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Senate

The Senate met at 10:30 a.m. and was called to order by the Honorable JON S. CORZINE, a Senator from the State of New Jersey.

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, we praise You for the religious freedom we enjoy in America. Thank You that the fabric of that freedom was woven by lodestar leaders like William Penn who in 1701 published a charter of privileges ensuring that everyone would be given liberty to worship You according to the dictates of his or her beliefs and conscience. We are moved by the fact that the bell celebrating the jubilee founding of Pennsylvania was cast in 1751 and became the Liberty Bell which rang during the first reading of the Declaration of Independence in 1776. Last night, an exact replica cast by the same works in England was dedicated to be taken around the Nation and rung. The words cast into this Spirit of Liberty Bell are the same as the original from Leviticus 25:10. ''Proclaim liberty throughout the land unto all the inhabitants.'' As this Spirit of Liberty Bell rings throughout the land, help us to rededicate ourselves to maintain religious freedom in our own lives. Forgive any prejudice in our hearts and purge from us any vestige of judgmentalism for people whose expression of faith in You differs from our own. As we battle against terrorists and nations who persecute people because of their religious beliefs, help us make America a nation where we live by George Washington's motto: ''To bigotry, give no sanction . . . to persecution, no assistance.'' In Your liberating name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JON S. CORZINE 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. BYRD).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, November 14, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JON S. CORZINE, a Senator from the State of New Jersey, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

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

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. DASCHLE. Mr. President, I will use my leader time in order to make a statement on the economic recovery-homeland security bill. It is our expectation that we will be introducing the bill in its modified form at about 11:15. But until then, obviously Senators are welcome to address this or other issues in morning business. I invite them to do so.

MORNING BUSINESS

Mr. DASCHLE. Mr. President, I ask unanimous consent the Senate conduct a period of morning business for up to 45 minutes, between now and 11:15.

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

ECONOMIC RECOVERY AND HOMELAND SECURITY

Mr. DASCHLE. Mr. President, 5 months ago, America had a projected budget surplus of $2.7 trillion over the next 10 years. The stock market was soaring. The question before us was one that most leaders could only dream of: ''What should we do with our prosperity?''

At that time, the debate was focused on tax cuts—how much, for whom, and could we also provide for America's unmet needs? Regardless of one's view about that debate or its outcome, there can be no doubt that this is a very different moment.

Two months ago, more than 6,000 innocent men and women lost their lives to terrorism. In the weeks since, a wave of anthrax attacks has taken lives, closed offices, and sown fear.

Our President, rightfully, has assembled an international coalition to fight those who attacked us, and those who aided them. We are at war.

The Federal Government is helping those areas destroyed and damaged by the attacks to rebuild. We passed legislation to keep our airlines flying, and to give our law enforcement the tools needed to fight terror.

Our economy, which was already weakening before September 11, has continued to deteriorate.

The question facing America is no longer, ''What should we do with our prosperity?'' The question now is, ''How do we protect our citizens, strengthen an ailing economy, and win this war against terrorism?''

I believe history will judge this Congress by how well we answer that question.

Shortly after September 11, I visited a call center in Rapid City, SD, that handles United Airlines' frequent flyer

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

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program. The 235 people there were working hard—helping people get tickets and arranging travel in the chaotic days after September 11. It was a tough job, on the phone hour after hour, helping scared, angry, and confused callers. All they could do was to ask people to be patient and to be understanding.

In the past couple of weeks, nearly 50 of those hard-working employees have lost their jobs. Like most hard-working people in America, these people don't expect or want the government to do anything for them that they can do for themselves. But now, due to no fault of their own—no lack of skill or ambition or work ethic—they are no longer working.

They are not alone. More than 7 million Americans are out of work. Last month, the unemployment rate took its largest jump in 21 years. For too long, we have asked America's laid off workers to be patient and understanding. Too many Americans fear for their future. Because of what our nation has experienced in the last 2 months, they fear for their safety. We need an economic recovery plan that addresses both fears and offers real help.

Today, Democrats are offering a plan that will help bring back America's economic prosperity and help workers who have lost their jobs. It is a plan that strengthens our homeland defense in the process. This is, simply, the right plan for the right time.

