAX REPORTING.

Section 6013(d)(5) is amended to read as follows:

"(5) DISCLOSURE FOR COMBINED EMPLOYER 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 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 any inspections made pursuant to this paragraph.".

Subtitle B—Compliance With Congressional Budget Act

SEC. 821. SUNSET OF PROVISIONS OF TITLE.

All provisions of, or amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE IX—SECTION 257 POLITICAL ORGANIZATION REPORTING REQUIREMENTS

SEC. 901. 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 amendment made by Public Law 106–230.

SEC. 902. EXEMPTION FOR CERTAIN STATE AND LOCAL POLITICAL COMMITTEES FROM REPORTING AND REVERSAL REQUIREMENTS.

(a) EXEMPTION FROM REPORTING REQUIREMENTS.—Paragraph (1) of section 527(h) (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 tax-exempt status has been determined, it shall be required to be reported under this subsection, and

"(ii) if 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), such organization shall be required to make such information available to the public (not by more than $100) than the minimum amount required under this subsection.

(2) DESCRIPTION OF ORGANIZATION.—Section 527(h)(5) is amended by adding at the end the following:

"(T) certain organizations.—Any organization is described in this paragraph if—

"(A) such organization is not described in subparagraph (A), (B), (C), (D), or (E) of paragraph (1),

"(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, appointment of any candidate for Federal office or 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,

"(D) either an 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 "or" at the end of subparagraph (A) and inserting "and all that follows through "section" and inserting "organization"—

"(E) which has political organization taxable income (within the meaning of section 527(c)(1)) for the taxable year, or

"(F) which—

"(1) is a political committee of a State or local candidate or an organization to which section 527 applies solely by reason of subsection (j)(1) of such section, and

"(2) has gross receipts—

"(I) in the case of political organization described in section 527(h)(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;"

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by Public Law 106–230.

SEC. 903. NOTIFICATION OF INTERACTION OF REGISTRANTS WITH CANDIDATES.

(a) IN GENERAL.—The Secretary of the Treasury, in consultation with the Federal Election Commission, shall prescribe—

"(1) a form, instruction, notice, or other guidance for the purpose of informing registrants of 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 acceptable 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. 904. WAIVER OF PENALTIES.

(a) WAIVER OF FILING PENALTIES.—Section 527 is amended by adding at the end the following:—
LEGISLATION INTRODUCED MAY 24, 2001

Due to electronic transmission difficulties, the text of several bills, resolutions, and amendments introduced or modified on May 24, 2001, were omitted from the Record. The text of these items follows:

S. 945

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 “Home-Office Deduction Simplification Act of 2001”.

SEC. 2. REPEAL OF RECOGNITION OF GAIN RULE FOR HOME OFFICE.

(a) IN GENERAL.—Subsection (d) of section 121 of the Internal Revenue Code of 1986 (relating to exclusion of gain from sale of principal residence) is amended by striking paragraph (6) and redesignating paragraphs (7) and (8) as paragraphs (6) and (7), respectively.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to any tax assessed or penalty imposed after June 30, 2000.

S. 948

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 “Community Rail Line Relocation Assistance Act of 2001”.

SEC. 2. RAIL LINE RELOCATION GRANT PROGRAM.

(a) ESTABLISHMENT.—

(1) AUTHORITY.—Chapter 2 of title 23, United States Code, is amended by inserting after section 206 the following:

‘‘207. Capital grants for rail line relocation projects.

(a) Establishment of Program.—The Secretary shall carry out a grant program to provide financial assistance for local rail line relocation projects.

(b) Eligibility.—A State is eligible for a grant under this section for any project for the improvement of the route or structure of a rail line passing through a municipality of the State if—

1. The project will benefit each of the following:
   (i) A permanent resident of the municipality.
   (ii) The rail line to be relocated is a primary route or structure for moving freight or passengers.

2. The project will benefit the following:
   (i) The local government will not bear any cost for the project.
   (ii) The project will benefit the following:
      (I) The municipality.
      (II) The State.

3. The project will benefit the following:
   (i) The project will benefit the following:
      (I) The municipality.
      (II) The State.

(b) REGULATIONS.—

(1) INTERIM REGULATIONS.—Not later than December 31, 2001, the Secretary of Transportation shall issue temporary regulations to implement the grant program under section 207 of title 23, United States Code, as added by subsection (a). Subchapter II of chapter 5 of title 23, United States Code, shall apply to the issuance of a temporary regulation under this paragraph or of any amendment of such a temporary regulation.

(2) FINAL REGULATIONS.—Not later than October 1, 2002, the Secretary shall issue final regulations implementing the program.
(b) ADJUSTMENT OF STATUS.—If Zhengfu Ge enters the United States before the filing deadline specified in subsection (c), she shall be considered to have entered and remained lawfully and shall otherwise be eligible for adjustment of status under section 245 of the Immigration and Nationality Act as of the date of enactment of this Act.

(c) APPLICATION AND PAYMENT OF FEES.—Subsections (a) and (b) shall apply only if the application for issuance of an immigrant visa or the application for adjustment of status are filed with appropriate fees within 2 years after the date of enactment of this Act.

(d) REDUCTION OF IMMIGRANT VISA NUMBERS.—During the granting of an immigrant visa or permanent residence to Zhengfu Ge, the Secretary of State shall instruct the proper officer to reduce by one, during the current or next following fiscal year, the total number of immigrant visas that are made available to natives of the country of the alien’s birth under section 202(a) of the Immigration and Nationality Act as of the date of enactment of this Act.

(e) TECHNICAL AMENDMENTS.—

(1) Section 1001 of the Solid Waste Disposal Act (42 U.S.C. 6991) is amended by striking “relevent” and inserting “relevant”;

(2) Section 9003(h) of the Solid Waste Disposal Act (42 U.S.C. 6991b(h)) is amended—

(A) by striking “paragraphs (1) and (2) of this subsection” and inserting “paragraphs (1), (2), and (12)”; and

(B) by inserting “and section 9001(a)” before “(f)”;

and

(2) by adding at the end the following:

“(12) REMEDIATION OF MTBE CONTAMINATION.—

(A) IN GENERAL.—The Administrator and the States may use funds made available under section 9011 to carry out corrective actions with respect to a release of methyl tertiary butyl ether that presents a hazard to human health, welfare, or the environment.

(B) APPLICABLE AUTHORITY.—Subparagraph (A) shall be carried out—

(i) by the Administrator of the Environmental Protection Agency under paragraph (7); and

(ii) in the case of a State, in accordance with a cooperative agreement entered into by the Administrator and the State under paragraph (7).

(b) RELEASE PREVENTION AND COMPLIANCE.—Subtitle I of the Solid Waste Disposal Act (42 U.S.C. 6991 et seq.) is amended by striking section 9010 and inserting the following:

“SEC. 9010. RELEASE PREVENTION AND COMPLIANCE.

“Funds made available under section 9012 from the Leaking Underground Storage Tank Trust Fund may be used for conducting inspections, or for issuing orders or bringing actions under this subtitle—

(1) by a State (pursuant to section 9003(h)(7)) acting under—

(A) a program approved under section 9004; or

(B) State requirements regulating underground storage tanks that are similar or identical to this subtitle; and

(2) by the Administrator, acting under this subtitle or a State program approved under section 9004.

SEC. 9011. AUTHORIZATION OF APPROPRIATIONS.

“In addition to amounts made available under section 207(f), there are authorized to be appropriated from the Leaking Underground Storage Tank Trust Fund—

(1) to carry out section 9003(h)(12), $200,000,000 for fiscal year 2002, to remain available until expended; and

(2) to carry out section 9010—

(A) $50,000,000 for fiscal year 2002; and

(B) $30,000,000 for each of fiscal years 2003 through 2007.

(c) TECHNICAL AMENDMENTS.—

(1) Section 1001 of the Solid Waste Disposal Act (42 U.S.C. 6991) is amended by striking “subsections (c) and (d) of this section” and inserting “subsections (c) and (d)”.

(2) Section 9004(a) of the Solid Waste Disposal Act (42 U.S.C. 6991a(a)) is amended in the first sentence by striking “the Administrator” and inserting “the Secretary of State”.

(3) Section 9005(1)(c) of the Solid Waste Disposal Act (42 U.S.C. 6991c(1)(c)) is amended by striking “paragraphs (2)(B) and (3)(A)(v)” to gasoline sold or dispensed in an area in the State becomes a covered area.

(4) Section 9001(3)(A) of the Solid Waste Disposal Act (42 U.S.C. 6991d) is amended in the second sentence by striking “paragraph (2), (3)(A)(v)” to gasoline sold or dispensed in an area in the State becomes a covered area.

(5) Section 9002 of the Solid Waste Disposal Act (42 U.S.C. 6991a) is amended—

(A) in subsection (a), by striking “study taking” and inserting “study, taking”;

(B) in subsection (b)(1), by striking “relevant” and inserting “relevant;” and

(C) in subsection (b)(4), by striking “Environmental” and inserting “Environmental”.

SEC. 3. AUTHORITY FOR WATER QUALITY PROTECTION FROM FUELS.

(a) IN GENERAL.—Section 21(c) of the Clean Air Act (42 U.S.C. 7545(c)) is amended—

(1) in paragraph (1)(A)—

(A) by inserting “fuel or fuel additive or” after “Administrator any”; and

(B) by inserting “or water quality protection, after “emission control”; and

(2) in paragraph (4)(B), by inserting “or water quality protection,” after “emission control”; and

(3) by adding at the end the following:

“(b) BAN ON THE USE OF MTBE.—Not later than 1 year after the date of enactment of this Act, any person that produces or distributes gasoline containing methyl tertiary butyl ether shall ban the sale, offer for sale, sale, or delivery of gasoline containing methyl tertiary butyl ether for motor vehicle fuel.

(b) EFFECT ON LAW REGARDING STATE AUTHORITY.—The amendments made by subsection (a) have no effect on the law in effect on the day before the date of enactment of this Act regarding the authority of States to limit the use of methyl tertiary butyl ether in gasoline.

SEC. 4. WAIVER OF OXYGEN CONTENT REQUIREMENT FOR REFORMULATED GASOLINE.

Section 21(k)(1) of the Clean Air Act (42 U.S.C. 7545(k)(1)) is amended—

(1) by striking “Within 1 year after the enactment of the Clean Air Act Amendments of 1990,” and inserting the following:

“(A) IN GENERAL.—Not later than November 15, 1991,”; and

(2) by adding at the end the following:

“(B) WAIVER OF OXYGEN CONTENT REQUIREMENTS.—

(I) AUTHORITY OF THE GOVERNOR.—

(I) IN GENERAL.—Notwithstanding any other provision of this subsection, a Governor of a State, upon notification by the Governor to the Administrator during the 90-day period beginning on the date of enactment of this paragraph or during the 90-day period beginning on the date on which an area in the State becomes a covered area by operation of the second sentence of paragraph (1)(D), may waive the application of paragraphs (2)(B) and (3)(A)(v) to gasoline sold or dispensed in the State.

(II) OPT-IN AREAS.—A Governor of a State that submits an application under paragraph (a) may, at any time before the date on which the Governor invokes the waiver described in clause (I), gasolines that comply with all provisions of this subsection other than paragraphs (2)(B) and (3)(A)(v) shall be considered to be reformulated gasoline for the purposes of this subsection.

(3) EFFECTIVE DATE OF WAIVER.—A waiver under clause (I) shall take effect on the earlier of—

(I) the date on which the performance standards under subparagraph (C) take effect; or

(II) the date that is 270 days after the date of enactment of this subparagraph.

SEC. 5. MAINTENANCE OF TOXIC AIR POLLUTANT EMISSION REDUCTIONS.

“(I) IN GENERAL.—As soon as practicable after the date of enactment of this subparagraph, the Administrator shall promulgate regulations consistent with subparagraph (A) and paragraph (3)(B) to ensure that reductions of toxic air pollutant emissions achieved under the reformulated gasoline program under this section before the date of enactment of this subparagraph are maintained in States for which the Governor waives the oxygenate requirement under subparagraph (B)(i); or

(II) determine that the requirement described in clause (iv)—

(aa) is consistent with the bases for performance standards described in clause (ii); and

(bb) shall be deemed to be the performance standards under this section.

(c) PADD PERFORMANCE STANDARDS.—The Administrator, in regulations promulgated under this subsection, shall set the annual average performance standards for each Petroleum Administration for Defense District (referred to in this subparagraph as a “PADD”) based on—

(1) the average of the annual aggregate reductions in emissions of toxic air pollutants achieved under the reformulated gasoline program in each PADD during calendar years 1999 and 2000, determined on the basis of the 1999 and 2000 Reformulated Gasoline Survey Data, as collected by the Administrator; and

(2) such other information as the Administrator determines to be appropriate.

(3) APPLICABILITY.—

(a) IN GENERAL.—The performance standards under this subparagraph shall be applied on an annual average import or refinery-by-refinery basis to reformulated gasoline that is sold or introduced into commerce in a State for which the Governor waives the oxygenate requirement under subparagraph (B)(i) in part of—

(I) MORE STRINGENT REQUIREMENTS.—The performance standards under this subparagraph shall not apply to the extent that any requirement under section 202(i) is more stringent than the performance standards.

(III) PADD STANDARDS.—The performance standards under this subparagraph shall not
apply in any State that has received a waiver under section 209(b).

“(IV) CREDIT PROGRAM.—The Administrator shall provide for the granting of credits for exceeding the performance standards under this subparagraph in the same manner as provided in paragraph (7).

“(IV) STATUTORY PERFORMANCE STANDARDS.—

“(I) IN GENERAL.—Subject to subclause (IV), if the regulations under clause (i)(I) have not been promulgated by the date that is 200 days after the date of enactment of this subparagraph, the requirement described in subparagraph (III) shall be deemed to be the performance standards under clause (i) and shall be applied in accordance with clause (iii).

“(II) PUBLICATION IN FEDERAL REGISTER.—Not later than 30 days after the date of enactment of this subparagraph, the Administrator shall publish in the Federal Register, for each PADD, the percentage equal to the average of the annual aggregate reductions in the PADD described in clause (i)(I).”

“(III) TOXIC AIR POLLUTANT EMISSIONS.—The annual aggregate emissions of toxic air pollutants from baseline vehicles when using reformulated gasoline in each PADD shall not be greater than—

“(aa) the aggregate emissions of toxic air pollutants from baseline vehicles when using baseline gasoline in each PADD reduced by—

“(bb) the quantity obtained by multiplying the emissions described in item (aa) for the PADD by the percentage published under subclause (II) for the PADD; and

“(IV) SUBSEQUENT REGULATIONS.—Through promulgation of regulations under clause (i)(I), the Administrator may modify the performance standards established under subclause (I) to require each PADD to achieve a greater percentage reduction than the percentage published under subclause (II) for the PADD.”

SEC. 5. PUBLIC HEALTH AND ENVIRONMENTAL IMPACTS OF FUELS AND FUEL ADDITIVES. Section 211(b) of the Clean Air Act (42 U.S.C. 7545(b)) is amended—

“(1) by striking paragraph (4); and

“(2) by redesignating paragraph (5) as paragraph (4).”

SEC. 6. ANALYSIS OF MOTOR VEHICLE FUEL CHANGES. Section 211 of the Clean Air Act (42 U.S.C. 7545(c)) is amended—

“(1) by redesigning subsection (o) as subsection (p); and

“(2) by inserting after subsection (n) the following:

“(o) ANALYSES OF MOTOR VEHICLE FUEL CHANGES AND EMISSIONS MODELING.—

“(1) ANTI-BACKSLIDING ANALYSIS.—

“(A) DRAFT ANALYSIS.—Not later than 4 years after the date of enactment of this subsection, the Administrator shall publish for public comment a draft analysis of the changes in emissions of air pollutants and air quality due to the use of motor vehicle fuel and fuel additives resulting from implementation of the amendments made by the Federal Reformulated Fuels Act of 2001.

“(B) FINAL ANALYSIS.—After providing a reasonable opportunity for comment but not later than 5 years after the date of enactment of this subsection, the Administrator shall publish the analysis in final form.

“(2) EMISSIONS MODELING.—For the purposes of this subsection, as soon as the necessary data are available, the Administrator shall develop and finalize an emissions model that reasonably reflects the effects of fuel characteristics or components on emissions from vehicles in the motor vehicle fleet during calendar year 2006.”

SEC. 7. ELIMINATION OF ETHANOL WAIVER. Section 110(k)(6) of the Clean Air Act (42 U.S.C. 7545(k)(6)) is amended—

“(1) by striking “(6) OPT-IN AREAS.—(A) Upon” and inserting the following:

“(6) OPT-IN AREAS.—

“(A) CLASSIFIED AREAS.—

“(1) IN GENERAL.—Upon;

“(B) NONCLASSIFIED AREAS.—

“(i) IN GENERAL.—

“(ii) EFFECTS ON DOMESTIC CAPACITY TO PRODUCE REFORMULATED GASOLINE—

“(1) ANTI-BACKSLIDING ANALYSIS.—

“(2) in subparagraph (B), by striking “(B)” and inserting the following:

“(ii) EFFECTS ON DOMESTIC CAPACITY TO PRODUCE REFORMULATED GASOLINE—

“(1) ANTI-BACKSLIDING ANALYSIS.—

“(2) by adding at the end the following:

“(B) NONCLASSIFIED AREAS.—

“(1) IN GENERAL.—In accordance with section 110, a State may submit to the Administrator, and the Administrator may approve, a State implementation plan revision that provides for application of the prohibition specified in paragraph (5) in any portion of the State that is not a covered area or an area referred to in subparagraph (A)(i).”

“(ii) PERIOD OF EFFECTIVENESS.—Under clause (i), the State implementation plan shall establish a period of effectiveness for applying the prohibition specified in paragraph (5) to any portion of the State that is not a covered area or an area referred to in subparagraph (A)(i).”

“(3) in subparagraph (A)(ii) (as so redesignated)—

“(A) in the first sentence, by striking “subparagraph (A)” and inserting “clause (i)”; and

“(B) in the second sentence, by striking this “paragraph” and inserting this “subparagraph”; and

“(4) by adding at the end the following:

“(B) NONCLASSIFIED AREAS.—

“(1) IN GENERAL.—In accordance with section 110, a State may submit to the Administrator, and the Administrator may approve, a State implementation plan revision that provides for application of the prohibition specified in paragraph (5) in any portion of the State that is not a covered area or an area referred to in subparagraph (A)(i).”