In the weeks following the September 11 attacks, Democrats and Republicans in the Senate asked the experts, including Federal Reserve Chairman Alan Greenspan and former Treasury Secretary Robert Rubin: What are the most effective steps we can take to shore up our economy?

Here is what they told us: Put money into the hands of low- and middle-income workers; they are the ones who will spend it quickly. Make sure that workers who have lost their jobs receive unemployment benefits. And cut taxes for businesses—but limit the tax cuts to those that actually help create jobs.

They told us that any plan to stimulate the economy should help people regain the sense of security they need to shop, travel, and invest.

Finally, they said our plan must be affordable and temporary. After all, the baby boomers will start retiring in less than a decade, and we should not be taking on major long-term spending or revenue obligations that will make it even more difficult to meet our responsibilities to Social Security and Medicare.

Our plan heeds that simple but sound advice. It includes unemployment insurance and health care for laid-off workers, tax cuts for individuals and businesses, and investments in our homeland security. It does all of these things in a way that is fiscally responsible and fundamentally fair. I would like to take a moment and outline the four key components of our plan.

First, it provides unemployment insurance for laid-off workers.

Providing unemployment insurance to laid-off workers isn't just the right thing to do. It's the smart thing to do. It puts money into the hands of people who are most likely to spend it immediately. As Robert Rubin has said, unemployment insurance is ''a near-perfect stimulus.''

But more than half of unemployed workers are not covered under the current unemployment insurance system, even though they pay into it. Many of these are the part-time and temporary workers who often most need the help.

And for those who are eligible for unemployment insurance, the benefits often do not last long enough. Next year, an estimated 5 million Americans will use all 26 weeks of their benefits, and still be without a job.

Our plan extends unemployment benefits an additional 13 weeks in all 50 States; it expands coverage to millions of workers who are not covered under the current system.

During the first Bush Administration, when we were facing a recession, Democrats and Republicans agreed to extend unemployment insurance—four times. We were able to agree that extending unemployment benefits was the right approach to an economic slowdown then, we should be able to agree that it is the right approach now.

Second, we provide health coverage for workers.

Democrats also believe that extending health coverage for laid-off workers and their families should be part of any real economic recovery package. The average cost of COBRA health coverage for a family is $588 a month—half the monthly unemployment benefit.

That is simply too much money for families hit by a layoff. As a result, only about 20 percent of dislocated workers who are eligible for COBRA coverage actually purchase it. Too often, when a head of a household is out of work, parents and children go without health insurance.

That is wrong.

We propose paying up to 75 percent of the cost of COBRA coverage, giving States the option to provide Medicaid coverage to those who aren't eligible for COBRA, and providing a temporary increase in the Medicaid payment rate for States, so that States will not have to cut Medicaid or raise taxes in order to keep their budgets balanced.

Third, we provide tax cuts for families and for businesses that invest and create jobs.

Most economists agree: to jump start the economy, individual tax cuts should put money quickly into the hands of middle- and low-income people—because they are the people who are mostly likely to spend it immediately.

Our plan provides tax rebates for the 45 million low-income taxpayers who pay Federal payroll taxes but got little or no rebate at all last summer.

Our plan also includes new business new tax cuts to encourage job creation and investment. In sum, these are tax cuts that will help Wall Street and Main Street.

Fourth, we provide for strengthening homeland security.

We can pass tax cut after tax cut. In the end, no tax cut—even the right tax cuts—will stimulate the economy if people are afraid to travel or go about their business.

If we are serious about repairing damage to America's economy—and avoiding future terrorism-related financial disasters—we must strengthen America's homeland security so people can feel safer getting on a plane, going about their business, and living their lives.

That is why our plan includes $15 billion for homeland defense. It will help protect Americans from threats such as the recent anthrax attacks that have so shaken our nation and our own offices, as well as other biological, chemical, and nuclear threats. It will strengthen our transportation security and help protect our food and water supply.

All told, our plan costs $74 billion in the first year, and $84 billion over 10 years. It is both effective and responsible, and we believe it is the right approach for America's economic recovery and future safety.

Regrettably, Republicans have chosen to take a different approach.

Many things, as I said, about America changed on Sept. 11. One thing that seemed to change—for the better—is the way Washington works. Democrats and Republicans in Congress have been working together, and Congress has been working well with White House.

This unprecedented level of consultation and bipartisanship is what has, to date, allowed us to respond so quickly to the attacks and the ongoing terrorist threat.

It was my hope that we would follow that same bipartisan approach on the subject of economic stimulus as well. Indeed, that is how the process began. Early on, Chairman BAUCUS led a bipartisan series of meetings with Senator GRASSLEY, their House counterparts, outside experts, and the Administration.

Unfortunately, Republican leaders in the House withdrew from that effort. Instead, they pushed through—on a party line vote—a bill that is not a recovery bill at all but merely another laundry list of tax cuts—just another page out of the Republican Party's preexisting tax cut agenda.

Although they masquerade as stimulus plans, no serious observer believes that the Republican proposals are anything of the kind.

The centerpiece of the Senate Republican proposal is a plan to accelerate by 4 years the rate cuts in the $2 trillion tax cut enacted earlier this year.

Speeding up the rate cuts would cost $121 billion over 10 years. That amounts to 69 percent of the total cost of their plan.

And what would Americans get for their $121 billion? Most would get very little.

But the top 1 percent of taxpayers—people making an average of $1.1 million a year—would get an additional $16,000 tax cut next year. They would get additional tax cuts the year after that, and the year after that, and the year after that.

In total, over the next 4 years, the Senate Republican plan would give a $52,000 tax cut bonus to every millionaire in America—the very people who are least likely to spend it and help the economy.

America needs a plan that will help the economy now, not years from now. We need a plan that puts money in the hands of people who need it most, not the people who need it least.

I have yet to understand how giving millionaires tens of thousands of dollars in additional tax breaks 3 and 4 years from now will stimulate the economy today.

The second-largest part of the Senate Republican plan would spend $22 billion to repeal the corporate alternative minimum tax, or AMT.

The corporate AMT was enacted as part of the Tax Reform Act of 1986 because certain corporations, using legions of tax lawyers, had become so clever at exploiting loopholes in the tax code that they were able to pay no taxes at all.

So Congress said to those corporations: regardless of how many loopholes you can exploit, you must pay at least a minimum tax.

Now Republicans want to do away with the minimum tax, forever. How will returning to the days when certain profitable corporations paid no taxes at all stimulate our economy now?

Small businesses create most of the new jobs in America, and most of them are not incorporated. So they won't get a penny from repealing the corporate AMT.

If this proposal does not seem fair or stimulative, that is because it is not.

What is perhaps even more troubling about the Republican approach is what it fails to address.

The Republican plan provides next to nothing for workers who have lost their jobs. And it provides nothing at all for homeland security.

When you read their plan for the first time, you assume it is missing a page. Not a dime for bioterrorism preparedness? Not a nickel for food safety or for security at our nuclear plants? Can this really be a plan to restore confidence and stimulate the economy?

Evidently, these items weren't omitted because of cost concerns. Quite the contrary. The Republican plan is more than twice the size of our plan. And the exploding price tag of the Senate Republican plan—$175 billion over 10 years—may not even account for its true cost.

It will not make America safer. It will not help the economy. In fact, it may do real economic harm by driving up long-term interest rates.

Now, if the Republican plan sounds familiar, that is because it is. It is a collection of leftover tax breaks that our friends on the other side of the aisle weren't able to pass last spring.

Reading their plan, it's as though September 11 never happened. They have re-labeled these tax breaks as, ''stimulus,'' but they are really just more of the same pre-September 11 tax cut agenda that we have heard our Republican colleagues talk about for months, if not years.

Tax cuts for wealthy Americans and profitable businesses do not solve every problem—and they will not solve this one.

The Republican plan is not about getting the most stimulus per dollar spent. It is not about getting help to those who most need it. It is not about strengthening our national security. It is about ideology.

It is about seizing on a moment of crisis in order to advance unrelated political goals. It is driven by a conservative Republican orthodoxy that is so rigid, and so myopic, that it cannot or will not see what is obvious to every fair-minded observer: this is the wrong plan for America, especially at this moment in our history.