“(ii) PERIOD OF EFFECTIVENESS.—Under clause (i), the State implementation plan shall establish a period of effectiveness for applying the prohibition specified in paragraph (5) to any portion of a State that—

“(I) commences not later than 1 year after the date of approval by the Administrator of the State implementation plan; and

“(II) ends not earlier than 4 years after the date of commencement under subclause (I).”

SEC. 9. MTBE MERCHANT PRODUCER CONVERSION ASSISTANCE. Section 211(c) of the Clean Air Act (42 U.S.C. 7545(c)) (as amended by section 3(a)(3)) is amended by adding at the end the following:

“(6) MTBE MERCHANT PRODUCER CONVERSION ASSISTANCE.—

“(A) IN GENERAL.—The Administrator shall make grants to merchant producers of methyl tertiary butyl ether in the United States to assist the producers in the conversion of eligible production facilities described in subparagraph (B) to the production of other fuel additives that—

“(i) will be consumed in nonattainment areas; and

“(ii) will assist the nonattainment areas in achieving attainment with a national primary ambient air quality standard; and

“(iv) have been registered and tested in accordance with the requirements of this section.

“(B) ELIGIBLE PRODUCTION FACILITIES.—A production facility shall be eligible to receive a grant under this paragraph if the production facility—

“(i) is located in the United States; and

“(ii) produced methyl tertiary butyl ether for consumption in nonattainment areas during the period—

“(I) beginning on the date of enactment of this paragraph; and

“(II) ending on the effective date of the ban on the use of methyl tertiary butyl ether under paragraph (5).”

“(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $250,000,000 for each of fiscal years 2002 through 2004.”

S. 952

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 “Public Safety Employer-Employee Cooperation Act of 2001.”

SEC. 2. DECLARATION OF PURPOSE AND POLICY.

The Congress declares that the following is the policy of the United States:

(1) Labor-management relationships and partnerships are based on trust, mutual respect, open communication, bilateral consensus problem solving, and shared accountability. Labor-management cooperation fully utilizes the strengths of both parties to best serve the interests of the public, operating as a team, to carry out the public safety mission in a quality work environment. In many public safety agencies it is the union that provides the institutional stability as elected leaders and appointed officials come and go.

(2) The Federal Government needs to encourage conciliation, mediation, and voluntary arbitration to aid and encourage employers and employees to reach and maintain agreements concerning rates of pay, hours, and working conditions, and to make all reasonable efforts through negotiations to settle their differences by mutual agreement reached through collective bargaining or by such methods as may be provided for in any applicable agreement for the settlement of disputes.

(3) The absence of adequate cooperation between public safety employers and employees has implications for the security of employees and can affect interstate and intrastate commerce. The lack of such labor-management cooperation can detrimentally impact the upgrading of police and fire services to local communities, the health and wellbeing of public safety officers, and the morale of the fire and police departments. Additionally, these factors could have significant commercial repercussions, providing minimal standards for collective bargaining negotiations in the public safety sector can prevent industrial strife between labor and management to meet, interfere with the normal flow of commerce.

SEC. 3. DEFINITIONS.

In this Act:
Sec. 4. Determination of Rights and Responsibilities

(a) Determination.—

(1) In General.—Not later than 180 days after the date of enactment of this Act, the Authority shall make a determination as to whether a State substantially provides for the rights and responsibilities described in subsection (b).

(2) Subsequent determinations.—

(A) In General.—A determination made pursuant to paragraph (1) remains in effect unless and until the Authority issues a subsequent determination, in accordance with the procedures set forth in subparagraph (B).

(B) Procedures for subsequent determinations.—Upon establishing that a material change in State law or its interpretation has occurred since the Authority's initial determination may submit a written request for a subsequent determination. If satisfied that a material change in State law or its interpretation has occurred, the Director shall issue a subsequent determination not later than 30 days after receipt of such request.

(C) Judicial review.—Any State, political subdivision of a State, or person aggrieved by a determination of the Authority under this section may, during the 60 day period beginning on the date on which the determination was made, petition any United States Court of Appeals in the circuit in which the person resides or transacts business or in the District of Columbia, for review of the determination. The Authority shall decide whether to issue a determination by the Authority, the procedures contained in subsections (c) and (d) of section 7123 of title 5, United States Code, shall be applied, and final determination of the Authority with respect to questions of fact or law shall be found to be conclusive unless the court determines that the Authority's decision was arbitrary and capricious.

(b) Rights and Responsibilities.—In making a determination under subsection (a), the Authority shall consider whether State law provides rights and responsibilities comparable to or greater than the following:

(1) Determining the appropriateness of units and agreements; and

(2) Permitting bargaining over hours, wages, and terms and conditions of employment.

(c) Enforcement.—

(A) Authority to petition court.—The Authority may petition any United States Court of Appeals with jurisdiction over the parties, or the United States Court of Appeals for the District of Columbia Circuit, to enforce any final order under this section, and for appropriate temporary relief or a restraining order. Any petition under this section shall be conducted in accordance with subsections (c) and (d) of section 7123 of title 5, United States Code, except that any final order of the Authority with respect to questions of fact or law shall be found to be conclusive unless the court determines that the Authority's decision was arbitrary and capricious.

(B) Private right of action.—Unless the Authority has filed a petition for enforcement as provided in paragraph (1), any party has the right to file suit in a State court of competent jurisdiction to enforce compliance with the regulations issued by the Authority pursuant to subsection (b), and to enforce compliance with any order issued by the Authority. The party has the right provided by this subsection to bring a suit to enforce compliance with any order issued by the Authority pursuant to this section. Such suit shall terminate upon the filing of a petition seeking the same relief by the Authority.

Sec. 5. Role of Federal Labor Relations Authority

(a) In General.—Not later than 1 year after the date of enactment of this Act, the Authority shall issue regulations in accordance with the rights and responsibilities described in subsection (b), such regulations shall be subject to the regulations and procedures described in section 5.

Sec. 6. Strikes and Lockouts Prohibited

A public safety employer, officer, or labor organization may not engage in a lockout, sickout, work slowdown, or strike or engage in any other action that is designed to compel an employer, officer, or labor organization to agree to the terms of a proposed contract and that will measurably disrupt the delivery of emergency services, except that it shall not be a violation of this section for any employer, officer, or labor organization to refuse to provide services not required by the terms and conditions of an existing contract.
SEC. 8. CONSTRUCTION AND COMPLIANCE.
(a) Construction.—Nothing in this Act shall be construed—
(1) to invalidate or limit the remedies, rights, and procedures of any law of any State or political subdivision of any State or jurisdiction that provides collective bargaining rights for public safety officers that are equal to or greater than the rights provided under this Act; or
(2) to prevent a State from prohibiting bargaining over issues which are traditional and customary management functions, except as provided in section 4(b)(3).
(b) COMPLIANCE.—No State shall preempt laws of any of its political subdivisions if such laws provide collective bargaining rights for public safety officers that are equal to or greater than the rights provided under this Act.

SEC. 9. AUTHORIZATION OF APPROPRIATIONS.
There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

S. 958
Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
This Act may be cited as the “Western Shoshone Claims Distribution Act”.

SEC. 2. DISTRIBUTION OF DOCKET 326–K FUNDS.
The funds appropriated in satisfaction of the judgment award granted to the Western Shoshone Indians in Docket Number 326–K before the Indian Claims Commission, including all earned interest, shall be distributed as follows:
(1) The Secretary shall establish a Western Shoshone Judgment Roll consisting of all Western Shoshones who—
(A) have at least ¼ degree of Western Shoshone Blood;
(B) are citizens of the United States; and
(C) are living on the date of enactment of this Act;
(2) Any individual determined or certified as eligible by the Secretary to receive a per capita payment from any judgment fund awarded by the Indian Claims Commission, the United States Claims Court, or the United States Court of Federal Claims, that was appropriated on or before the date of enactment of this Act, shall not be eligible for enrollment under this Act;
(3) The Secretary shall publish in the Federal Register rules and regulations governing the establishment of the Western Shoshone Judgment Roll and shall utilize any documents acceptable to the Secretary in establishing proof of eligibility. The Secretary’s determination on all applications for enrollment under this paragraph shall be final.
(4) Upon completing the Western Shoshone Judgment Roll under paragraph (1), the Secretary shall make a per capita distribution of 100 percent of the funds described in this section to all eligible Western Shoshone who have reached the age of 18 years on the date of the distribution provided for under paragraph (4), shall be paid directly to them.
(5)(A) With respect to the distribution of funds under this section, the per capita shares of living competent adults who have reached the age of 19 years on the date of the distribution provided for under paragraph (4), shall be paid directly to them.
(B) The per capita shares of deceased individuals shall be distributed to their heirs and legatees in accordance with regulations prescribed by the Secretary.
(C) If the Secretary determines that any incompetent individual shall be administered pursuant to regulations and procedures established by the Secretary under section 3(b)(3) of Public Law 90–163, such shares shall be distributed to the legal custodians of the incompetent individuals.
(D) The shares of minors and individuals who are under the age of 19 years on the date of the distribution provided for under paragraph (4) shall be held by the Secretary in supervised individual Indian money accounts. The funds from such accounts shall be distributed as provided in paragraphs (3), (5)(A), and (5)(B), of this section, in payments equaling 25 percent of the principal, plus the interest earned on that portion of the per capita share. The first payment shall be made not later than 6 years after the individual has reached the age of 18 years if such individuals are deemed legally competent. Subsequent payments shall be disbursed within 60 days of the individual’s becoming legally competent.
(6) All funds distributed under this Act are subject to the provisions of section 7 of Public Law 90–163.
(7) All per capita shares belonging to living competent adults certified as eligible to share in the judgment fund distribution under this Act shall be disbursed on those shares, that remain unpaid for a period of 6 years shall be added to the principal funds that are held and invested in accordance with section 3, except that in the case of a minor, such 6-year period shall not begin to run until the minor reaches the age of majority.
(8) Any other residual principal and interest funds remaining after the distribution under paragraph (4) is complete shall be added to the principal funds that are held and invested in accordance with section 3.
(9) Receipt of a share of the judgment funds under this section shall not be construed as a vesting of tribal rights pursuant to the “1863 Treaty of Ruby Valley”, inclusive of all Articles I through VIII, and shall not prevent any Western Shoshone Tribe or Band or individual Shoshone Indian from pursuing other rights guaranteed by law.

SEC. 3. DISTRIBUTION OF DOCKETS 326–A–1 AND 326–A–3.
The funds appropriated in satisfaction of the judgment awards granted to the Western Shoshone Indians in Docket Numbers 326–A–1 and 326–A–3 before the United States Court of Claims, and the funds referred to under paragraphs (7) and (8) of section 2, together with all earned interest, shall be distributed as follows:
(1)(A) Not later than 120 days after the date of enactment of this Act, the Secretary shall establish a Western Shoshone Educational Trust Fund to be known as the “Western Shoshone Educational Trust Fund” for the benefit of the Western Shoshone. The Trust Fund shall be invested as provided for in section 1 of the Act of June 24, 1938 (25 U.S.C. 162a).
(B)(1)(i) All accumulated and future interest and income from the Trust Fund shall be distributed, subject to clause (ii)—
(I) as educational grants and as other forms of educational assistance determined appropriate by the Administrative Committee established under paragraph (2) to individual Western Shoshone members as required under this Act; and
(II) to pay the reasonable and necessary expenses of such Administrative Committee (as defined in the written rules and procedures of such Committee);
(ii) Funds shall not be distributed under this paragraph on a per capita basis.
(2)(A) An Administrative Committee to oversee the distribution of the educational grants and assistance authorized under paragraph (1)(C) shall be established as provided for in this paragraph.
(B) The Administrative Committee shall consist of 1 representative from each of the following organizations:
(i) The Western Shoshone Te-Moak Tribe.
(ii) The Duckwater Shoshone Tribe.
(iii) The Yomba Shoshone Tribe.
(iv) The Western Shoshone Business Council of the Buck Valley Reservation.
(v) The Fallon Band of Western Shoshone.
(vi) The at large community
(C) The member of the Committee shall serve for a term of 4 years. If a vacancy remains unfilled in the membership of the Committee for a period in excess of 60 days, the Committee shall make appointment from among qualified members of the organization for which the replacement is being made and such member shall serve until the nomination to be represented designates a replacement.
(D) The Secretary shall consult with the Committee on the management and investment of the funds subject to distribution under this section.
(2) The Committee shall have the authority to disburse the accumulated interest fund under this Act in accordance with the terms of this Act. The Committee shall be responsible for ensuring that the funds provided through grants and assistance under paragraphs (1)(C) are authorized in a manner consistent with the terms of this Act. In accordance with paragraph (1)(C)(i), the Committee may use a portion of the interest funds to pay all of the per diem rates for attendance at meetings that are the same as those paid to Federal employees in the same geographic location.
(F) The Committee shall develop written rules and procedures that include such matters as operating procedures, rules of conduct, eligibility criteria for receipt of educational grants or assistance, such criteria to be consistent with this Act, application selection procedures, appeal procedures, fund reimbursement procedures, fund recoupment procedures. Such rules and procedures shall be subject to the approval of the Secretary. A portion of the interest funds in the Trust Fund, not to exceed $100,000, may be used by the Committee to pay the expenses associated with developing such rules and procedures. At the discretion of the Committee, after approval of the appropriate tribal governing body, jurisdiction to hear appeals of the Committee’s decision may be exercised by a tribal court, district court of the United States, or a court of Indian offenses operated under section 11 of title 25, Code of Federal Regulations.
(G) The Committee shall employ an independent certified public accountant to prepare an annual financial statement that includes the operating expenses of the Committee and the total amount of educational grants or assistance disbursed for the fiscal year for which the statement is being prepared under this section. The Committee shall compile a list of names of all individuals approved to receive such grants or assistance during such fiscal year. The financial statement and the list shall be distributed to such organization represented on the Committee and the Secretary and copies shall be made available to the Western Shoshone members upon request.

SEC. 4. DEFINITIONS.
In this Act:
(1) ADMINISTRATIVE COMMITTEE; COMMITTEE.—The terms “Administrative Committee” and “Committee” mean the Administrative Committee established under section 3(2).
(2) SECRETARY.—The term “Secretary” means the Secretary of the Interior.
(4) Western Shoshone Members.—The term ‘‘Western Shoshone members’’ means an individual who appears on the Western Shoshone Judgment Roll established under section 2(1), or an individual who is the lineal descendant of an individual appearing on the roll, and who—
(A) satisfies all eligibility criteria established by the Administrative Committee under section 3(3);
(B) fulfills all application requirements established by the Committee; and
(C) is a beneficiary that receives any services described in such subsection.

SEC. 5. REGULATIONS.

The Secretary may promulgate such regulations as are necessary to carry out this Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, S. 960

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Medicare Medical Nutrition Therapy Amendment Act of 2001’’.

SEC. 2. COVERAGE OF MEDICAL NUTRITION THERAPY SERVICES FOR BENEFICIARIES WITH CARDIOVASCULAR DISEASES.

(a) In General.—Section 1861(s)(2)(V) of the Social Security Act (42 U.S.C. 1395x(s)(2)(V)), as added by subsection (a) of section 105 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2003 (Public Law 108–199), as enacted into law by section 1(a)(6) of Public Law 106–554, is amended to read as follows:

'(V) medical nutrition therapy services (as defined in subsection (v)(1)) in the case of a beneficiary—

'(A) with a cardiovascular disease (including congestive heart failure, arteriosclerosis, hyperlipidemia, hypertension, and hypercholesterolemia), diabetes, or a renal disease (or a combination of such conditions) who—

'(1) has not received diabetes outpatient self-management training services within a time period determined by the Secretary;

'(2) is not receiving maintenance dialysis for which payment is made under section 1881; and

'(3) meets such other criteria determined by the Secretary after consideration of protocols established by diettian or nutrition professional organizations;

'(B) with a cardiovascular disease (including congestive heart failure, arteriosclerosis, hyperlipidemia, hypertension, and hypercholesterolemia), diabetes, or a renal disease (or a combination of such conditions) who—

'(1) has not received diabetes outpatient self-management training services within a time period determined by the Secretary;

'(2) is not receiving maintenance dialysis for which payment is made under section 1881; and

'(3) meets such other criteria determined by the Secretary after consideration of protocols established by diettian or nutrition professional organizations; or

'(C) with a combination of such conditions who—

'(1) is a beneficiary—

'(A) who is not receiving maintenance dialysis for which payment is made under section 1881;

'(B) who has not received diabetes outpatient self-management training services within a time period determined by the Secretary; and

'(C) who has not received diabetes self-management training services within a time period determined by the Secretary after consideration of protocols established by diettian or nutrition professional organizations.


SEC. 3. PRESERVATION OF OPEN COMPETITION AND FEDERAL GOVERNMENT NEUTRALITY.

(a) PROHIBITION.—

(1) General Rule.—The head of each executive agency that awards any construction contract after the date of enactment of this Act, or that obligates funds pursuant to such a contract, shall ensure that the agency, and any construction manager acting on behalf of the Federal Government with respect to such contract, in its solicitations, project agreements, or other controlling documents does not—

(A) require or prohibit a bidder, offeror, contractor, or subcontractor from entering into, or adhering to, agreements with 1 or more labor organizations, with respect to that construction project or another related construction project;

(B) otherwise discriminate against a bidder, offeror, contractor, or subcontractor because such bidder, offeror, contractor, or subcontractor—

(i) became a signatory, or otherwise adhered to, an agreement with 1 or more labor organization with respect to that construction project or another related construction project; or

(ii) refused to become a signatory, or otherwise adhere to, an agreement with 1 or more labor organization with respect to that construction project or another related construction project.

(2) Application of Prohibition.—The provisions of this section shall not apply to contracts awarded prior to the date of enactment of this Act, and subcontracts awarded pursuant to such contracts regardless of the date of such subcontracts.

(3) Rule of Construction.—Nothing in paragraph (1) shall be construed to prohibit a contractor or subcontractor from voluntarily entering into an agreement described in such paragraph.

(b) Recipients of Grants and Other Assistance.—The head of each executive agency that awards grants, provides financial assistance, or enters into cooperative agreements for construction projects after the date of enactment of this Act, shall ensure that—

(1) the bid specifications, project agreements, or other controlling documents for such construction projects of a recipient of a grant or financial assistance, or by the parties to a cooperative agreement, do not contain any of the requirements or prohibitions described in subparagraph (A) or (B) of subsection (a)(1); or

(2) the bid specifications, project agreements, or other controlling documents for such construction projects of a construction manager acting on behalf of a recipient or party described in paragraph (1), do not contain any of the requirements or prohibitions described in subparagraph (A) or (B) of subsection (a)(1).