I will say one thing for this approach: it has managed to achieve a degree of unanimity. It has been unanimously rejected by economists, Governors, State legislators, editorial writers, and business leaders.

Two weeks ago, Senator LOTT and I received a letter from the National Governors' Association, signed by its Chairman, Governor John Engler, Republican of Michigan, and its Vice-chairman, Governor Paul Patton, Democrat of Kentucky. The NGA is a majority Republican group that represents all of America's governors—29 Republicans and 19 Democrats, and 2 Independents.

The Governors asked us, as we consider economic stimulus, to ''help protect health and human services for vulnerable Americans, address employment and training for dislocated workers, and stimulate the national economy through targeted capital investment.''

Interestingly, they make no mention of huge new tax breaks for profitable corporations. No mention of huge new tax breaks for the wealthiest Americans.

Republican leaders got this letter. Sadly, I don't think they got the message.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

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

NATIONAL GOVERNORS ASSOCIATION,
Washington, DC, October 25, 2001.

Hon. THOMAS A. DASCHLE,
Majority Leader, U.S. Senate,
Washington, DC.

Hon. TRENT LOTT,
Minority Leader, U.S. Senate,
Washington, DC

DEAR SENATOR DASCHLE AND SENATOR LOTT: The nation's Governors appreciate the bipartisan efforts of Congress to develop an economic stimulus package. On October 4, we sent you a list of policy options to consider in developing your final plan. We are updating our recommendations to reflect the recently clarified size and focus of the options you are considering. Our recommendations also reflect the further deterioration of states' fiscal positions as detailed in the ''economy.com'' report sent to your earlier this week.

With respect to our fiscal position, most states have made a series of spending cuts. Many are now implementing a second round and in some cases a third. A number of states now have revenue shortfalls in excess of $1 billion and many are scheduling special legislative sessions to address mounting fiscal problems. The cumulative states' current revenue shortfall is $10 billion and growing. Moreover, new and unprecedented state responsibilities for homeland security are exacerbating serious fiscal conditions.

The House economic stimulus bill, if enacted, would further educe state revenues by at least $5 billion annually. This revenue reduction would dramatically increase existing state shortfalls and result in significant state budget cuts. These cuts, in turn, would hamper the effectiveness of any federal stimulus package. Similarly, absent any changes in the Health Insurance Portability and Accountability Act (HIPAA) or new federal funding for HIPAA implementation in state-administered programs, states will have little choice but to divert scarce funds to comply with this federal mandate. This means that significantly less state funds will be available of reduction, critical state services, capital investment, infrastructure improvement, and additional efforts to respond to bioterrorism and other threats to homeland security.

Specifically, the Governors offer the following recommendations to Congress in the attached documents to help protect health and human services of vulnerable Americans, address employment and training for dislocated workers, and stimulate the national economy through targeted capital investment.

Congress has many difficult tasks to complete before recessing for the year. As a bipartisan group of government leaders, the Governors look forward to working with you.

Sincerely,

JOHN ENGLER,
Chairman.

PAUL E. PATTON,
Vice Chairman.

PROTECTIONS FOR VULNERABLE AMERICANS

Temporary Increase in Medicaid FMAP for children and Families.—Congress should temporarily increase the federal medical assistance percentage (FMAP) in Medicaid by 10 percent for acute care services for families and children. The territories should receive comparable relief. This will lessen the pressure on states and territories to cut Medicaid health care benefits or reduce the number of people served.

Medicaid FMAP Hold Harmless Provision.—Congress should provide a ''hold harmless'' provision for states that were scheduled to have their Medicaid FMAP reduced for fiscal 2002. These reduced rates were based on outdated per capita income data collected at a time when state and federal economics were in much better health.

TANF Supplemental.—The Governors continue to urge Congress to approve a one-year extension of supplemental grants under the Temporary Assistance to Needy Families program (TANF). Without an extension of the TANF supplemental grants this year, 17 states will face a substantial cut in funding for programs that assist families in moving from welfare to work.

Health Care for Dislocated Workers.—As Congress considers proposals to assist dislocated workers in gaining access to health insurance, Congress must recognize that states will not have available funds for any new matching requirements or options.

EMPLOYMENT AND TRAINING FOR DISLOCATED WORKERS

Expansion of Eligibility for Unemployment Benefits.—By temporarily modifying existing Disaster Unemployment Assistance (DUA) eligibility requirements, the DUA program (already in operation or on ready standby in all states) could be used only to provide Unemployment Insurance (UI) equivalent benefits to individuals affected by declared disasters, but also to those affected by resulting economic contraction. These UI-equivalent benefits would be particularly beneficial for those who do not qualify for UI benefits due to insufficient duration of employment or level of earnings.

Extension of Unemployment Benefits.—Congress also should temporarily extend the duration of regular UI benefits through 100 percent federal funding to ensure that unemployed workers can secure employment prior to the termination of UI benefits.

Acceleration of Reed Act Distributions.—Congress should accelerate distribution to state accounts of excess funds (as defined by the Reed Act) being held in the Federal Unemployment Trust Fund. This could be achieved by retaining the 0.25 percent ceiling on the Federal Unemployment Account. The immediate transfer of an estimated $9.3 billion can be used by states only for providing UI benefits, employment services, and program administration.

Increase Funding for Dislocated Workers Employment and Job Training Services.—Fiscal 2001 funds for this Workforce Investment Act (WIA) programs were rescinded by $177.5 million, while the President's proposed fiscal 2002 budget requests a reduction of $207 million. Congress should restore these funds.

STIMULATE THE ECONOMY THROUGH CAPITAL INVESTMENT

State Match.—Temporarily reduce or eliminate state match requirements for capital investment programs.

Federal Investment.—Increase federal funding for infrastructure investment critical to homeland security.

Private Activity Volume Cap.—Lift the private activity volume cap, which would accelerate housing and economic development construction activities.

Mr. DASCHLE. Mr. President, there is another important point that must be made today. Five months ago, when we last considered a huge tax cut that mostly benefitted the wealthiest Americans, the money to pay for it was to come from the non-Social Security surplus.

Today those surpluses are gone. So whatever is spent on this stimulus package will, at least over the next 5 years, come mainly out of Social Security and Medicare funds. We may even return to deficit spending, if we are not careful. That is why we must be even more prudent, and more vigilant, about what is included in this economic recovery package.

The Democratic plan has a one-year cost of $74 billion. Over 10 years, its cost increases to $84 billion. As I said, the Republican plan costs $89 billion in 2002. Over 10 years, it explodes to $175 billion—and it runs the risk of damaging our long-term economic health.

Their plan costs more but does less for our economy, less for laid off workers, and nothing for homeland security.

I hope every Senator will ask himself or herself a simple question: Would my constituents want their Social Security and Medicare money to be spent on this proposal?

Democrats have tried to write our package with this concern in mind. We think the American people want us to invest in bioterrorism preparedness, for example.

But would Americans want their Social Security payroll tax money spent on new tax cuts for the wealthy or on huge permanent new tax breaks for profitable corporations? I don't think so.

In fact, it seems especially unjust when you consider that Americans at the lower end of the income scale pay payroll taxes on every dollar of their income. Meanwhile, wealthy Americans pay zero in Social Security payroll taxes on all income above $80,000.

In other words, the Republican plan would spend the hard-earned Social Security payroll tax dollars of ordinary workers at the bottom and use them to pay for tax cuts for corporations and people at the top.

We have been told that Senate Republicans will attempt to raise a budget point of order against this bill.

Let me make clear what that means. A budget point of order is a procedural technicality aimed at killing this bill by saying that what our nation is now facing is not an emergency.

A vote for this procedural motion is a vote to kill unemployment insurance for laid off workers.

It is a vote to kill health care for struggling families.

It is a vote to kill tax cuts for businesses that create jobs and for people who did not get a rebate in the last round.

It is a vote to kill funding to build our national pharmaceutical stockpile, security at our nuclear power plants, protections for our bridges, tunnels, and ports, and the safety of our food and water supply.

This is a vote to kill all of these items by saying that this is not an emergency.

Thousands of people have lost their lives. Millions of people are out of work. We are at war abroad, and we are facing threats to our safety here at home.