(c) Failure to Comply.—If an executive agency, a recipient of a grant or financial assistance from an executive agency, a party to a cooperative agreement with an executive agency, or a construction manager acting on behalf of such an agency, recipient or party, fails to comply with subsection (a) or (b), the head of the executive agency awarding the contract, grant, or assistance, or entering into the agreement, involved shall take such action, consistent with law, as the head of the agency determines to be appropriate.

(d) Exemptions.—

(1) Special Circumstances.—

(A) In General.—The head of an executive agency may exempt a particular project, contract, or subcontract to the extent such project, contract, or subcontract is entered into in compliance with the requirements of 1 or more of the provisions of subsections (a) and

S. 960

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SEC. 1. SHORT TITLE.

This Act may be cited as the ‘‘Montana Rural Aviation Improvement Act’’.

SEC. 2. MONTANA RURAL AVIATION IMPROVEMENT.

(a) In General.—Section 40113 of title 49, United States Code, is amended by adding at the end the following:

‘‘(g) Application of Certain Regulations to Montana.—In amending title 14, Code of Federal Regulations, in a manner affecting intrastate aviation in Montana, the Administrator of the Federal Aviation Administration shall consider the impact of severe weather conditions on Montana’s aviation public and shall, on the basis of such considerations, establish regulatory distinctions consistent with those applied to the State of Alaska for mike-in-hand weather observation.’’

(b) Improved Availability of Information on Weather Observations.—

(1) Finding.—Congress finds that the on-site certified weather observation programs at Service Level D sites in Montana are part of the essential air services in Montana and are frequently used by pilots of aircraft under emergency circumstances.

(2) Mike-in-hand Weather Observation.—

(A) Requirement.—On-site weather observers at sites referred to in paragraph (1) shall use a mike-in-hand weather observation and reporting technique to correct and supplement weather information derived from Automated Surface Observation Sensors (ASOS) at the sites.

(B) Mike-in-hand Weather Observation Technique.—For the purposes of this paragraph, a mike-in-hand weather observation and reporting technique is a routine practice by which a weather observer, by communication to a person at a cooperating weather observer, obtains information on weather observations directly to a pilot requesting the information, thereby ensuring that the pilot has nearly real-time access to the information.

(C) Personnel to Which Applicable.—This paragraph applies to—

(i) on-site weather observers who are Federal Aviation Administration employees, National Weather Service employees, other Federal Government employees, or State employees; and

(ii) any subcontractor, contractor, or provider of on-site weather observation services on a full-time or part-time basis under a contract for such services entered into by an official of the Federal Government at Service Level D sites in Montana, or an official of a political subdivision of Montana.
Whereas the loss of these men and women stands in testament to the risks undertaken by all members of the Armed Services each day as they carry out their duty to support and defend the Constitution: Now, therefore, be it

Resolved, That it is the sense of the Senate—
(1) to designate May 28, 2001, as a special day for recognizing the sacrifice of the members of the Armed Forces killed in hostile action since the end of the Vietnam War, and the sacrifice of the families of the members;
(2) to make the designation under paragraph (1) on May 28, 2001, in light of the traditional Memorial Day recognition of the sacrifices of the families of the members;
(3) to recognize that we live in a time of international unrest and that military service in such a time is inherently dangerous and requires the willingness to face the most extreme hazards at unexpected times and places;
(4) to acknowledge that the people of the United States owe a debt of gratitude to all members of the Armed Services who place themselves in harm's way each day, and to their families.

S. CON. RES. 43

Whereas the Government of the Republic of Korea has committed to provide aid to the Korean automotive industry enabling that industry to develop into the fourth largest automotive industry in the world, after the United States, Japan, and the European Union;

Whereas the domestic automotive market of the Republic of Korea was completely closed to all international automotive manufacturers and producers up until 1990, and not completely open to all automotive manufacturers until 1999;

Whereas in response to complaints by the United States government, the Government of the Republic of Korea was practicing unfair trade in the automotive sector, and that there was continuing anti-import bias and increasing disparity in market access for foreign motor vehicles, the Government of Korea signed two Memorandums of Understanding (MOU) with the United States in 1996 and 1998 to increase foreign motor vehicle access to the Korean automotive market;

Whereas in the 1996 MOU, the Government of the Republic of Korea has committed specifically to simplify its tax regime in a manner that enhanced market access for foreign motor vehicles, improve the perception of foreign motor vehicles in Korea, simplify and streamline Korea’s type-approval system procedures for foreign motor vehicles and other standards issues, and establish a mortgage system for motor vehicles;

Whereas 3 years after signing the 1996 MOU, the Government of the Republic of Korea has not substantially increased market access for foreign motor vehicles and its motor vehicle market still does not operate according to market principles, as evidenced by the fact that the share of the market held by foreign motor vehicles was lower in 2000 than it was in 1998, and remains the lowest of any industrialized nation;

Whereas 3 years after signing the 1998 MOU, the Government of the Republic of Korea has not made sufficient advances in simplifying its tax regime for motor vehicles or improving the perception of foreign motor vehicles in Korea;

Whereas 3 years after signing the 1998 MOU, the Government of the Republic of Korea has not taken the necessary steps to support and defend the Constitution; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—
(1) believes strongly that an economically stable Republic of Korea is in the national security interests of the United States;
(2) notes that past practices, such as protectionism from international competition, preferential access to credit, low interest loans, and the policy of providing assistance to chaebols in general, and the automotive sector specifically, contributed to the 1997–1998 Asian financial crisis, threatened the economic stability of the Republic of Korea and undermined the relationship between the United States and the Republic of Korea;
(3) believes that economic policies and practices effectively limiting United States manufacturers’ access to the Korean automotive sector are inconsistent with the general trend toward a market-oriented approach, and that the relationship between the United States and the Republic of Korea has been, and will continue to be, significantly harmed by unfair treatment of imports of United States motor vehicles;

calls on the Republic of Korea to immediately end the practices that have led to the disparity in market access, as well as to take proactive steps to repair the damage done by past policies and practices;

(5) calls on the Republic of Korea to meet the letter and spirit of the commitments contained in the 1998 Memorandum of Understanding it signed with the United States; and

(6) calls on the United States Trade Representative, the Secretary of Commerce, and the Secretary of State to monitor and report to Congress on the steps that have been taken to end the disparity in market access for imported motor vehicles in the Republic of Korea.

AMENDMENT No. 787 (AS MODIFIED)

At the end of subtitle A of title VIII add the following SEC. 3. EXPANSION OF WORK OPPORTUNITY TAX CREDIT.

(a) In general.—Section 51(d)(1) (relating to persons of targeted groups) of the Code is amended by striking “or” at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting “, or”, and by adding the following: ”(1) a qualified low-income veteran.”

(b) Qualified low-income veterans.—Section 51(d)(1)(G) is amended by redesignating paragraphs (10) through (12) as paragraphs (11) through (13).
through (13), respectively, and by inserting after paragraph (9) the following:

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(10) QUALIFIED LOW-INCOME VETERAN.—

(A) IN GENERAL.—The term ‘qualified low-income veteran’ means any veteran whose gross income for the taxable year preceding the taxable year including the hiring date, was below the poverty line (as defined by the Office of Management and Budget) for such preceding taxable year.

(B) VETERAN.—The term ‘veteran’ has the meaning given such term by paragraph (3)(B).
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(11) in lieu of paragraphs (2) and (3) of subsection (b), the following definitions and special rule shall apply:

(I) QUALIFIED FIRST-YEAR WAGES.—The term ‘qualified first-year wages’ means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

(II) QUALIFIED SECOND-YEAR WAGES.—The term ‘qualified second-year wages’, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day the individual begins work for the employer.
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Sec. 5. Retroactive applicability of increase in maximum SGLI benefit for members dying in performance of duty on or after October 1, 2000.

SEC. 6. Expansion of outreach efforts to eligible dependents.

Sec. 7. Technical amendments to the Montgomery GI Bill statute.

Sec. 8. Miscellaneous technical amendments.

SEC. 2. REFERENCES TO TITLE 38, UNITED STATES CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 3. ELIGIBILITY FOR BENEFITS UNDER THE MEDICARE PROGRAM.

Subsection (d) of section 1713 is amended to read as follows:

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(d)(1)(A) An individual otherwise eligible for medical care under this section who is also entitled to health insurance benefits under part A of the medicare program is eligible for medical care under this section only if the individual is also enrolled in the supplementary medical insurance program under part B of the medicare program.

(B) The limitation in subparagraph (A) does not apply to—
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(1) has attained 65 years of age as of the date of enactment of this Act.
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(2) Subject to paragraph (3), if an individual described in subparagraph (1) receives medical care for which payment may be made under both this section and the medical insurance program, the amount payable for such medical care under this section shall be the amount by which (A) the costs for such medical care exceed (B) the sum of—

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(i) the amount payable for such medical care under the medicare program; and

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(ii) the total amount paid or payable for such medical care by third party payers other than the medicare program.
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(3) The amount payable under this subsection for medical care may not exceed the total amount that would be paid under subsection (b) if payment for such medical care were made solely under subsection (b).
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(4) In this paragraph:
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(A) The term ‘medical care program’ means the program of health insurance administered by the Secretary of Health and Human Services under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.).

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(B) The term ‘third party’ has the meaning given that term in section 1729(i)(3) of this title.
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SEC. 4. FAMILY COVERAGE UNDER SERVICEMEMBERS’ GROUP LIFE INSURANCE.

(A) INSURABLE DEPENDENTS.—(1) Section 1015 is amended by adding at the end the following paragraph:

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(10) The term ‘insurable dependent’, with respect to—
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(A) The member’s spouse.

(B) The member’s child, as defined in the first sentence of section 1014(A) of this title.
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(2) Section 1014(A) is amended in the matter preceding clause (1) by inserting ‘‘other than with respect to a child who is an insurable dependent under section 1065(b)(10) of such chapter’’ after ‘‘except for purposes of chapter 19 of this title’’.
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(B) In the case of an insurable dependent who is a child, the date of birth of such child or, if the child is not the natural child of the
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member, the date on which the child acquires status as an insurable dependent of the member.”.

(2) Subsection (c) of such section is amended by inserting “but nothing in this section shall be read as applying to a policy” after “any insurance thereunder on any insurable dependent of such a member,” after “any insurance thereunder on any member of the uniformed services,”; and

(3) Subsection (b)(1)(A) of such section is amended by inserting “(to include only the one hundred and twenty days)” after “converted to the member.”.

(a) Availability of Outreach Services for Children, Spouses, Surviving Spouses, and Dependent Parents.—Paragraph (2) of section 1012 of title 38, United States Code, is amended by adding at the end “...and dependent parents.”...

(b) Improved Outreach Program.—(1) Subchapter II of chapter 77 is amended by adding at the end a new subsection: “7727. Outreach for eligible dependents.

(2) In carrying out this subchapter, the Secretary shall ensure that the needs of eligible dependents are fully addressed.

(3) Such subsection is further amended—

(A) by striking “thirty-one days—” and inserting “31 days, insurance under this subchapter shall cease—”;

(B) by striking “(i) one hundred and twenty days” and inserting “(I) one hundred and twenty days”;

(C) by striking “(ii) 120 days after the date of an election made in writing by the member to terminate the coverage; or” and inserting “(ii) 120 days after the date of an election made in writing by the member to terminate the coverage; or”;

(D) by striking the first sentence and inserting the following: “If a person eligible for insurance under this subchapter shall cease thereunder on any insurable dependent of such a member,” after “any insurance thereunder on any member of the uniformed services,”; and

(E) by inserting a comma after “competent authority”.  

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SEC. 5. RETROACTIVE APPLICABILITY OF INCREASE IN MAXIMUM SGLI BENEFIT FOR MEMBERS OF THE UNIFORMED SERVICES DURING PERIOD OF DUTY ON OR AFTER OCTOBER 1, 2000.

(a) Appropriability of Increase in Benefit.—Notwithstanding subsection (c) of section 302 of the Veterans Benefits and Health Care Improvement Act of 2000 (Public Law 106–118, 114 Stat. 1845), the amendments made by subsection (a) of that section shall take effect on October 1, 2000, with respect to any member of the uniformed services who died after the beginning of the period beginning on October 1, 2000, and ending at the close of March 31, 2001, and who on the date of his or her death was serving in the Servicemembers’ Group Life Insurance program under subchapter III of chapter 19 of title 38, United States Code, for the maximum coverage available under that program.

(b) Definitions.—In this section:

(1) The term “Secretary concerned” has the meaning given in title 38, United States Code.

(2) The term “uniformed services” has the meaning given in section 10156 of title 38, United States Code.

SEC. 6. EXPANSION OF OUTREACH EFFORTS TO ELIGIBLE DEPENDENTS.

(a) Availability of Outreach Services for Children, Spouses, Surviving Spouses, and Dependent Parents.—Paragraph (2) of section 7721(b) is amended to read as follows: “(2) the term “eligible dependent” means a spouse, surviving spouse, child, or dependent parent of a person entitled to benefits under the active military, naval, or air service.”.

(b) Improved Outreach Program.—(1) Subchapter II of chapter 77 is amended by adding at the end a new subsection: “7727. Outreach for eligible dependents.  

(2) In carrying out this subchapter, the Secretary shall ensure that the needs of eligible dependents are fully addressed.
SEC. 7. TECHNICAL AMENDMENTS TO THE MONTGOMERY GI BILL STATEMENT.

(1) CLARIFICATION OF ELIGIBILITY REQUIREMENTS.—

(a) Amendments to Title 38, United States Code.—Title 38, United States Code, is amended by striking ‘‘services of the individual obligated period of active duty is three years or more, serves at least three years of continuous active duty in the Armed Forces, or (2) in the case of an individual who has been paid a basic educational assistance allowance under this chapter in the case of an individual whose obligated period of active duty is less than three years, serves’’.

(b) Effective Date.—The amendment made by paragraph (1) shall take effect as if enacted on November 1, 2000, immediately after the enactment of the Veterans Benefits and Health Care Improvement Act of 2000.

(c) EDITING CHARGE FOR DUTY TRAINING AND EDUCATION.—

(A) in general.—Section 3014(b)(2) is amended—

(i) by striking ‘‘withregard to’’ and all that follows through ‘‘thissubsection’’; and

(ii) by adding at the end the following new subparagraph:

‘‘The term ‘‘services of the individual obligated period of active duty’ means—

(A) the amount reduced from the individual’s basic educational assistance allowance paid the individual by the full-time monthly institutional rate of educational assistance which such individual would have been paid under subsection (a)(1), (b)(1), (c)(1), (d)(1), or (e)(1) of section 3015 of this title, as the case may be’’.

(B) CONFORMING AMENDMENTS.—

(1) Effective as of November 1, 2000, section 107 is amended—

(A) in subsection (a)(1), by striking ‘‘paragraph (1)(A) or (B)’’ and all that follows through ‘‘thissubsection’’; and

(B) in paragraph (2), by striking ‘‘subparagraph’’ and inserting ‘‘subparagraph’’.

(2) Effective Date.—The amendments made by paragraph (1) shall take effect as if enacted on November 1, 2000, immediately after the enactment of the Veterans Benefits and Health Care Improvement Act of 2000.

(3) DEATH BENEFITS.—

(A) in general.—Section 301(b) is amended to read as follows:

‘‘(1) the total of—

(A) the amount reduced from the individual’s basic educational assistance under section 3011(b), 3012(b), 3014(b), 3016(b), 3017(b), or 3018 (c) of this title;

(B) the amount reduced from the individual’s retired pay under section 3016(c) of this title;

(C) the amount collected from the individual by the Secretary under section 3018(b), 3019(b), or 3018(c) of this title; and

(D) the amount of any contributions made by the individual under section 3011(c) or 3012(b) of this title’’.

(B) effective date.—The amendment made by paragraph (1) shall take effect as of May 27, 2001.

(C) Clarification of Contributions Requird by VEAP Participants Who Enroll in Basic Educational Assistance.—

(A) in general.—Section 3012(b), as amended by section 104(b) of the Veterans Benefits and Health Care Improvement Act of 2000, is amended—

(i) by inserting ‘‘before’’ after ‘‘chapter’’; and

(ii) by striking ‘‘or’’ at the end of subsection (a)(1), (b)(1), or (c)(1) of such section.

(B) Effective Date.—The amendment made by paragraph (1) shall take effect as of May 27, 2001.
May 25, 2001

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(A) in subsection (a)(5), by striking "clause (4) of this subsection" and inserting "paragraph (4)"; and
(B) in subsection (b)(2), by striking "willfully, or willful".
(7) Section 3674 is amended—
(A) in subsection (a)(2)—
(i) by striking "willfully, or willful".
(ii) by amending "at the beginning of the fiscal year 1988,"; and
(I) by striking "section 3674A(a)(4)" and inserting "section 3674A(a)(3)";
(ii) by striking "paragraph (3)(A)" and inserting "paragraph (3)"; and
(iii) by striking "clause (1)" and inserting "paragraph (3)";
(B) in subsection (a)(2)—
(i) by striking "on September 30, 1978, and"; and
(ii) by striking "thereafter,".
(B) in subsection (a)(3) is amended by striking "clause (1)" and inserting "paragraph (3)";
(C) by striking clause (4)
(15) Section 8125(d) is amended—
(B) by striking "appropriations in" in paragraph (2) and inserting "appropriations for";

(A) by striking "beginning with fiscal year 1988,"; and
(ii) by striking "any fiscal year,";
(ii) by striking "clause" in subparagraph (B) and inserting "subparagraph"; and
(iii) by striking "clauses" in subparagraph (C) and inserting "paragraphs";

(A) in subsection (a)(1)—

(i) by striking "Beginning with fiscal year 1988,"; and
(ii) by striking "For any fiscal year,";
(ii) by striking "clause" in subparagraph (B) and inserting "subparagraph"; and

(iii) by striking "clauses" in subparagraph (C) and inserting "paragraphs";

(B) in subsection (a)(4), by striking "on or after July 1, 1968," and

(ii) by capitalizing the initial letter of the first word of each of paragraphs (1) through (12);

(iii) by striking the semicolon at the end of each of paragraphs (1) through (10) and inserting a period; and

(iv) by striking "; and" at the end of paragraph (11) and inserting a period.
(11) Section 4303(13) is amended by striking the second period at the end.
(12) Section 5701(50) is amended by striking "1 year" and inserting "one year".
(13) Section 5701(50)(g) is amended by striking "clause in paragraphs (2)(B) and (3) and inserting "paragraph (3)";
(14) Section 7369 is repealed.
(B) The table of sections at the beginning of chapter 73 is amended by striking the item inserting "subparagraph".
(2) The table of sections at the beginning of chapter 73 is amended by striking (ii) by capitalizing the initial letter of the first word of each of paragraphs (1) through (12); (iii) by striking the semicolon at the end of each of paragraphs (1) through (10) and inserting a period; and (iv) by striking "; and" at the end of paragraph (11) and inserting a period.

The nominations considered and confirmed, the motions to reconsider being laid upon the table, any statements relating to the nominations being printed in the Record, the President being immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.
The nominations considered and confirmed, en bloc, are as follows:

Mr. BOND. Mr. President, in executive session, I recognize the unanimous consent that the Senate proceed to the consideration of the following nominations en bloc: Nos. 79, 80, 81, 82, 99, 100, 101, 135 through 154, 156, 157, 160, 167, and all nominations on the Secretary's desk; and reported by the Commerce Committee, Timothy Muris, PN267. I also ask unanimous consent that the HELP Committee be discharged from further consideration of the nomination of Donald Findlay, PN372, and the Senate proceed to its consideration. I further ask unanimous consent that the nominations on the Secretary's desk; and, for other purposes.

Mr. President, under the provisions of the Senate's rules, I ask unanimous consent that the nomination of the President of the Overseas Private Investment Corporation for a term of five years from September 26, 1994, be placed on the calendar.

The nominations considered and confirmed, the motions to reconsider being laid upon the table, any statements relating to the nominations being printed in the Record, the President being immediately notified of the Senate's action, and the Senate then return to legislative session.

Mr. President, it is so ordered.

The nominations considered and confirmed, en bloc, are as follows:

Bruce Marshall Carnes, of Virginia, to be Chief Financial Officer, Department of Energy,
David Garman, of Virginia, to be an Assistant Secretary of Energy (Energy Efficiency and Renewable Energy)
Francis S. Blake, of Connecticut, to be Deputy Secretary of Energy,
Robert Gordon Card, of Colorado, to be Under Secretary 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
Nora Mead Brownell, of Pennsylvania, to be a Member of the Federal Energy Regulatory Commission for a term expiring June 30, 2006. (Reappointment)
Madame Chairwoman, this nomination of Mrs. Brownell for another term is the most fitting of any that I know of.

Mr. President, in executive session, I move that the nominations of the President of the Overseas Private Investment Corporation for a term of five years from September 26, 1994, be placed on the calendar.

The nominations considered and confirmed, the motions to reconsider being laid upon the table, any statements relating to the nominations being printed in the Record, the President being immediately notified of the Senate's action, and the Senate then return to legislative session.

Bruce P. Mehlman, of Maryland, to be Assistant Secretary of Commerce for Technology Policy.
Kathleen B. Cooper, of Texas, to be Under Secretary of Commerce for Economic Affairs.

DEPARTMENT OF TRANSPORTATION

Sean B. O'Hollaren, of Oregon, to be an Assistant Secretary of Transportation, Donna R. McLean, of the District of Columbia, to be an Assistant Secretary of Transportation.

FEDERAL COMMUNICATIONS COMMISSION

Michael K. Powell, of Virginia, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2002. (Reappointment)
Kathleen Q. Abernathy, of Maryland, to be a Member of the Federal Communications Commission for a term of five years from July 1, 1999.
Kevin J. Martin, of North Carolina, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2001.
Michael Joseph Copps, of Virginia, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2000.

FEDERAL TRADE COMMISSION

Timothy J. Muris, of Virginia, to be a Federal Trade Commissioner for the unexpired term of seven years from September 26, 1994.

DEPARTMENT OF STATE

Stephen Brauer, of Missouri, to be Ambassodor Extraordinary and Plenipotentiary of the United States of America to Belgium.
Elizabeth Jones, of Maryland, a Career Member of the Senior Foreign Service, Class of Career Minister, to be an Assistant Secretary of State (European Affairs).
Walter H. Kansteiner, of Virginia, to be an Assistant Secretary of State (African Affairs).
Lorne W. Craner, of Virginia, to be Assistant Secretary of State for Democracy, Human Rights, and Labor.
William J. Burns, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be an Assistant Secretary of State (Near Eastern Affairs).
Ruth A. Davis, of Georgia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Director General of the Foreign Service.
Carl W. Ford, Jr., of Arkansas, to be an Assistant Secretary of State (Intelligence and Research).
Christina B. Rocca, of Virginia, to be Assistant Secretary of State for South Asian Affairs.
Vincent Kelly, of Virginia, to be an Assistant Secretary of State (Legislative Affairs).
Donald Burnham Ensenat, of Louisiana, to be Ambassador to the Netherlands.
Peter S. Watson, of California, to be President of the Overseas Private Investment Corporation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Piyush Jindal, of Louisiana, to be an Assistant Secretary of Health and Human Services.
Thomas Scully, of Virginia, to be Administrator of the Health Care Financing Administration.

IN THE NAVY

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 801.

Bruce P. Mehlman, of Maryland, to be Assistant Secretary of Commerce for Technology Policy.

To be vice admiral
Vice Adm. Edmund P. Giambastiani, Jr., 8318
FEDERAL TRADE COMMISSION

Timothy J. Muris, of Virginia, to be a Federal Trade Commissioner for the term of seven years from September 26, 2001.

NOMINATIONS PLACED ON THE SECRETARY’S DESK

PN721. Foreign Service nominations (5) beginning Lauren L. Zens, and ending Karen L. Zens, which nominations were received by the Senate and appeared in the Congressional Record of April 23, 2001.

PN722. Foreign Service nominations (150) beginning Ralph K. Bean, and ending Richard Oliver Lankford, which nominations were received by the Senate and appeared in the Congressional Record of April 23, 2001.

PN723. Donald Cameron Findlay, of Illinois, to be Deputy Secretary of Labor.

NOMINATION OF LOREN CRANER

Mr. McCAIN. Mr. President, one of the few benefits of growing old is watching young people you’ve been privileged to know grow, both personally and professionally. We would like to think that members of younger generations who have become important and compassionate people have done so because of us, that our wisdom has rubbed off on them, and that the world is better off for it.

The world is better off for having Lorne Craner in it, but the credit is all Lorne’s. I am happy that my former staff member and the President of the International Republican Institute, which I chair, now moves to the State Department, where he will serve as Assistant Secretary for Democracy, Human Rights, and Labor. More importantly, persecuted masses around the world who are deprived of their rights and freedoms, the right to choose what government represents them, the right to live and speak freely, and the right to organize for safe and decent working conditions, have an important ally in Lorne.

America’s foreign relations rightly reflect our belief that our most basic values as a nation are universal values; and that citizens in dictatorships cherish these values as much as we do, despite what tyrannical leaders may do to subjugate them. Our values are contagious, which is why autocrats fear them so. Lorne has dedicated his career to promoting these values and advancing our national interest worldwide, to the benefit of many of its citizens.

Lorne served on my staff for 6 years in both the House and Senate and was a wonderful asset to me. He was such a wonderful asset that President Bush and Secretary of State Baker tapped him to be Deputy Assistant Secretary of State for Legislative Affairs when they took office. Lorne served with distinction in that job, and as Director for Asian Affairs on President Bush’s National Security Council.

As Vice President and then President of the International Republican Institute from 1993 until today, Lorne invigorated an organization created by President Reagan to shine the light of freedom people of the darkest corners of the Earth. Lorne’s vision and management of the Institute, which operates in over 30 countries under sometimes trying conditions, have earned IRI the respect and gratitude of democrats from Serbia to South Africa, Cuba to Cambodia, and Azerbaijan to Zimbabwe. In many countries, the struggle continues, while in others, ruling democrats speak glowingly of how IRI helped them set their people free. Lorne and the IRI staff have been integral to these democratic advances.

We have much to do yet as a country to improve human rights, labor rights, and political freedom overseas. As Secretary of State, I have learned of these critical issues, Lorne has his work cut out for him. But he is ready. I am very proud of him, and I know his late father, my dear friend, would be also.

NOMINATION OF STEPHEN BRAUER

Mr. BOND. Mr. President, the nomination just confirmed, No. 145, Stephen Brauer to be Ambassador to Belgium, is a great personal pleasure for me. Stephen Brauer has been a terrific leader in the St. Louis community. He is a man who distinguished himself in Vietnam, and he is a full Vietnam medal, who has served as honorary counsel to Belgium and has done business throughout Europe. He will be a great representative for the people of the United States. We wish him well as he goes to prepare for the visit of President Bush on June 13.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

NATIONAL CHILD’S DAY

Mr. BOND. I ask unanimous consent that the Judiciary Committee be discharged from consideration of S. Res. 90, and the Senate then proceed to its immediate consideration.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 90) designating June 3, 2001, as National Child’s Day.

There being no objection, the Senate proceeded to consider the resolution.

Mr. BOND. I ask unanimous consent that the resolution be agreed to en bloc and the motion to reconsider be laid upon the table with no intervening action.

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

The preamble was agreed to.

The resolution (S. Res. 90) was agreed to.

The resolution, with its preamble, reads as follows:

S. Res. 90

Whereas June 3, 2001, the first Sunday of June, falls between Mother’s Day and Father’s Day;

Whereas each child is unique, is a blessing, and holds a distinct place in the family unit; whereas the people of the United States should celebrate children as the most valuable asset of the United States;

Whereas the children represent the future, hope, and inspiration of the United States;

Whereas the children of the United States should be allowed to feel that their ideas and dreams will be respected because adults in the United States take time to listen;

Whereas many children of the United States face crises of grave proportions, especially when they enter adulthood;

Whereas it is important for parents to spend time listening to their children on a daily basis;

Whereas modern societal and economic demands often pull the family apart;

Whereas, wherever practicable, it is important for both parents to be involved in their child’s life;

Whereas encouragement should be given to families to set aside special time for all family members to engage together in family activities;

Whereas adults in the United States should have an opportunity to reminisce about their youth to recapture some of the fresh insight, innocence, and dreams that they may have lost through the years;

Whereas the designation of a day to commemorate the children of the United States provide an opportunity to emphasize to children the importance of their developing an ability to make the choices necessary to distance themselves from impropropriety and to contribute to their community;

Whereas the people of the United States should emphasize to children the importance of family life, education, and spiritual qualities;

Whereas because children are the responsibility of all people of the United States, everyone should celebrate children, whose questions, laughter, and dreams are important to the existence of the United States; and

Whereas the designation of a day to commemorate our children will emphasize to the people of the United States the importance of the role of the child within the family and society: Now, therefore, be it

Resolved, That the Senate—

(1) designates June 3, 2001, as “National Child’s Day”;

(2) requests the President to issue a proclamation calling on the people of the United States to observe the day with appropriate ceremonies and activities.

WELCOMING HIS HOLINESS KAREKIN II, SUPREME PATRIARCH AND CATHOLICOS OF ALL ARMENIANS

Mr. BOND. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H. Con. Res 139 received from the House.

The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 139) welcoming His Holiness Karekin II, Supreme Patriarch and Catholicos of All Armenians, to the United States and commemorating the 1700th anniversary of the acceptance of Christianity in Armenia.

Where there being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. BOND. I ask unanimous consent that the concurrent resolution and preamble be agreed to en bloc, the motion to reconsider be laid upon the table, without any intervening action.
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The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (H. Con. Res. 139) was agreed to.

The preamble was agreed to.

MEASURE READ THE FIRST TIME—S. 964

Mr. BOND. Mr. President, I understand S. 964, introduced earlier today by Senators Kennedy, Akaka, and others, is at the desk. I ask for its first reading.

The PRESIDING OFFICER. The clerk will read the bill by title.

The legislative clerk read as follows:

A bill (S. 964) to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage.

Mr. BOND. I now ask for its second reading and object to my own request. The PRESIDING OFFICER. Objection is heard. The bill will be read for the second time on the next legislative day.

ORDERS FOR SATURDAY, MAY 26, 2001

Mr. BOND. Mr. President, I now ask unanimous consent that when the Senate completes its business today, it adjourn until 10 a.m. on Saturday, May 26. I further ask unanimous consent that on Saturday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business with Senators speaking for up to 10 minutes each.

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

PROGRAM

Mr. BOND. For the information of all Senators, the Senate will be in a period of morning business until the tax reconciliation conference report is received from the House of Representatives. It is anticipated the Senate will be able to begin consideration of the tax reconciliation conference report shortly after convening.

As a reminder, there are up to 10 hours for debate on the conference report. Therefore, a vote is expected to occur late morning or tomorrow afternoon.

ORDER FOR ADJOURNMENT

Mr. BOND. If there is no further business to come before the Senate, I now ask unanimous consent, following the remarks of Senator Torricelli, the Senate stand in adjournment under the previous order.

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

Mr. BOND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER (Mr. HUTCHISON). In my capacity as a Senator from the State of Arkansas, I ask unanimous consent the order for the quorum call be rescinded.

Without objection, it is so ordered.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in adjournment until 10 a.m. tomorrow morning.

Thereupon, the Senate, at 4:05 p.m., adjourned until Saturday, May 26, 2001, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate May 25, 2001:

THE JUDICIARY

Charles W. Pickering, Sr., of Mississippi, to be Chief Financial Officer, Department of Energy.

David Garman, of Virginia, to be an Assistant Secretary of Energy (Energy Efficiency and Renewable Energy).

Francis S. Blake, of Connecticut, to be Deputy Secretary of Energy.

Robert Gordon Card, of Colorado, to be Under Secretary of Energy.

Patrick H. Hensh Wood III, of Texas, to be a Member of the Federal Energy Regulatory Commission on the Term Expiring June 30, 2001.

Nora M. Brownell, of Pennsylvania, to be a Member of the Federal Energy Regulatory Commission for the Term Expiring June 30, 2002.

Nora M. Brownell, of Pennsylvania, to be a Member of the Federal Energy Regulatory Commission for the Term Expiring June 30, 2003.

The above nominations were approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

The above nominations were approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

DEPARTMENT OF COMMERCE

Maria Cino, of Virginia, to be Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service.

Alice M. TrumEAU, of the District of Columbia, to be Assistant Secretary of Commerce for Technology Policy.

Kathleen S. Cooper, of Texas, to be Under Secretary of Commerce for Economic Affairs.

The above nominations were approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

DEPARTMENT OF TRANSPORTATION

Sean R. O’Hollaren, of Oregon, to be an Assistant Secretary of Transportation.

Donna R. Musek, of the District of Columbia, to be an Assistant Secretary of Transportation.

The above nominations were approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

DEPARTMENT OF TRANSPORTATION

Michael K. Powell, of Virginia, to be a Member of the Federal Communications Commission for a Term of Five Years from July 1, 1999.

Robert H. Atkinson, of Maryland, to be a Member of the Federal Communications Commission for a Term of Five Years from July 1, 2001.

Kevin J. Martin, of North Carolina, to be a Member of the Federal Communications Commission for a Term of Five Years from July 1, 2000.

The above nominations were approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

FEDERAL TRADE COMMISSION

Timothy J. Muth, of Virginia, to be a Federal Trade Commissioner for the Unexpired Term of Seven Years from September 26, 1999.

The above nomination was approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

DEPARTMENT OF STATE

Stephen Beigun, of Missouri, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium.

A. Elizabeth Jones, of Maryland, a Career Member of the Senior Foreign Service, Class of Career Minister, to be an Assistant Secretary of State (European Affairs).

Walter H. Kanthirsch, of Virginia, to be an Assistant Secretary of State (European Affairs).

Lorrie W. Chanler, of Virginia, to be Assistant Secretary of State for Democracy, Human Rights, and Labor.

William J. Burns, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be an Assistant Secretary of State (Near Eastern Affairs).

Ruth A. Davis, of Georgia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Director General of the Foreign Service.

Carl W. Ford, Jr., of Arkansas, to be an Assistant Secretary of State (Intelligence and Research).

Christina B. Rocca, of Virginia, to be Assistant Secretary of State for South and Central American Affairs.

Paul Vincent Kelly, of Virginia, to be an Assistant Secretary of State (Legislative Affairs).

Donald Bumham Ensenat, of Louisiana, to be Chief of Protocol, and to have the Rank of Ambassador during his tenure of office.

The above nominations were approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

OVERSEAS PRIVATE INVESTMENT CORPORATION

Peter S. Watson, of California, to be President of the Overseas Private Investment Corporation.

The above nomination was approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Fife Jindal of Louisiana, to be an Assistant Secretary of Health and Human Services.

Thomas Scully, of Virginia, to be Administrator of the Health Care Financing Administration.

The above nominations were approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

FEDERAL TRADE COMMISSION

Timothy J. Muth, of Virginia, to be a Federal Trade Commissioner for the Unexpired Term of Seven Years from September 26, 2001.

The above nomination was approved subject to the nominees’ commitment to respond to requests to appear and testify before any duly constituted Committee of the Senate.

DEPARTMENT OF LABOR

Donald Cameron Finslay, of Illinois, to be Deputy Secretary of Labor.

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under Title 5, U.S.C., Section 461:

To be vice admiral

Vice Adm. Edmund P. Giambastiani, Jr., 2000

FOREIGN SERVICE

Foreign Service nominations beginning Laura L. Jensen, and ending Karen L. Lez, which nominations were received by the Senate and appeared in the Congressional Record on April 12, 2000.

Foreign Service nominations beginning Ralph K. Beal, to be a Minister, for a Term of Five Years beginning on September 26, 1999.

The above nominations were received by the Senate and appeared in the Congressional Record on April 23, 2001.

To be vice admiral

Vice Adm. Edmund P. Giambastiani, Jr., 2000

To be vice admiral

To be chief of protocol
EXTENSIONS OF REMARKS

ALBANIAN VOTERS

HON. JAMES A. TRAFICANT, JR.
OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 24, 2001

Mr. TRAFICANT. Mr. Speaker, I submit the following passage and lists for the RECORD:

The list of names enclosed, are considered the "official list of voters" in two district polling stations in Tirana, Albania, as submitted by the current reigning socialist government.