If that's not an emergency, I don't know what is.

There is still time for us to come together and pass an economic recovery plan that will work for the nation.

In the days since September 11, we have seen more clearly than ever that we are indeed one nation, indivisible.

The victims of those attacks were from all races and ethnicities, all segments of society.

The heroes who came to their aid didn't ask, What's in it for me?

As we look to lift up the economy for all Americans, the most fortunate among us should not be asking what's in it for them.

Those workers I met in Rapid City aren't looking to us to solve all of their problems. They are just looking for a little help to get through one of the most difficult times of their lives.

It may be difficult for us to reach agreement, but for them—and for our nation—it is vitally important that we do so.

I strongly believe that with every challenge comes an opportunity, and right now we have an opportunity to help those who are hurting, lift our economy, and secure our Nation.

We will be judged on whether we seize it.

I hope and pray that we will.

I yield the floor.

EXTENSION OF MORNING BUSINESS

Mr. REID. Mr. President, if the Senator will yield, I ask unanimous consent that morning business be extended until 11:30 and that the time be divided equally between the Democrats and Republicans.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BAUCUS. Mr. President, what is the parliamentary position?

The ACTING PRESIDENT pro tempore. Morning business is to last until 11:15 with no division of time.

Mr. BAUCUS. Mr. President, I see that the Senator from Texas wishes to speak.

The ACTING PRESIDENT pro tempore. The Senator from Kentucky has the floor.

Mr. BUNNING. Mr. President, there is no objection to the request.

Mr. GRAMM. Mr. President, is there a unanimous consent request pending?

The ACTING PRESIDENT pro tempore. Yes, there is.

Mr. GRAMM. Mr. President, could it be repeated?

Mr. REID. Mr. President, we have morning business now until 11:15. The leader used his leader time, and I asked unanimous consent that morning business be extended until 11:30 with the time to be equally divided between Republicans and Democrats.

Mr. GRAMM. Mr. President, I would like to amend that. I don't know who else will come to speak. I would like to amend that to say I will be recognized to follow the Senator from Kentucky, if no one else is here.

Mr. BAUCUS. I object.

Mr. REID. Mr. President, what we have tried to do—as I explained to Senator BUNNING this morning—is, until there is some reason not to do so, we would alternate back and forth. I would also think it would be appropriate that Senators speaking during morning business be limited to 10 minutes each. I do not know how long the Senator from Kentucky wishes to speak.

Mr. BUNNING. I have a little more than 10 minutes.

Mr. REID. I am sure the Senator could get that.

So anyway, Mr. President, my request is that we extend morning business until 11:30, and the time be equally divided between Democrats and Republicans.

Mr. GRAMM. Reserving the right to object, if the chairman would like to speak after the Senator from Kentucky, that would be fine. Having come over and having listened to the majority leader's speech, I would like to be sure that somewhere within that time I get an opportunity to speak.

Mr. REID. I say to my friend from Texas, I know Senator BUNNING has been here all morning. He was here when I arrived this morning before 10:30. When he completes his comments, I do not know if the chairman wishes to speak.

Mr. BAUCUS. Mr. President, perhaps I can help matters out. I see three speakers who wish to speak.

Mr. REID. I think maybe what we should do is extend the morning business time until 11:45, with Senator BUNNING having 15 minutes, Senator BAUCUS having 15 minutes, and Senator GRAMM having 15 minutes.

Mr. BAUCUS. That is fine.

The PRESIDING OFFICER (Mr. NELSON of Florida). Is there objection?

Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Kentucky.

ECONOMIC STIMULUS

Mr. BUNNING. Mr. President, I rise in support of a strong economic stimulus package to help create jobs and to kick-start our economy. Right now, I don't think there is a doubt in anyone's mind that we have fallen into a recession.

Consumer confidence is down. Layoffs are up. Economic activity has slowed dramatically. After years of economic good times, we are skidding into a sharp downturn.

Before the horrific terrorist attacks on September 11, our economy was already teetering on the brink. But that day sent us over the edge. In the third quarter, gross domestic product ended up actually shrinking by an estimated four-tenths of 1 percent. When the revised figures come out, I am afraid that number will fall even further down, maybe a full percentage point.