The Democratic Coalition opposing the Socialist Party in the upcoming election, maintains that this list has left off many eligible voters, thus, disenfranchising many Albanians from their right to vote.

In this regard, I submit this list of voters, to memorialize the list so that eventually, a thorough investigation would be possible.

A.—LISTA E ZGJEDHESVE PER ZGJEDJATI PER QEVERISVEN VENDORE

(Lista e zgjedhesve per zgjedjeti per qeverisjen vendore, with data and dates)

Nr. Kartes Votuese, Emri, Atesia, Mbiemri, Datelindja, Fierro e zgjedhesh

1. G000432123E, Gezim, Hasan, Abazi, 04/03/1960
2. E05203127I, Mirdita, Ahmed, Abazi, 02/02/1982
3. G25605187V, Roza, Nurce, Abazi, 05/06/1962
4. F09620176F, Enver, Besim, Ahmetaj, 20/06/1959
5. G54511087F, Fehret, Sinan, Ahmetaj, 01/04/1944
7. G35423114H, Vllado, Halit, Ahmetaj, 03/04/1963
9. G35106059V, Elmi, Ramadan, Ajazi, 06/01/1930
10. F06201127G, Halim, Hysen, Ajazi, 01/02/1956
12. E15710507Q, Razie, Qamil, Ajazi, 15/07/1941
14. E55091512J, Drita, Skender, Aliu, 05/07/1963
17. E20510512G, Hevat, Ali, 10/05/1942
18. E25420127U, Zymbyle, Kasem, Alia, 20/04/1942
22. H30120897J, Altin, Tajar, Alia, 29/01/1973
23. H40111435W, Mustafa, Rifat, Allmuc, 14/01/1974
24. E14371097E, Shaje, Zenel, Allmuc, 07/03/1944

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

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.
112. G60608141W, Qerem, Ramadan, Bastaır, 08/06/1968.
115. C57109062W, Fitnet, Hamit, Beja, 06/01/1927.
118. D20500650Q, Banush, Beqir, Bejira, 06/05/1932.
119. E66026015F, Dituri, Ramadan, Bejira, 24/10/1946.
120. D85502012U, Fatime, Liman, Bjejira, 20/05/1938.
121. H45116162T, Mirela, Beqir, Bejira, 16/05/1974.
129. I15218135V, Silvana, Kujtim, Dukolli, 18/01/1976.
133. E20510420M, Llesh, Sadik, Dukolli, 20/05/1975.
143. H50514170O, Ferdinant, Mustafa, Dukolli, 14/05/1975.
145. E90520122M, Ismet, Sadik, Dukolli, 20/05/1949.
152. F13215142J, Derminkan, Kasem, Dukolli, 15/02/1955.
158. F60603045J, Letferi, Sefedin, Dukolli, 03/10/1950.
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2. Lirije, Mahmut, Ahmeti, 10.03.48.
3. Artan, Idriz, Ahmeti, 11.12.73.
4. Aranit, Sulejman, Ahmetaj, 25.10.76.
5. Alida, Sulejman, Ahmetaj, 13.08.82.
6. Ilirian, Izet, Ahmedaja, 03.09.55.
7. Roland, Dhimiter, Agora, 20.05.69.
8. Edhoksia, Kosta, Agora, 23.05.36.
9. Dhimiter, Niko, Agora, 03.08.34.
10. Lorenca, Bashkim, Ademi, 15.10.74.
11. Mariglen, Gezim, Abazi, 06.02.82.
13. Safedin, Vesel, Abazi, 02.05.63.
15. Gezim, Hasan, Abazi, 04.03.60.
16. Emrije, Osman, Abazi, 03.03.60.
17. Shuma ................................ 1 370
18. Shuma ................................ 2 274
19. Total ................................... 1 370
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Municipality Unit No. 4, Polling Station No. 122.

I. VOTERS IN CIVIL STATUS REGISTER

II. VOTERS IN THE VOTING LISTS OF THE ELECTION OF OCTOBER 1, 2000

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36. Halim, Hysen, Ajazi, 01.02.56.
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41. Hqimet, Adem, Ajazi, 31.08.63.
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50. Bektije, Qemal, Alija, 02.06.64.
52. Dile, Gjergj, Alija, 23.03.64.
53. Drita, Skender, Ali, 05.07.93.
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58. Ferite, Nexhip, Alija, 25.02.75.
59. Shaqiri, Hamid, Alija, 20.06.75.
60. Saqit, Dino, Alija, 25.03.75.
61. Lajram, Adem, Alija, 25.03.75.
62. Shuma ................................ 1 370
63. Shuma ................................ 2 274
64. Shuma ................................ 1 370

Differenc: I - II = 904 Voters.

LISTA E VOTUESVE SIPAS REGJISTRIT E GJENDJES CIVILE

Nësia Bashkiakte Nr. 4.

Qendra E Votimit Nr. 122.

Voting Station No. 122.

E964 CONGRESSIONAL RECORD — Extensions of Remarks
May 25, 2001

II = 904 Voters.
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the violin. Both students have won countless awards and honors. I am proud to know that Daniel and Jennifer represent the future faces of science.

I hope that my colleagues in the House will join me in extending our congratulations to the United States Physics Team and wish them well as they travel and compete in the International Physics Olympiad this summer.

On this day as we celebrate the scientific achievements of our students, I would like to direct the attention of my colleagues to the policy statement of the Physics Olympiad, which has been joined by 18 scientific societies representing more than half a million people.

It states: "As Congress considers the future of the Elementary and Secondary Education Act and other education legislation this year, we urge Congress to maintain support for programs which benefit K–12 science and math education, particularly professional development programs for teachers and the preparation of new teachers."

IN HONOR OF DONALD N. BERSOFF, PHD., JD

HON. CHAKA FATTAH
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. FATTAH. Mr. Speaker, I rise today to recognize a truly remarkable man, one who genuinely exemplifies what it means to be a teacher, mentor, and scholar.

Donald N. Bersoff, who is both a psychologist and lawyer, will be retiring this month from academic life and from his position as Director of the dual degree program in Law & Psychology, which benefit K–12 science and math education, particularly professional development programs for teachers and the preparation of new teachers.

Mr. ANDREW F. PAPPAS, of Georgia, and BRAD S. ANDERSON, of Minnesota, and other Members of the Judiciary Committee, and the public.

The Gallup Poll recently reported that as the United States moves into the 21st Century, the public views the teaching profession as one of the most prestigious.

Mr. Speaker, the teaching profession should be recognized as a leading career choice for students with a passion for education and a desire to make a difference in the lives of others.

As a psychologist and attorney, Dr. Bersoff has devoted significant time and effort to facilitating interdisciplinary cooperation between psychologists and attorneys. He has been instrumental in the development of ethics and professional responsibility in the field of psychology.

As a psychologist and attorney, Dr. Bersoff has contributed significantly to the field of psychology, particularly in the areas of law and ethics. He has authored numerous articles and books on these topics and has served on the Ethics Committee of the American Psychological Association for over a decade.

In his distinguished teaching career, he has served as a mentor and teacher to many students and colleagues. As a practitioner in both the fields of law and psychology, he has consistently demonstrated the general ethical and professional principles of competence, integrity, responsibility, respect for persons, and welfare of others.

Mr. Speaker, the contribution of Dr. Bersoff to the field of psychology is immeasurable. His dedication and commitment to the education and training of psychologists and attorneys have had a significant impact on the field.

As a result of his tireless efforts, Dr. Bersoff has received numerous awards and recognitions for his contributions to the field of psychology. He is a fellow of the American Psychological Association and has been honored with the Presidential Citation by the American Psychological Association.

Mr. Speaker, I urge my colleagues in Congress to recognize the significant contributions of Dr. Bersoff to the field of psychology and to support his efforts to promote the highest standards of ethical practice in the profession.

Mr. Speaker, it is with great pleasure that I introduce a resolution to recognize the contributions of Dr. Donald N. Bersoff, a psychologist and attorney, to the field of psychology. The resolution commends Dr. Bersoff for his dedication to the education and training of psychologists and attorneys and his commitment to the highest standards of ethical practice in the profession.
adverse effects of rail traffic on safety, vehicle traffic flow, or economic development: involving the vertical or lateral relocation of the rail line in lieu of the closing of a grade crossing or the relocation of a road; and provide at least as much benefit over the economic life of the project as the cost of the project. The Department of Transportation would fund 90 percent of the cost of these rail line relocation projects out of the general fund of the Treasury. The state or local government would be required to pay the remaining 10 percent, but would be allowed to cover this cost through appropriate in-kind contributions or dedicated private contributions.

Mr. Speaker, I urge my colleagues to evaluate the needs of the communities in their states in relation to the location of rail lines and join me in cosponsoring this legislation.

HONORING NATIONAL STUDENT BUSINESS CHAMPIONS

HON. ROY BLUNT
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. BLUNT, Mr. Speaker, I rise today to congratulate thirty young men and women who comprise the 2001 National Championship Students in Free Enterprise Team from Drury University in Springfield Missouri. This is the first time in SIFE’s 27 year history that a team from Missouri has won the national competition sponsored by this international organization headquartered in Springfield, Missouri.

These outstanding young academicians achieved their top rating in open competition with teams from 111 other four year U.S. colleges and universities. The team took top honors for their multi-media presentation detailing their year’s accomplishments.

Drury’s SIFE team devoted more than 7,000 hours to 35 educational and community service projects. All of the projects were designed to develop leadership and communication skills through free enterprise education. Besides receiving excellent practical experience in business skills, the students were also investing themselves in their local and national communities.

Among their almost three dozen projects this year the team continued to develop and expand the Young Entrepreneurs Association, a web-based organization devoted to free enterprise education for middle school teachers and students. Only three years old, the program now serves 510 middle schools, representing 17 states and all 50 states.

The team also built on a three year relationship with an “at-risk” middle school in Laredo Texas and this year conducted a three day educational program built around the principles of free enterprise, ethical marketing and entrepreneurship. The project culminated with a “mercadeo,” in which 800 customers purchased products designed and produced by the middle school students.

Their win qualifies them for the first SIFE World Cup, to be held in London on July 11–13. Twenty–two nations will compete for the title of SIFE Grand Champion.

SIFE is a grassroots student movement active on more than 1,000 college and university campuses in 48 states and 20 foreign countries. Seventy-five percent all four year colleges and universities in the United States participate in SIFE and their programs reach some 4 million students annually.

I know my Colleagues, especially those from Missouri, join me in offering our heartfelt congratulations to the team members and their mentors Dr. Charles Taylor and Dr. Robert Wyatt at Drury University. I further offer the best wishes of all the Members of this Congress for a successful competition in London later this summer.

VETERANS OPPORTUNITIES ACT OF 2000

SPEECH OF
HON. JO ANN DAVIS
OF VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, May 24, 2001

Mrs. JO ANN DAVIS of Virginia. Mr. Speaker, I rise today in support of H.R. 801, the Veterans’ Opportunities Act of 2001. As a cosponsor of this legislation, I am proud to be able to say that the committee referred a bill that has practical and immediate effects for many veterans and their dependents.

What I would like to speak about today is one section of this legislation that I believe will have an immediate and practical effect for the surviving families of many of our recently deceased veterans.

As you may know, I recently introduced a bill, H.R. 1015, the SGLI Adjustment Act. The substantive language of this bill was incorporated by the committee directly into H.R. 801. This legislation will directly and immediately help many of the families and beneficiaries of those killed since October 1, 2000.

I am extremely pleased and grateful the Veterans Committee included my legislative language in this bill.

Mr. Speaker, I know you are aware that our military has recently suffered numerous tragedies: the bombing of the USS Cole, the crash of an Osprey, a Blackhawk, a National Guard airplane, and the accidental bombing of our own troops in Kuwait. All of these accidents were unforeseen, and all of these accidents resulted in the tragic loss of life.

Recently, on November 1st of last year, the President signed a bill increasing this maximum benefit to 250,000 dollars. Unfortunately for those recently affected families, this increase in coverage does not take effect until April 1st of this year.

By incorporating the substantive language of my bill, we will retroactively grant this increase to those families who had opted for the maximum benefit and subsequently lost a loved one in the performance of their duty.

Mr. Speaker, I would be remiss if I did not thank the committee and its staff for their hard work and dedication in seeing this bill brought to the floor. In particular, I would like to thank the gentleman from New Jersey, Mr. SMITH, and the gentleman from Arizona, Mr. HAYWORTH, and the gentleman from Florida, Mr. CRENshaw, for ensuring that my legislation was attached to this bill in the form of a friendly amendment.
The National Guard Association of the United States fully supports your efforts and therefore I am proud to offer the endorsement of the NGAUS for H.R. 1015. Respectfully.

RICHARD C. ALEXANDER, Major General, OHARB (Ret.), Executive Director.

NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES ARMED FORCES


Hon. Jo Ann Davis, U.S. House of Representatives, Washington, DC.

Dear Representative Davis: Thank you for introducing legislation to provide an increase in the amount of Servicemember’s Group Life Insurance (SIGLI) paid to survivors of members of the Armed Forces who died in the performance of duty between November 1, 2000, and April 1, 2001.

Recognizing those men and women whom made the ultimate sacrifice, and ensuring that their family members are cared for is of utmost importance to the NCOA.

The NCOA strongly supports your proposed piece of legislation. Accordingly, it will be our privilege to provide testimony on behalf of H.R. 1015, or whatever other assistance you may require.

Sincerely,
ALEX J. HARRINGTON, Director of Legislative Affairs.

THE RETIRED OFFICERS ASSOCIATION


Hon. Jo Ann Davis, U.S. House of Representatives, Washington, DC.

Dear Representative Davis: On behalf of the 390,000 members of The Retired Officers Association (TROA), I wish to extend our support for H.R. 1015, a bill to provide for an increase in the amount of Servicemember’s Group Life Insurance (SIGLI) paid to survivors of members of the Armed Forces who died in the performance of duty between November 1, 2000, and April 1, 2001.

Your legislation provides an important and timely correction in the implementation of the recent increase in SGLI coverage from $200,000 to $250,000. The legislation is also consistent with action taken to increase SGLI after operational accidents such as the Gander, Newfoundland disaster. H.R. 1015 will ensure that those not covered at the higher SIGLI level during the period between passage and implementation of the increase authorized under P.L. 106-419 will now be covered.

With the increased level of operations for all members of the Armed Services, tragic accidents are occurring more frequently. From the USS Cole to the most recent crash of an Air National Guard plane, our service¬men and women risk their lives on a daily basis. The severity of these accidents serve as a reminder that liberty is not procured without the constant vigilance of those who freely give up theirs to protect us.

TROA greatly appreciates your leadership on this issue and we offer our full endorsement of H.R. 1015, or whatever other assistance you may require.

Sincerely,

MICHAEL A. NELSON, President.

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES


Hon. Jo Ann Davis, U.S. House of Representatives, Washington, DC.

Dear Representative Davis: On behalf of the 75,000 members of the Reserve Officers Association of the United States, chartered by Congress in 1922 to support the development and implementation of a military policy that will maintain a national defense for the United States, I want to congratulate you for introducing HR 1015, legislation that would provide for an increase in the amount of Servicemember’s Group Life Insurance (SIGLI) paid to the survivors of service members who die in the line of duty. I want you to know that the Reserve Officers Association fully supports your efforts in this regard.

Since the end of the Cold War we have witnessed a decrease in the level of deployments of our Armed Forces. Our men and women in uniform are increasingly called upon to support contingency operations around the world, operations that expose them to danger on a continual basis, as the headlines daily remind us. Over the past several years, members of the Reserve components have annually provided more than 12,500,000 workdays of contributory support to our Active component forces. Truly the level of our military operations is remarked upon by the men and women of the uniformed services. Your bill will help recognize the value of these contributions and of the men and women who make them. Again, let me thank you for sponsoring HR 1015. ROA appreciates your efforts and is pleased to offer our full support.

Sincerely,

JAYSON L. SPRINTZ, Executive Director.

ENLISTED ASSOCIATION OF THE NATIONAL GUARD OF THE UNITED STATES


Hon. Jo Ann Davis, Longworth House Office Building, Washington, DC.

Dear Representative Davis: On behalf of the enlisted men and women of the Army and Air National Guard, the Enlisted Association of the National Guard of the United States (EANGUS) wishes to thank you for introducing H.R. 1015, a bill to increase the amount of Servicemember’s Group Life Insurance paid to survivors of servicemembers who died in the performance of duty recently.

Although an increase was signed into law last November, the increase doesn’t go into effect until April 1. Your bill would cover those who died in the recent tragedies and ensure that their survivors will receive the new maximum benefit.

EANGUS fully supports this bill. Thank you for your efforts on behalf of our uniformed men and women who serve their country and sometimes pay the ultimate price in that service.

Working America’s Best!

MSG MICHAEL P. CLINE (Ret.), Executive Director.

Hon. Jo Ann Davis, U.S. House of Representatives, Washington, DC.

Dear Representative Davis: On behalf of the members of the National Order of Battle¬field Commissions, I wish to extend our support for H.R. 1015, a bill to provide for an increase in the amount of Servicemember’s Group Life Insurance (SIGLI) paid to survivors of members of the Armed Forces who died in the performance of duty between October 1, 2000, and April 1, 2001.

Your legislation provides an important and timely correction in the implementation of the recent increase in SGLI coverage from $200,000 to $250,000. The legislation is also consistent with action taken to increase SGLI after operational accidents such as the Gander, Newfoundland disaster. H.R. 1015 will ensure that those not covered at the higher SIGLI level during the period between passage and implementation of the increase authorized under P.L. 106-419 will now be covered.

With the increased level of operations for all members of the Armed Services, tragic accidents are occurring more frequently. From the USS Cole to the most recent crash of an Air National Guard plane, our service¬men and women risk their lives on a daily basis. The severity of these incidents serve as a reminder that liberty is not procured without the constant vigilance of our servicemembers.

The members of the National Order of Battle¬field Commissions greatly appreciate your leadership on this issue. We offer our full endorse¬ment of H.R. 1015, a bill that will help surviving family members meet critical needs following the tragic losses of their loved ones to recent terrorist attacks or training accidents.

Sincerely,
ROBERT C. EVANS, Washington Representative.

VETERANS OF FOREIGN WARS OF THE UNITED STATES


Hon. Jo Ann Davis, House of Representatives, Washington, DC.