I think there is a chance that the fourth quarter could be worse and we could see GDP contraction of minus 2 or 3 percentage points, plus unemployment rising from 5.4 percent—which it is now—to well over 6 percent. In other words we have hit the wall.

Now we have to ask: What is the best way to get America moving again. That is the issue confronting the Senate. Do we try to cut taxes and provide for efficient, long-term growth that will create jobs or do we go for more Federal spending and a short-term approach, as the majority leader suggested?

To make things worse, September 11 compounded our problems. It made consumers more nervous and investors more anxious. It pushed a number of vital industries—airlines and transportation, investment companies, and tourism—to the edge of the cliff, and some over the edge.

Congress has already acted quickly to help the airlines and to shore up parts of our economy that were badly wounded by September 11. Now we need to figure out what we can do to set consumers' and investors' minds at ease and to help convince them that even though we are at war, it is time to get going with our lives and our business.

I believe that we must act quickly, but we must act correctly. The wrong economic package could make things worse.

The best way I know to create jobs is to provide incentives to business to grow and to expand. And the best way I know to convince business to get moving is taking in the language they understand: dollars and cents. The dollars and cents that every businessman and businesswoman in America knows best is taxes.

We need to cut taxes on business now, and not just nickel and dime stuff. We need real tax reductions that will have a broad impact across the economy and send a signal to the entire business community that Washington understands their problems and is going to do everything possible to help.

It is not time to pick or choose with help for just a few industries. Our whole economy is hurting, and we need general relief across the board.

I know that every time we have this debate the opponents of tax cuts, like our majority leader, shake their fists and point their fingers and cry out that tax cuts only benefit the rich. After awhile, they start to sound like a broken record. What the opponents of tax cuts in an economic jobs package need to understand is that these tax cuts are for businesses—and not corporate executives. No one seriously thinks and talks about helping rich people and hurting poor people.

The question is how we can best act to spur business right now to create real, long-term, permanent jobs. We have all heard from our people back home—the experts who are out there everyday trying to brow their businesses and to expand their companies—about the real, broad-based tax cuts that can make a difference.

We need to cut corporate AMT taxes, the punitive tax goes out of its way to punish enterprising employers, particularly those who are losing their shirt in this economy. Companies need better expensing rules and accelerated depreciation schedules so they can write off costs faster and free up their capital for investment and more job creation. And we need to slash capital gains taxes so that money can flow more quickly to businesses that are ready to invest and spend now.

I don't think anyone in this body really believes that by trying to cut business taxes and create jobs we are really helping rich people. The American people don't buy those class warfare arguments, and they are a lot smarter than many in Congress give them credit. There is a world of business between cutting taxes on rich individuals and cutting taxes on business that create jobs and help families put food on their table. There is nothing better than giving a job to somebody who really wants to work.

As our economy grew over the past decade, as middle-class Americans invested in the market and watched their savings grow, more and more we came to understand that what is good for business in America is good for the American people and the American worker. In the past, when the economy took a turn for the worse, Congress too often took the easy way out. Instead of pushing for tax reductions and promoting growth, we went for the public checkbook and tried to buy our way out of recession with more Government spending. But considering how quickly our budget surplus is shrinking. It doesn't make any sense to write checks that the Treasury might not be able to pay without going into debt once again.

More than anything else, we must not return to the bad old days of Federal deficits and stagnant growth. It may feel good for Congress to pass more spending as a gesture to show ''we care,'' but everyone knows that in the long-run the Government doesn't create jobs—business does—and caring means we have a job for anyone who wants to work.

More spending might help for a little bit, but I worry that it would just be a band-aid approach when our economy needs serious, long-term treatment. Extra spending on public works is sometimes necessary, but it is not a long-term solution to our economic problem. It is only a temporary fix.

And no one has ever accused Government spending, and money for projects funded through Government programs, of getting into the economy faster than tax cuts that would right now put money into the hands of private entrepreneurs.

In short, Mr. President, the best way to get our economy back on track is to cut taxes.

Reducing taxes frees capital. It lets business react swiftly to market conditions and to make crucial decisions quickly. And it affects the bottom line right now.