Dear Congresswoman Davis: The Veterans of Foreign Wars of the United States strongly supports your bill, H.R. 1015, to provide an increase in the amount of the Service Members’ Group Life Insurance (SIGLI) paid to survivors of Armed Forces’ members who died in the line of duty since November 1, 2000 through April 1, 2001 from its presently authorized amount of $200,000 to the maximum amount of $250,000. This two million-dollar increase member service organization believes this is the equitable thing to do under present circumstances.

It is an unfortunate fact that, even during peacetime, military service members lose their lives while training in wartime scenarios and are targets of international ter¬rorists. Your legislation is consistent with prior legislation taken to increase the SIGLI—after the operational accident that resulted in deaths in the Gander, Newfoundland, disaster. H.R. 1015 will retroactively extend the maximum coverage five months, from November 2000 and carry it forward to 1 April of this year, when P.L. 106-419 authorizes the new maximum rate of insurance coverage. While it is impossible to place a dollar value on anyone’s life, the VFW believes that the added cost of your proposal is absolutely minuscule when considering the Department of Veterans Affairs’ current budget.

Again, thank you for taking the initiative to correct a small flaw in the life insurance program our nation pro¬vides to the military community.

Sincerely,
DENNIS C. CULLINAN, Director, National Legislative Service.
its recently constructed Middle and Upper School Academic Complex, which marks a significant step in the school’s ongoing expansion effort. The school’s achievements in helping to educate Central New Jersey’s young people throughout its forty-one years of existence have truly been an inspiration.

The Ranney School, based in Tinton Falls, New Jersey and enrolling 650 students in grades pre-K–12, began as the Rumson Reading Institute. As the school grew, it moved out of the basement of its founders private home and into the 60-acre campus that it currently calls home. In spite of the significant changes during the past four decades, Ranney’s mission has continued to emphasize the development of each student’s character and sense of scholarship. As a result, many of the school’s graduates go on to attend the nation’s top colleges and universities.

The completion of the first phase of Ranney’s expansion and modernization program will be marked on June 2, as the Academic Complex, comprised of a 40,000 square feet of classroom and laboratory space, will be officially dedicated. The new complex is certainly a testament to the Ranney School’s continued commitment to maintaining the highest educational standards for its students and faculty.

Once again, I applaud the Ranney School and its contribution to our community. I ask my colleagues to join me in recognizing the institutions steadfast commitment to the education of hundreds of our nation’s young people.

SECTION 245(i) EXTENSION ACT OF 2001

SPREAD OF

HON. MAJOR R. OWENS
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, May 24, 2001

Mr. OWENS. Madam Speaker, H.R. 1885 has been assured of passage as a result of the participation of the White House to promote a four month extension while the President considers our request for a one year or a permanent extension. We should all applaud the bipartisan cooperation which allows us to immediately relieve the anxieties of many immigrants who could not make the April 30th deadline.

Last month I joined several of my New York colleagues by sending a letter to President Bush asking him to support extending 245(i) by at least one year. “We are concerned that once section 245(i) expires, those individuals who have failed to apply by the deadline could face deportation, and in some cases, be barred from reentry to the U.S. for three to ten years. Many of these individuals are parents of natural-born citizens of the U.S.” Recently, President Bush has indicated he does support extending 245(i) beyond four months. As a result, I look forward to working with the Administration and my colleagues to ensure legal immigrants are given extended opportunities to petition for permanent resident status.

On December 21, 2000 the President Clinton signed into law the Legal Immigration Family Equity Act (LIFE Act) which reinstated section 245(i) of the Immigration and Nationality Act. As a result, thousands of hard-working immigrants were given the opportunity to apply for legal residence without the threat of being deported. Unfortunately, the deadline for visa petitions expired on April 30th of this year which left many immigrants in my district at a loss. Because of the backlog of immigration cases in large cities such as New York, recent immigrants seeking legal residence face a system that is ill-equipped to handle such a large volume of cases.

Each day, case workers are inundated with hundreds of new cases that demand immediate attention. For this reason, I strongly support H.R. 1885 which extends 245(i) for four months beyond the April 30th deadline. The four month extension will provide relief for thousands of New Yorkers, who due to no fault of their own, did not file a petition before April 30th. Extension of 245(i) would not only benefit legal immigrants who seek permanent resident status, but would ensure the United States economy does not suffer as a result of the mass deportation of thousands of immigrants. With the passage of H.R. 1885 everybody wins.

NO CHILD LEFT BEHIND ACT OF 2001

SPREAD OF

HON. CHARLES B. RANGEL
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, May 23, 2001

The House in Committee of the Whole on the State of the Union had under consideration the bill (H.R. 1) to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind.

Mr. RANGEL. Mr. Chairman, I believe that there are no expendable human resources in my America. I view every high school dropout, every welfare recipient, every child as a vital resource that must be rescued from the effects of dependency, reduced earnings, and the potential of being permanently locked out of the American dream. Congress must adequately fund public schools; this Administration must support a national initiative to engage educators, parents, business, and communities in addressing the needs of urban schools; and our U.S. Department of Education must articulate a new vision to address the needs of poor performing urban schools. This is about ensuring that we leave no child behind, no family behind, no community behind.

Investment in public education and job training is the key to developing our young minds and giving all of America’s children a chance to excel. At the present time, however, a significant number of children attend schools where facilities are crumbling, classrooms are overcrowded, students are without computers and Internet access, and many teachers are uncertified and lack the requisite content expertise. While there are many dedicated teachers and great public schools in this country, it is a shame when even one child in the United States receives an obsolete and inadequate education.

America must develop a new paradigm to keep children in school, provide a solid education foundation, world-class academic skills, industry responsive job training, and preparation for post-secondary education and life-long learning. Children growing up in America’s urban communities need to know that there will be a job for them when they complete school. It just makes good sense to educate people.

The economic future of America’s urban communities is contingent upon developing strategies for achieving sustainable and systemic change in public school and the delivery of state of the art technical training. We must value the input of families, businesses, teachers, unions, universities, and faith and community organizations. The needed effort to promote educational achievement and the creation of work. All stakeholders in the community must recognize and acknowledge the contributions of all members of the community.

If this nation is to succeed in closing the opportunity divide, we must first close the racial, literacy, economic, social, and the technology gap for future generations.

The private and public sector must be willing to blur the distinctions among public schools, the business community, and traditional academic institutions. We need a national agenda for addressing poor performing urban schools. This initiative is about creating opportunity for America’s poorest communities.

What is good for our poorest communities is ultimately an investment in the future of America’s economic growth. Free market expertise can have a dramatic effect the quality of public schools and their ability to attract the best and brightest of the teaching profession.

The business community must assist schools in laying a solid groundwork in math, science, and technology skills at the elementary, middle school, and high school levels. We also must reach out to public schools, whose teachers and administrators are charged with the responsibility to insure that the skills learned today are the skills prospec- tive employers want and need. We must reach into the hearts and minds of the students we serve, giving them the skills, the confidence, and the opportunity to succeed in our nation’s increasingly digital economy.

Our nation’s children have a big stake in the future of America, but many are not being provided with adequate education, job training, and opportunities that will allow them to take advantage of the prosperity and promise of the new global economy. Tragically, an entire generation of poor urban and rural children, many minority and most undereducated, are missing out on the American dream. At the time of unprecedented economic growth in this country these children are being left behind. Where is the outrage? Where is America’s outrage? These children deserve better.

Students in schools that have high concentrations of poor children are at great risk of being left behind in an economy driven by technology, increased knowledge, and higher skills. Gaps in student achievement, between high-poverty and low-poverty students, and between minority students and their peers have persisted and in some cases widened in recent years.

As they get older, these children are less likely to enroll in college and are at risk of dropping out before they graduate. Together with their parents, students, educators, families, unions, and communities, America must work to ensure that every child in America has an equal chance to succeed in our increasingly digital economy.
an equal chance to compete in the world of work when they leave school.

Americans consistently tell us that education is their highest domestic priority. In that context, we need to put a face on America’s education priority, the face of America’s poorest children. We need to present the plans for the next century; a message of inclusive economic participation, self-reliance, affordable higher education, market-driven job training, world-class public schools, and accountability for educators and students.

NO CHILD LEFT BEHIND ACT OF 2001

SPRECH OF
HON. JAMES R. LANGEVIN
OF RHODE ISLAND
IN THE HOUSE OF REPRESENTATIVES
Wednesday, May 23, 2001

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1) to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind:

Mr. LANGEVIN. Mr. Chairman, I rise to commend my colleagues on the Education and the Workforce Committee for crafting a bill that contains landmark investments in education and prioritizes disadvantaged children and low-performing schools.

In total, H.R. 1 authorizes $228.8 billion, about $5 billion more than was appropriated in fiscal year 2001. This bill creates new accountability systems that hold our schools responsible for delivering the first-rate education that our children deserve. It tackles the problem of illiteracy by creating two new reading programs and authorizing them at three times the level of past programs. H.R. 1 gives children more personal attention and improves teacher quality by almost doubling funding for class size reduction and professional development for teachers. It authorizes $11.5 billion for Title I in 2002 with increases over five years that amount to almost twice the 2001 level. Finally, H.R. 1 rejects both vouchers, which would drain resources from public schools, and “Straight A’s,” which would politicize education and deny critical funding to the students who need the money most.

In sum, H.R. 1 is a remarkable measure. My only fear is that the budget we were forced to vote on last week so binds our hands that we will not be able to keep our promises. By enacting a $1.35 trillion tax cut and a four percent cap on discretionary spending increases, we have virtually guaranteed that we will not adequately fund all the programs we are about to authorize. Mr. Speaker, reforms without reform are not over until we meet these obligations for Title I in 2002 with increases over five years that amount to almost twice the 2001 level.

TRIBUTE TO FATHER HOWARD LINCOLN

HON. JOE BACA
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. BACA. Mr. Speaker, this June, we will be honoring Father Howard Lincoln on the occasion of his leaving the Saint Catherine of Siena Parish, and also on the 10th anniversary of his ordination for the Diocese of San Bernardino.

Father Lincoln was ordained a Catholic priest in 1991 for the Diocese of San Bernardino. He served as Associate Pastor for Saint Catherine of Alexandria Church, Riverside; Priest Moderator for Our Lady of Fatima and Saint Bernardine’s Churches, San Bernardino; and as Pastor of Saint Catherine of Siena Church, in Rialto for the past six years. He has been the Director of Communications and the Spokesman for Bishops Straling and Barnes for the past nine years and has served on numerous diocesan committees for the Diocese of San Bernardino.

Father Lincoln is a friend, a mentor, a guide to my family, to his parish, and the community of Rialto. He is known throughout our area for his outstanding sermons and his work as a fine educator, counselor and community leader. I have been privileged to know Father Lincoln, and have found him to be a mentor, a scholar, and an inspiration.

But Father Lincoln is also very down to earth, enjoying recreational pastimes. His golf game is so exceptionally good that he was appointed Official Golf Pro for the Vatican in 1997! A highlight for me was when we had a chance to play the Congressional Golf Course and Robert Trent Jones.

In furthering the mission of the parish to build the community through worship, education and service, Father Lincoln has been a gifted spiritual leader, a man of vision, virtue, and wisdom. His sermons have inspired and uplifted, causing me to reflect on the words of the Scripture, "Not unto him that is able to keep you from falling, and to present you faultless before the presence of his glory with exceeding joy. To the only wise God our Savior, be glory and majesty, dominion and power, both now and ever. Amen. Jude 24-25"

Many times, we seek guidance, so that we may know the right way in our personal lives, our careers, our public lives. This has been true for me as a husband, father, grandfather, and public official. Father Lincoln has always been there in times when I have sought spiritual guidance, so that I might know the power and the comfort of the Lord in making decisions that are fair, just and right.

I am very pleased to have known Father Lincoln over the years, and wish him every success in his new posting. I offer my best wishes, and ask for the blessing of God to mark this occasion.

EASTERN QUEENS DEMOCRATIC CLUB HONOREES

HON. GARY L. ACKERMAN
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. ACKERMAN. Mr. Speaker, I rise today to ask all my colleagues to join me in recognizing Chester (Chet) Szarejko, Cantor Doreen Gamell, Frank Biordi, Joanna Laba, and Mohammed Saleh, who will be honored by The Eastern Queens Democratic Club at its Annual Awards Dinner on May 31, 2001.

Chet Szarejko has demonstrated strong leadership qualities as the Democratic District Leader of the 24th Assembly District in Queens County, NY. He was also a Political Activities Chair of the Polish American Congress, which represents the more than one million Americans of Polish descent in the New York Metropolitan area. He has met with many Polish leaders, including Loch Walesa, and has worked to organize the Polish community in New York politics. He recently testified at the Holocaust Restitution Committee and helped to organize several Holocaust programs. Due to his activism among Americans of diverse backgrounds, members of the Southeast Asian Community have nicknamed Chet the "Queens Political Ambassador." He has been awarded citations from various immigrant communities and has received local acclaim as a champion of immigrants and new Americans.

Cantor Doreen Gamell studied music and philosophy for years before finding her true calling. When Cantor Jacob Taron asked her to substitute for him at a Friday night service in Port Washington, she found the perfect home for her voice, mind, and heart. Several years of study and several student pulpits later, Doreen Gamell became the Cantor at Temple Shalom in Floral Park. In addition to her duties at the synagogue, Cantor Gamell
has been recognized for her work instructing developmentally challenged adults in the study of the Jewish texts and music, and in ritual and Torah cantillations.

Frank Biordi, President of Biordi Construction Company, has long been involved in community and business affairs in Queens, and has been a leader of various local and national civic organizations. Frank has been a generous benefactor of the SIDS Foundation, Cancer Care Society, Deepdale Gardens Boulevard Bank Drive, Bayside Little League, and New Hyde Park Little League.

Jonathan and I have been friends since the early 60’s when we worked together in the California Federation of Young Democrats. He early 60’s and honesty, dedicated to improving the world brating his 50th birthday on June 3, 2001. He early 60’s and honesty, dedicated to improving the world, he is a long-time member of the American Israel Policy Action Committee. Jonathan is also a board member of the Friends of the UCLA Library.

So it is with special joy that I ask my colleagues to join me in wishing my good friend, Jonathan Friedman, a very happy 50th Birthday and many happy returns. His friendship has added immeasurably to my life.

A TRIBUTE TO MAJOR STEWART H. HOLMES, USMC

HON. JERRY LEWIS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. LEWIS of California. Mr. Speaker, I rise today to recognize an outstanding Marine Corps Officer, Major Stewart H. Holmes, who served with distinction and dedication for two and a half years for the Secretary of the Navy, Commandant of the Marine Corps and under the Assistant Secretary of the Navy (FM&C) as the Marine Corps Appropriations Liaison Officer in the Appropriations Matters Office. It is a privilege for me to recognize his many outstanding achievements and commend him for the superb service he has provided to the United States Marine Corps, the Department of the Navy, the Congress, and our nation.

During his tenure in the Appropriations Matters Office, which began in December of 1998, Major Holmes has provided members of the House Appropriations Committee, Subcommittee on Defense as well as our professional and associate staffs with timely and accurate support regarding Marine Corps plans, programs and budget decisions. His valuable contributions have enabled the Defense Subcommittee and the Marine Corps to strengthen its close working relationship and to ensure the most modern, well-trained and well-equipped marine forces attainable for our nation’s defense.

Mr. Speaker, Stewart Holmes and his wife Deborah have made many sacrifices during his marine career, and his distinguished serv has exemplified the Marine motto “Semper Fidelis.” As they celebrate the Appropriations Matters Office to embark on yet another great Marine adventure, I call upon colleagues to wish them both every success.

HAPPY 50TH BIRTHDAY TO JONATHAN FRIEDMAN

HON. HOWARD L. BERMAN
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. BERMAN. Mr. Speaker, I rise today to pay tribute to an outstanding individual and a good friend, Jonathan Friedman, who is celebrating his 50th birthday on June 3, 2001. Jonathan is a wonderful person, full of integrity and honesty, dedicated to improving the world around him, and an all-around good guy.

Jonathan and I have been friends since the early 60’s when we worked together in the California Federation of Young Democrats. He was only in high school, but even then he was extremely involved in politics. In the Young Dems, he was a master debater on the Resolutions Committee and was known for providing a fresh and interesting insight which challenged previous policies of the Young Democrats. Jonathan’s contributions to the Democrats for Israel Club and the California Democratic State Central Committee are equally impressive and indispensable.

Jonathan has enjoyed a distinguished career since receiving his M.B.A. at Wharton Graduate School, where he majored in finance. His educational background, which includes a B.A. from UCLA, enabled him to enter the business world in 1975 as a securities analyst and later as an Assistant Vice President at Equitable Life. His interest and acumen in the financial arena continued to grow and led to a position as a Partner at Wasserstein Partners in New York. He made his way back to Los Angeles to serve as an investment consultant at the J. Paul Getty Trust. After a successful stint there, he turned his skills and savvy to the retail market by starting his own jewelry business, Miller Gemco.

I frequently turn to Jonathan for analysis of legislative proposals in tax and financial matters. His counsel in these areas (and many others) has been invaluable to me.

Jonathan also finds time in his busy sched-

HON. ROBERT A. UNDERWOOD OF GUAM
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. UNDERWOOD. Mr. Speaker, I would like to take this occasion to congratulate Lilli Perez lyechad on the publication of her new book entitled An Historical Perspective of Helping Practices Associated with Birth, Marriage and Death Among Chamorros in Guam.

Lilli is currently employed as an extension agent by the Cooperative Extension Service at the University of Guam. She is a member of the Guam Association of Social Workers, the National Association of Social Workers, the Council on Social Work Education, and the National Network for Collaboration. On a part-time basis, she also provides services as an individual, marriage, and family therapist—concentrating her efforts on “atrisk” popula-

FIRST-TIME HOMEBUYER AFFORDABILITY ACT

HON. JOHN J. LAFALCE
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. LAFALCE. Mr. Speaker, I am introducing the “First-time Homebuyer Affordability Act.” This legislation is identical to H.R. 1333 from the 106th Congress.

This bill is a pro-homeownership initiative, based on the principle of empowering families and individuals to use funds in their own retirement accounts to buy a home.

The “First-time Homebuyer Affordability Act” unlocks the more than $2 trillion currently held nationwide in Individual Retirement Accounts (IRA’s) for homeownership use. It does so by allowing individuals to borrow up to $10,000 from their own IRA (or from their parent’s IRA) to use as a down payment on a first-time home purchase. Since funds are borrowed, rather than withdrawn, the homebuyer does not incur federal taxes or a premature with-

This bill is a targeted effort to narrow the arbitrary disparity between treatment of 401(k) retirement plans and IRA retirement plans. Under current law, individuals may borrow
from their 401(k) retirement account without paying taxes for a broad range of purposes, including buying a home. Yet, individuals cannot borrow or otherwise use funds in their IRA for personal use, even to buy a home, without incurring federal taxes. This is a significant and inequitable impediment to homeowner-ship.

Four years ago, Congress took a modest step towards lowering financial barriers to the use of IRA funds for home purchase—through enactment of a waiver of the 10% premature withdrawal penalty for withdrawal of up to $10,000 from an IRA account for a first-time home purchase. However, such a withdrawal still subjects the homebuyer to federal taxes on the amount withdrawn. For a $10,000 withdrawal by a typical taxpayer in the 28% tax bracket, this creates a federal tax liability of $2,800—leaving only $7,200 for a down payment on a home purchase.

Under the “First-time Homebuyer Afford-ability Act,” funds may be borrowed tax- and penalty-free from an IRA account for a period of up to 15 years. The loan must be repaid if the house is sold or if it ceases to be a principal residence. When the loan is repaid, the funds are restored in the IRA account, fully available for re-investment on a continuing tax-deferred basis.

Alternatively, the bill permits use of IRA funds for a first-time home purchase as a home equity participation investment. Under this approach, IRA funds are used for down payment; when the house is sold, the investment, plus a share of the profit from home sale (typically 50%) is repaid to the IRA account.

The purpose of IRAs is to encourage long-term savings and investment, to provide a financial cushion in retirement. Yet, even though buying a home is one of the best investments an individual can make, it is not an eligible IRA investment. Allowing an individual to borrow from their IRA to buy a home effectively makes this an eligible investment.

Allowing IRA borrowing for home purchase would also eliminate a disincentive against IRA contributions. Many young families and individuals are hesitant to tie up funds in an IRA account that they may need later to buy a home. And, IRA borrowing for home purchase does not deplete the IRA account, since the funds are replenished when the loan is paid back. Thus, the bill will encourage more long-term savings through IRA retirement accounts.

Finally, this legislation is responsibly drafted, to prevent self-dealing and generally track provisions of 401(k) loans. Non-payment or forgiveness of the loan is treated as a premature withdrawal. In such event, the unpaid amount would be subject to federal taxes and a 10% premature withdrawal penalty.

Other protections include a prohibition against taking an interest deduction on the borrowed funds, and a limitation that loan rates cannot vary by more than two hundred basis points [2%] from comparable Treasury maturities.

I urge Congress to enact this pro-homeownership, pro-savings initiative.

PAYING TRIBUTE TO THE CHELSEA BLEU PRINT

HON. MIKE ROGERS
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. ROGERS of Michigan. Mr. Speaker, I rise to honor the accomplishments of the staff of the Chelsea High School student paper, the “Chelsea Bleu Print.” This group of students competed in an American Scholastic Press Association regional contest and won the prestigious “first place with special merit” award for high school papers with a student body of 1,001 to 1,700.

This award, granted to only one other high school paper in Michigan and only 85 nationwide, is based on several high profile criteria, including the newspaper’s demonstration of community awareness, student interest, investigative reporting, design, layout, photography and overall style. The Chelsea Bleu Print staff earned a near perfect score of 945 of a possible 1,000.

The students, with their advisor Mr. Phil Jones, invested their personal time and energy to create a truly high-quality school newspaper. Their commitment to serving as a mirror of their school and community, and at the same time, the conscience of their constituency, is to be admired.

I urge my colleagues in the U.S. House of Representatives to join me in congratulating the Chelsea Bleu Print Advisor Mr. Philip Jones, the Editor-in-Chief Erin Ryder, and the dedicated Bleu Print staff. We wish them well in their future endeavors.

NATIONAL SCHOLARSHIP MONTH
GALA HONOREES

HON. TOM OSBORNE
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. OSBORNE, Mr. Speaker, May is National Scholarship Month and one of its galas took place May 23, 2001, in St. Paul, Minnesota. The purpose was to present two significant awards—the Trustee’s Award, which was given to the General Mills Foundation, and the President’s Award—recognizing a major corporation’s and an individual’s perpetual assistance to students. The President’s award was given to my longtime friend, Col. Barney Oldfield, USAF (Ret.). Born in Tecom-seh, Nebraska, he left the state in 1940 to enter military service. Col. Oldfield has lived and worked in 81 countries and on every continent in the world, but he and his late wife, Vada, never forgot their Nebraska roots. He is a discredit to General MacArthur’s statement, “Old soldiers never die, they just fade away,” because he remains a generous contributor to education and medical research as he nears his 92nd birthday.

Since we share a great affection for both our home state and the needs of education, I want to share with my colleagues the acceptance speech of Col. Oldfield. But first, I would like to include an introduction that the Citizens’ Scholarship Foundation of America’s President, Dr. William C. Nelson, delivered that evening:

As we gather here for the fourth presentation of our President’s Award, more than eight hundred young people as far away as Singapore and Hong Kong, as nearby as Nebraska and South Dakota, North Dakota and North Carolina, are in careers or preparing for careers because of the one we honor and his late wife. And this is only the beginning as endowments created in their honor educate the next generation. This is only the beginning as endowments addressing not only the future but as far out as infinity. Communicators themselves, she an artist and himself a writer, no matter where life put them were put to use in many different applications. In this year, as he works himself toward being the largest single documentary release called, Marlene Dietrich: Her Own Song, and his participation in Marlene’s Biography is being constantly replayed on May 26, on The History Channel. In the Stephen Ambrose funded two hour long production of Moment of Truth. When supreme headquarters, allied powers, Europe celebrated its fiftieth anniversary last month, researchers in Belgrade found he was the only survivor on Order No. 1 Dash I, as General Dwight D. Eisenhower’s advance man so they had him on camera as the resistance put pressure on the Gestapo and the Hitler Youth. He has won a major award—once as lightweight boxing champion George Foreman and jokes for Ronald Reagan for forty years. Imagine what it would be like that day when Ronald Reagan made that Bittburg reconciliation gesture in Germany with German chancellor Helmut Kohl. When he watched on his TV set as Kohl, accompanied by Luftwaffe General Johannes Seinhoff and President Reagan, accompanied by Paratrooper General Matthew Ridgeway walked up to the monument, in the presence of the President and his late wife, and he had been the ghostwriter for all four! When his beloved wife, Vada, died after eleven years of Alzheimer’s disease... and she had been one of the original WAACS, he asked that there be no eulogy as she would always be a “work in progress” and after Taps at the Fort McPherson National Military Cemetery that the bugler perform Reveille so she could re-enlist herself as a research ally. Her fund at the Nebraska Medical Center in Omaha has drawn more than $300,000 and grows daily. He has written, spoken, and done documentary participations on military subjects all his life but has never taken the money, giving it instead to scholarship and medical research. His motto has always been, “If each of us who could, would help one who needs it, we would have very few social problems.”

For all these and many other good reasons, these are why our fourth President’s Award is presented to Col. Barney Oldfield, USAF (Ret.).

[Response of Col. Barney Oldfield, USAF (Ret.) on the receipt of President’s Award at the observance of Scholarship Month in St. Paul, Minnesota in the evening of May 25, 2001:]

How can one properly respond to an incredible honor such as your President’s Award? Years ago at the old Astor Hotel in New York I stepped on an elevator to go to one of their many meeting rooms to be the luncheon speaker. Only one other person was on it and she were stuck there thirty minutes! I introduced myself. He reached his hand and said he was Gutzon Borglum...the sculptor who had done Mt. Rushmore, whose words that day and graphic devotes. That has to be a tough audience. I asked, “How do you start a speech to get the...
attention of such a group?’” He said he was going to tell them of the time he almost fell over Abraham Lincoln’s nose!
I don’t know how he did that day, but I opened the door and told of my French hiatus with him and it never went over as well anywhere else in my life.

But, you know, today?

Once when I had a long lunch with comician Jack Benny, I asked him how he had acknowledged some meaningless award given him. He said, “I was introduced, and knew I was going to be hooted anyway, so I looked sternly at the audience and said—once every one hundred years or so a great man is born. Now that I am here, make the most of it.”

To let you know I have a hard time taking myself seriously. I have worn this red hat. The late Charles Kuralt did a CBS “Who’s Who?” program called The Man in the Red Hat in 1977, in which he called me the king of the press agents. Why? In 1941, I made and gave Sonja Henie a valentine made of ice, which is still in storage in Omaha, Nebraska, more than 60 years old, which he declared was the longest running, open-ended publicity stunt in the world. I have worn this red hat in 81 countries on every continent in the world.

On February 1, 1938, Robert L. Ripley carried me into more than 1,000 periodicals in his Believe-it-or-Not feature, and it’s been like that ever since.

But this president’s award is highly serious. A peering into the reality that has always been a part of my late wife, Vada, and myself . . . a constancy of interest in education and medical research. She was one of the original WAACS (forerunner of the women’s army corps) . . . served two years as a teletype operator with HQ 12th Air Force across North Africa, Sicily, and Italy. We are pediatric intensivists in uniform section of the great US Air Force Museum in Dayton, Ohio, as a military couple. Clark Gable, Jimmy Stewart, bandleader Glenn Miller, and the forty-seventh President of the United States, Ronald Reagan, all surround and look down at us.

Vada, who fought Alzheimer’s Disease 11 years, was still lucid when it happened and when I told her about it, she said “It’s a good thing they can’t talk as they’re probably saying, ‘There goes the neighborhood!’” When she did talk and was thinking military honors at Fort McPherson National Cemetery, I told them there would be no eulogy as her story would always be unfinished . . . a task left on the play “Reveille”, the military wakeup call. There is a Vada Kinman Oldfield Alzheimer’s research fund at the University of Nebraska Medical Center in Omaha, which allies her inspiration with research expertise and is funded to address infinity. A thousand people a day go by her tribute on its wall.

As we support the University of Nebraska and went the world around . . . none more than us know of the extraordinary difference a college education can make in the life of a person. Global experience has shown us how brutal lack of knowledge can be . . . how awful is the dirt and disease in which so many lives are lived.

We are great believers in living memorization, naming awards for friends . . . the admired . . . who inspire . . . motivate . . . piggy-backing on educational assistance. We campaign endlessly against those who are in foundations who see themselves only as collectors of money and have neither interest nor time to publicize the impact on recipients and the goals they achieve because of help at the crossroads of their lives.

Oddly, the question Vada and I were, and are, obsessed with, “Have you been so persistently interested in education when you have no kids of your own?”

Our answer has always been, “Who says we don’t have any kids? You don’t read our Christmas mail!” It comes from all over the world—some as much as twenty years after winning our scholarship whose we knew as struggling students write to us about their successes and their achievements. On the Kinman-Oldfield family foundation there is a photo of Vada giving the first scholarship to an electrical engineering student named Tony Kozlisk. He was the son of a dairy worker and his mother was a seamstress and he had to drive 48 miles to and from school each day. The scholarship made possible a room on campus. He graduated 4th in a class of 486 and made the dean’s list. He has been an employee of Honeywell ever since.

What we are talking about here is the greatest game in town. Give some thought to it personally. You will be startled about how good you feel about yourself And you, too, may come to enjoy your Christmas mail from kids you never had, but will never forget for what you did. For my Vada and me, many thanks for this President’s Award!

It will not be un-employed, but on view at function related to the Vada Kinman Oldfield and Col. Barney Oldfield Nebraska Dollars for Scholars Program we have launched in Nebraska.

TRIBUTE TO GREATER OMEGA M.B. CHURCH
HON. BOBBY L. RUSH
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. RUSH. Mr. Speaker, I rise to commemorate the 19th Anniversary of the Greater Omega M.B. Church, located in my congressional district in Chicago, Illinois. The Greater Omega M.B. Church has served as a beacon of hope and strength for Illinois’ First Congressional District since it was founded on March 14, 1982. With approximately 150 pioneering members, Greater Omega M.B. Church began as an offshoot of its major leader’s late founding pastor, Rev. Edmond Blair, Jr. Since then, the church and its congregation have endured a vibrant history. Under Rev. Messenger’s leadership, the Greater Omega family made the final mortgage payment on its current church home located at 135 W. 79th Street. In addition, the church began broadcasting its services on the WBEE radio station.

On November 12, 2000, the Greater Omega family selected their current pastor, Rev. Melvin Reynolds. Under the helm of a new leader, the congregation is excited about the future of Greater Omega. According to church members, Rev. Reynolds, “loves and respects the people of Greater Omega, he loves and respects God’s church, he sees the needs of the community, he tries to aid people in every walk of life, he loves God.” Even more Rev. Reynolds has a vision of Greater Omega becoming a great church.”

In the midst of changing pastors and relocating four times, the members of Greater Omega have remained steadfast in their mission and devotion to God and the Chicago community. The church has continuously enacted programs in the community such as, job ministry, drug rehabilitation ministries, and prison ministries. The church also has a homeless food program and a mentoring program for the youth.

I commend Greater Omega M.B. Church for their continued high standards of worship and fellowship. Greater Omega’s accomplishments are a true testament to their enduring faith and unwavering commitment to God. I am confident that the church will continue to grow and vigorously serve the people in the years to come.

SECTION 245(i) EXTENSION ACT OF 2001

SPEECH OF
HON. MAXINE WATERS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Monday, May 21, 2001

Ms. WATERS. Madam Speaker, today the House passed a bill introduced by Congressmen SENSENBERGER and GEKAS. This bill, H.R. 1885, seeks to extend for four months provision 245(i) of the Immigration and Naturalization Act. I was not able to be present for that vote, but I write today to state my support for reinstatement of 245(i).

245(i) allows certain undocumented immigrants to adjust their status while remaining in this country. Without that provision, they are forced to return home for a period of three to ten years before they can gain legal residency. This means, for example, that someone from the Philippines who lacks legal status marries a U.S. citizen, the couple must either be separated for several years, or they must both move to the Philippines for the necessary time period. Either option is problematic.

In 1994, 245(i) was created to provide a third option—one which allowed the couple to remain together in the United States while the undocumented immigrant sought legal status. Unfortunately, that provision expired in 1998. Last December, 245(i) was revived for a four-month period. It has become clear that there were problems with that time frame. Specifically, the Immigration and Naturalization Service (INS) was unable to process all of the applications by April 30, the date of expiration. In addition, immigrants were not able to comply with the complex paperwork requirements in that four month timeframe.

I applaud the efforts of Mr. SENSENBERGER and Mr. GEKAS in seeking to reinstate 245(i) again. However, their efforts do not go far enough. We should not stop by providing an additional four-month window of opportunity. Instead, we should reenact 245(i) as a permanent provision of the Immigration and Naturalization Act. Punishing people who have legitimate claims to legal residency by forcing them to leave the country for several years is not an acceptable solution. We should provide them an avenue by which they can stay here while their application is pending.

RECOGNIZING BRIAN KENT
HON. RANDY “DUKE” CUNNINGHAM
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001

Mr. CUNNINGHAM. Mr. Speaker, I rise today to commend, Brian Kent, a young man...
from White River, Vermont who recently won an award for a letter he wrote regarding the protection of the United States flag. Not only do I have deeply held, personal feelings on this subject, but I have also introduced a Constitutional amendment (H.J. Res. 36) to prohibit the desecration of the American Flag. Millions of American men and women have died in defense of this nation and the flag that represents the history of our nation. The American flag is a national treasure and the ultimate symbol of freedom, equality, opportunity and religious tolerance.

Brian’s letter to his Congressman reflects these feelings and I was pleased to see a young person have such strongly held values and pride in America. Brian’s value system and convictions are commendable at any age, but all the more impressive for this 8th grader. I had the opportunity to meet this young man and judging from this encounter, I know his parents must be proud of this fine young American.

I commend his letter to my colleagues. Knowing students such as Brian assures me that this country’s future is in good hands.

HON. DENNIS J. KUCINICH
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001
Mr. KUCINICH. Mr. Speaker, I rise today to honor and celebrate St. Stanislaus pastor William Gulas on his 40th anniversary of his ordination of priesthood on this 27th day of May. Father Gulas was born in 1934 in Hazleton, Pennsylvania. His first priestly assignment was with the editorial staff of Franciscan Publishers of Pulaski, Wisconsin, as editor of “Franciscan Message.” While with Franciscan Publishers, he assisted on weekends at parishes and edited other religious publications. He attended Marquette University in Milwaukee, Wisconsin, and was awarded a Master of Arts Degree in Journalism. He later taught at St. Mary’s High School in Burlington, Wisconsin, and served as the Catholic Chaplain at Southern Wisconsin Colony at Union Town. His accomplishments did not go unnoticed; he soon served as President of the Diocese of Green Bay, Provincial Ministers of the Order of Friars Minor. In 1992, he was appointed General delegate of the Lithuanian Franciscans. His accomplishments are countless.

In 1993, Father Gulas assumed the pastorate of St. Stanislaus Catholic Church in Southeast Cleveland. One of his primary objectives was to restore the historic century-old church in Slavic Village. Father Gulas raised over $1.3 million for the church and successfully completed the restoration on the church’s 125th anniversary. St. Stanislaus was blessed and dedicated on November 22, 1996 by Cleveland Bishop Anthony Pilla. St. Stanislaus now thrives under the leadership and direction of Father William Gulas. We as a community are grateful for his time and dedication to St. Stanislaus and Cleveland. Please join me in honoring Father William Gulas on this very special day.

HON. CHAKA FATTAH
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001
Mr. FATTAH. Mr. Speaker, I submit the following editorials for printing:

[From the Philadelphia Inquirer, May 20, 2001]

FORWARD ON RACE—TOGETHER
Try this sometime: Say the words reparations for slavery in a crowded room. Then watch the stereotypes and anxieties roll like thunderheads: Hands more protectively over wallets or extend to receive a check; eyes scan the floor for an escape hatch or roll back in exasperation. For 136 years of Francisco and anxieties have stifled the conversation. But change is coming—and it’s long overdue.

Recent investigations into race riots in places as diverse as Oklahoma City, Okla., and Tulsa, Okla., have brought reparations to the forefront. Businesses have apologized for slavery-era practices. The writings of people such as Randall Robinson and the idea of atonement are challenging our notions of justice.

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Sincerely,

BRIAN KENT

CONGRESSIONAL RECORD — Extensions of Remarks

E981

SLAVERY REPARATIONS

HON. CHAKA FATTAH
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Friday, May 25, 2001
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Recent investigations into race riots in places as diverse as Oklahoma City, Okla., and Tulsa, Okla., have brought reparations to the forefront. Businesses have apologized for slavery-era practices. The writings of people such as Randall Robinson and the idea of atonement are challenging our notions of justice.

What can we do to move past this debate and acknowledge the idea of reparations? It is a question that should be asked by all Americans, not just by groups that have been harmed by slavery.

What is the role of government in this process? While lawsuits and individual claims may be appropriate in some cases, a governmental response is necessary to address the systemic and structural harms of slavery.

Accepting that reparations are a legitimate and necessary conversation in American society is the first step towards healing and reconciliation. It is a recognition of America’s past and a commitment to a better future.

The idea of reparations is not about punishing the past, but about finding a way to move forward. It is a conversation about justice and the need for reparations.

We must continue to have these conversations and work towards a better future for all Americans.
The war on poverty will have to be counted as well. Yes, that war was waged on behalf of all poor people. But high rates of black poverty were part of the legacy of slavery and segregation. Many millions spent to alleviate poverty from the New Deal onward as a good-faith attempt to address that legacy. The effort known as affirmative action also must be counted.

So, while America hasn’t wholly atoned, it hasn’t been wholly coldhearted either. Acknowledging that fact might help Americans in reparations not making racial or other jokes that ridicule a particular group; by contributing to a culture of respect for human rights, and seeking to enhance toler- ance; by working with those who have a stake in the country; and accepting responsibility for the full story of America in his book No Future Without For- giveness: “Reconciliation ... has to be a national project to which all earnestly strive to make their particular contribution—by learning the language and culture of others; by being willing to make amends; by refusing to label”; and their contributions to a culture of respect for human rights, and seeking to enhance toler- 120 ance for difference, working on the process of reconciliation and acceptance.

Acknowledgment. Atonement. Reconcili- 120 ation. A good-faith, national effort dedicated to those goals could make this the last turn of a century in which America is haunted by this intractable problem.

[From the Philadelphia Inquirer, May 20, 2001]

JUSTICE AND RECONCILIATION

What is the scariest thing about a discus- 120 sion of reparations for slavery? Is it the money? No. The country would have a long and loud argument over this, but, at heart, Americans are a generous peo- ple. Convince them of a genuine need or urgency. What is the scariest thing about a discus- 120 sion of reparations for slavery? Is it the money? No. The country would have a long and loud argument over this, but, at heart, Americans are a generous peo- ple. Convince them of a genuine need or urgency.

The hundreds of thousands of war dead—black and white—the millions wounded, malmed, widowed and orphaned, can’t be de- nied. But running away from knowledge poses even greater risks in today’s world. Studying the impact of slavery and seg- 120 racation is not just a task for historians. A reparations commission could provide an oppor- 120 tunity for Americans to come forward and tell their stories and the stories of their families; to fill in the gaps, to give voice to those who were si- lenced.

This education process has great potential to heal. There is tremendous power in airing what has been denied for generations. Just by listening, this commission, representing the people of the United States, can ac- knowledge and honor what has been endured. It can show that America is ready to hear and accept responsibility for the full story of its history.

Then the question arises: How can the liv- 120 ings politically repay for political, eco- nomic and social wrongs stretching back over more than two centuries? Some argue that the next step is for the government to issue checks to descendants of slaves. Many assume that’s all reparations mean.

No. Individual checks would have made sense and been just if given directly to slaves or their immediate descendants.

But today, the complications and logistics of issuing checks to descendants five genera- 120 tions removed boggle the mind. It’s hard to imagine that this is the end of this discussion or any form of national rec- 120 onciliation.
A commission studying slavery and reparations will be besieged with alternatives. It should give any creative, legitimate idea its due. But it must ensure that any recommendations are inspired by an eye toward balancing the justice that is deserved with the reconciliation that is needed.

What follows is one way to handle reparations.

A commission that has spent so much of its time educating America might consider it appropriate to carry on that theme in three ongoing projects.

The first project would meet the need for broad, symbolic restitution for the 76 years that slavery was legal under the U.S. government.

As an example, what if a national reparations fund—say $50 billion spread over a decade—was devoted to addressing the short-fall in academic resources and expectations facing black children?

One use of the money could be to build, renovate and repair schools in the nation’s neediest school districts. The U.S. General Accounting office said in 1996 that it would cost $80 billion “just to achieve good over-all condition” in the nation’s schools. Such a program would benefit minorities primarily, but not exclusively. It would attack the inequality that does the most to turn differences of race into differences of income and opportunity.

Framing a national act of atonement around such a positive agenda would be both spiritually satisfying and pragmatic. It would help poor urban and rural districts do a much better job of preparing young African Americans and other students for work and citizenship; it might help revive urban centers and the suburban sprawl.

A second project could address the 100 years of unconstitutional discrimination and segregation that followed slavery. It would compensate African American families who could demonstrate, subject to reasonable limits, that they or their ancestors suffered substantial losses because of racial discrimination.

Foremost among these would be the descendents of the almost 5,000 victims of lynchings. But also included could be victims of riots in which whites attacked black communities like Wilmington, N.C., in 1898, New Orleans in 1900, Atlanta in 1906, Tulsa in 1921, or dozens of others.

Again, the reparations need not be in the form of individual checks. For example, it could be in the form of tax credits for a generation of members of that family.

Finally, the nation could begin a third project dedicated to continuing education for everyone. It would include a museum in Washington, equal in stature to the U.S. Holocaust Memorial Museum, that would lead an ongoing exploration of issues related to race and ethnicity in America.

Throughout history, Americans of all ethnicities could answer the questions that arise often during any reparations discussion: What about us? What about our story, our unique essence?

The point would not be to stage a contest to see who suffered the most. It would be an effort to show the range of experiences—and the similarities. Study them together and maybe America can see more clearly the patterns of hate and discrimination that rise up at certain points in history and damage the nation’s soul.

Maybe such knowledge can help the country deal better with future immigrants, sparing them some pain and showing that a nation can learn from its mistakes.

A thoughtful study of slavery, discrimination and their aftermath would, no doubt, bring forward other good ideas to handle reparations.

But first, America must accept that it must face this unfinished business. As W.E.B. DuBois wrote,

“We have the somewhat inchoate idea that we are not destined to be harased with great social questions, and that even if we are, and fail to answer them, the fault is with the question and not with us. . . . Such an attitude is dangerous . . . The riddle of the Sphinx may be postponed, it may be evasively answered now; sometime it must be fully answered.”

President Bush, Congress and the American people can heed Mr. DuBois’ wisdom and take up his challenge. The Conyers bill shows how to take the first step.

SOCIAL SECURITY

HON. EARL POMEROY
OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. POMEROY. Mr. Speaker, I rise today to commend to my colleagues a new book written by former Social Security Administration Commissioner Robert Ball.

As we in Congress grapple with the future of Social Security, it makes sense to listen to the words of wisdom offered by someone who has spent a lifetime working with the program. Bob Ball began working in the Social Security Administration in 1943, and ran the program for more than 20 years. Clearly, Mr. Ball is one of the country’s foremost experts on Social Security.

A collection of Mr. Ball’s essays, “Insuring the Essentials: Bob Ball on Social Security," has recently been published by the Century Foundation Press. These essays not only chronicle the history of the program, but frame past and current Social Security reform proposals in clear, concise terms. I encourage my colleagues in Congress, and all Americans interested in the subject of Social Security, to read this valuable book.

Mr. Speaker, I submit for the RECORD a review of Mr. Ball’s book, which appeared in the May 12 edition of National Journal.

[From the National Journal, May 12, 2001]

IT’S NOT JUST A PENSION PLAN (DAMMIT!)

(By Robert Ourlian)

You may have heard the one about Alf Landon’s foray into the 1936 presidential campaign and how it blew up in his face like a prank cigar, leaving him wide-eyed and blinking. This was the attack on the year-old Social Security Act, which he denounced with every overreaching adjective it was his misfortune to muster. “It is a glaring example of the bungling and waste that have characterized this Administration’s attempts to fulfill its benevolent purposes,” Landon said with Marco-like chagrin. He called the act “unjust, unworkable, stupidly drafted and wastefully financed,” and “a fraud on the working man.”

Bob Ball includes a lengthy mention of Landon’s attack in his new book, Insuring the Essentials: Bob Ball on Social Security. Ball is not unbiased on this subject. He has spent a lifetime helping develop an American form of social insurance and defending it against people like Landon. Now 87, Ball began his work at the federal Social Security Administration in 1943, and ran the program for more than 20 years. He has served as a member of or adviser to nearly all of the many, many, many advisory councils on Social Security (the latest was called the only last written, testified, consulted, argued, lectured, and e-horted so profusely that he probably deserves the nickname suggested by his Century Foundation editor—Mr. Social Security.

Ball went so far as to make a pro-Al Gore political advertisement last year, heaping scorn on George W. Bush’s plans for retirement accounts (Ball considered the ad muted; Gore’s people thought it was powerful). Ball counsels Democrats and openly praises labor unions, his allies in many So- cial Security battles. He expects no calls from the White House these days.

But even as a combatant, Ball engages, it must be said, graciously. In this book, he decries almost solely—here are the partisan fault lines in the Social Security debate, and who takes which side. For some in the debate, this is good to know. In the book, he mentions Landon and other early Republican opponents, and in a later one, hints that Eisenhower Republicans were self-destructively slow to warm to Social Security. In other chapters, he dispassionately discusses the proposals mainly, though not always, Republican ones, through the decades—to downsize, privatize, outsource, and otherwise rip some of the system from its federal moorings—a goal Ball plainly considers undesirable.

Still, Ball knows what we’re dealing with here, and, so do we: the deep-rooted struggle over government’s role in America. To his Republican, corporate, and conservative adversaries, Ball is saying, in a polite and sometimes roundabout way, “Let’s rumble.”

Ball obviously believes government has a role in promoting such things as justice, fairness, and equality while respecting individuality.

In his preface, he quotes Abraham Lincoln on the government’s job to “do for a community of people whatever they need to have done but cannot do at all or cannot do so well for themselves.” Ball includes his own 1986 address to a conference on older people, challenging the rugged Reaganism of that decade on the need for long-term care for the elderly. “This issue will be a good test,” he says, “of whether Americans are really against the use of government for social pur- poses . . . or whether they like President Reagan more than they like his philosophy.”

In a commencement address delivered at the University of Maryland a year earlier, he lectures: “Green is not enough if we are to address successfully the problems the world faces that the world faces. If each of us pursues a life dedicated to getting the most we can for ourselves, it will not automatically follow that the community will be better off. There is a law of reciprocal obligation.”

Now President Bush has created another Social Security advisory council. So this meandering collection of essays, articles, op-eds, and lectures written by Bob Ball over a stretch of nearly 60 years is nothing if not timely. It takes the reader on an interesting, if sometimes challenging, ride through the development of American social insurance.
It’s not a completely smooth ride. Some of Ball’s favorite pieces, such as a 1947 journal article, would be difficult reading for those unfamiliar with the jargon of the social science disciplines. Another, a 1942 guide on field interviews, seems to be on the margins of any point the book endeavors to make, and the same goes for a 1949 piece on contribution rates and funding sources. While these older chapters have been blessedly freshened with recent data, and do give a sense of agency culture through the decades, some seem of limited use today. Yet, I resisted the urge to jump straight to the chapters addressing current concerns, and I was glad to get the insights that were tucked away in many of the others: the guiding principles of Social Security; the ins and outs of 75-year forecasts; the ways private investment can play a role; the true nature of the challenges ahead.

Granted, Bob Ball has cast his lot in the partisan game. But he speaks loudly in the ongoing debate, and this book will serve as his megaphone—whether he needs one or not.
Chamber Action

Routine Proceedings, pages S5663–S5765

Measures Introduced: Fifteen bills and six resolutions were introduced, as follows: S. 964–978, S. Res. 95–99, and S. Con. Res. 44. Pages S5694–95

Measures Passed:

National Child’s Day: Committee on the Judiciary was discharged from further consideration of S. Res. 90, designating June 3, 2001, as “National Child’s Day”, and the resolution was then agreed to. Pages S5764

Welcoming His Holiness Karekin II: Senate agreed to H. Con. Res. 139, welcoming His Holiness Karekin II, Supreme Patriarch and Catholicos of All Armenians, on his visit to the United States and commemorating the 1700th anniversary of the acceptance of Christianity in Armenia. Pages S5764–65

Messages From the President: Senate received the following message from the President of the United States:

Transmitting, pursuant to law, a report on the progress toward achieving benchmarks in Bosnia; to the Committee on Armed Services (PM–25). Page S5691

Nominations Confirmed: Senate confirmed the following nominations:

Donna R. McLean, of the District of Columbia, to be an Assistant Secretary of Transportation. Sean B. O’Hollaren, of Oregon, to be an Assistant Secretary of Transportation.

Piyush Jindal, of Louisiana, to be an Assistant Secretary of Health and Human Services.

Maria Cino, of Virginia, to be Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service.

Timothy J. Muris, of Virginia, to be a Federal Trade Commissioner for the unexpired term of seven years from September 26, 1994.

Bruce P. Mehlman, of Maryland, to be Assistant Secretary of Commerce for Technology Policy.

Kevin J. Martin, of North Carolina, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2001.

Walter H. Kansteiner, of Virginia, to be an Assistant Secretary of State (African Affairs).

Peter S. Watson, of California, to be President of the Overseas Private Investment Corporation.

David Garman, of Virginia, to be an Assistant Secretary of Energy (Energy Efficiency and Renewable Energy).

Patrick Henry Wood III, of Texas, to be a Member of the Federal Energy Regulatory Commission for the term expiring June 30, 2005.

Kathleen B. Cooper, of Texas, to be Under Secretary of Commerce for Economic Affairs.

Thomas Scully, of Virginia, to be Administrator of the Health Care Financing Administration.

Lorne W. Craner, of Virginia, to be Assistant Secretary of State for Democracy, Human Rights, and Labor.

William J. Burns, of the District of Columbia, to be an Assistant Secretary of State (Near Eastern Affairs), vice Edward S. Walker, Jr.

Ruth A. Davis, of Georgia, to be Director General of the Foreign Service, vice Marc Grossman.

Francis S. Blake, of Connecticut, to be Deputy Secretary of Energy.

Nora Mead Brownell, of Pennsylvania, to be a Member of the Federal Energy Regulatory Commission for a term expiring June 30, 2006. (Reappointment)

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.

Carl W. Ford, Jr., of Arkansas, to be an Assistant Secretary of State (Intelligence and Research).

Christina B. Rocca, of Virginia, to be Assistant Secretary of State for South Asian Affairs.

Donald Cameron Findlay, of Illinois, to be Deputy Secretary of Labor.
Kathleen Q. Abernathy, of Maryland, to be a Member of the Federal Communications Commission for a term of five years from July 1, 1999.

Michael Joseph Copps, of Virginia, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2000.

Robert Gordon Card, of Colorado, to be Under Secretary of Energy.

Stephen Brauer, of Missouri, to be Ambassador to Belgium.

Michael K. Powell, of Virginia, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2002. (Reappointment)

Paul Vincent Kelly, of Virginia, to be an Assistant Secretary of State (Legislative Affairs).

Donald Burnham Ensenat, of Louisiana, to be Chief of Protocol, and to have the rank of Ambassador during his tenure of service.

1 Navy nomination in the rank of admiral.

Routine lists in the Foreign Service.

Nominations Received: Senate received the following nominations:

Charles W. Pickering, Sr., of Mississippi, to be United States Circuit Judge for the Fifth Circuit.

Timothy M. Tymkovich, of Colorado, to be United States Circuit Judge for the Tenth Circuit.

Executive Communications:

Petitions and Memorials:

Executive Reports of Committees:

Messages From the House:

Measures Placed on Calendar:

Statements on Introduced Bills:

Additional Cosponsors:

Additional Statements:

Text of H.R. 1836, as Previously Passed:

Notices of Hearings:

Adjournment: Senate met at 10:02 a.m., and adjourned at 4:05 p.m., until 10 a.m., on Saturday, May 26, 2001. (For Senate’s program, see the remarks of the Acting Majority Leader in today’s Record on page S5765.)

Committee Meetings

No committee meetings were held.

House of Representatives

Chamber Action

Speaker Pro Tempore: Read a letter from the Speaker wherein he appointed Representative Biggert to act as Speaker pro tempore for today. Page H2715

Guest Chaplain: The prayer was offered by the guest Chaplain, Capt. Leroy Gilbert, Chaplain of the United States Coast Guard. Page H2715

Journal: Proceedings on the Speaker’s approval of the Journal of Thursday, May 24 are pending. Page H2715

Presidential Message—Peace Process in Bosnia and Herzegovina: Read a message from the President wherein he transmitted a report on progress made toward achieving benchmarks for a sustainable peace process in Bosnia and Herzegovina—referred to the Committees on International Relations, Appropriations, and Armed Services and ordered printed (H. Doc. 107–78). Pages H2722–23

Transportation and Infrastructure Resolutions: Read a letter from Chairman Young of Alaska wherein he transmitted copies of resolutions approved by the Committee on Transportation and Infrastructure on May 16, 2001—referred to the Committee on Appropriations. Page H2723

Recess: The House recessed at 11:15 p.m. and reconvened at 5:30 p.m. Page H2722

Recess: The House recessed at 5:39 p.m. to reconvene at the call of the Chair. Page H2723

Senate Messages: Message received from the Senate today appears on page H2715.

Referrals: S. 143, S. 468, and S. 757 were held at the desk. S. 378 and S. 774 were referred to the Committee on Transportation and Infrastructure. (See next issue.)

Adjournment: The House met at 10 a.m. and recessed subject to the call of the Chair at 5:39 p.m. Page H2723
Next Meeting of the SENATE
10 a.m., Saturday, May 26

Senate Chamber

Program for Saturday: After the transaction of any morning business, Senate may consider the Tax Reconciliation Conference Report.

Next Meeting of the HOUSE OF REPRESENTATIVES
Undetermined

House Chamber

Program to be announced.

Extensions of Remarks, as inserted in this issue

HOUSE
Ackerman, Gary L., N.Y., E977
Baca, Joe, Calif., E977
Berman, Howard L., Calif., E978
Blunt, Roy, Mo., E974
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