I do not think I am plowing any new ground here.

We have heard a lot of these arguments before. But I can't remember a time when the debate was as important as it is now.

We are at war. Our economy needs help. It is time to act now and to act swiftly.

I urge my colleagues to pass an economic jobs bill now, one that really

does what it's meant to do—create jobs.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I understand that later in the day a point of order will be made against the bill under section 205 of the concurrent resolution on the budget for fiscal year 2001. The essence of the point of order will be to challenge the emergency designation contained in section 908 of the bill.

I am not sure whether that is the correct ruling. It is debatable. But my expectation is the Parliamentarian will rule that the bill is subject to the Budget Act for that reason.

My view, however, is that the point of order should be waived. Why? Because the bill clearly responds to an emergency. Indeed, my good friend from Kentucky just said: We are at war. He said: Let's get moving now. Let's pass a good stimulus bill.

I don't want to put words in the mouth of my friend from Kentucky, but certainly he believes—and the rest of the Members of this body believe—that there is a very great need for us to act extremely quickly. We also know that many people are in very difficult straits, not to mention the huge tragedy of the thousands of people who were killed in the trade towers which were destroyed, the Pentagon destruction, the anthrax scares, other terrorism scares in the country. We need to move quickly. If that is not an emergency, I am hard pressed to say what is. There may be other emergencies that are even greater. I will not dispute that point. But this clearly is an emergency, too. These are not ordinary times. We are in a different era. It is very difficult.

Let me provide a bit of information. When legislation is considered in the Senate, there are very strict rules to enforce budgetary discipline, as there should be. The embodiment of these rules is the annual budget resolution which is debated every spring. We have updates and so forth, but essentially we have a long debate on the budget resolution. The debate allows the Congress to look at all of its needs—taxes and spending—and construct a budget blueprint for the coming year. It is a guess, an anticipation, an estimate of what we will need for the coming year.

The budget resolution sets a floor for revenues and ceilings for spending. And there are points of order that can be made against any legislation which reduces the revenues below the floor or increases spending above one of the ceilings.

These points of order can only be waived with 60 votes. That is how the budget resolution is enforced. But, wisely, there is a safety valve. We cannot with certainty predict the future. Thank goodness. If Congress and the President agree that there is an unforeseen emergency that requires legislation that cuts taxes or raises spending, then there is a safety valve for getting the legislation enacted.

The safety valve is simple. Congress must include language in the legislation which designates that the legislation is being enacted to cope with an emergency. Then the points of order enforcing the revenue floor and spending ceilings become inoperative.

That makes sense. In an emergency, for the good of the country, we may need to respond in a way that was not contemplated when we wrote the budget resolution. But there is one final hurdle to face. In the Senate, the language in the bill that designates the legislation as an emergency is itself subject to a point of order. If the point of order is raised and there are not 60 votes to waive it, then the language designating the legislation as an emergency is deleted from the bill.

This is very serious because without the emergency designation in the bill, the entire bill would be subject to a point of order that can only be waived by 60 votes. In that case, the entire bill can be killed with the votes of only 41 Senators. So it is important to keep the emergency designation in the legislation.

Having presented the background, let me explain how the budget process unfolded this year. The budget resolution for this year, fiscal year 2002, was considered in the spring, many months ago. It was passed in early May. We voted on it in this body. At that time the economy was not too strong, but it did not appear to be facing an emergency. The economy had grown at a rate of 1.9 percent in the fourth quarter of the previous year, calendar year 2000. It grew at a slower rate, 1.2 percent, in the first quarter of 2001. These are somewhat weak growth rates, but they are not terrible ones.

Manufacturing was hurting. May was the 10th consecutive month of job loss in manufacturing, but the national unemployment rate was still only 4.2 percent. American consumers were not in a downturn. Retail sales had grown at a 5.2-percent rate in the first quarter of this year and were continuing to grow at the same rate, 5.2 percent, in the second quarter this year.

So the view at the time, at the time the budget resolution was passed, was that the economy needed a boost in fiscal year 2001, which ended on October 1, but the economy should be doing nicely as we progressed through the first two quarters of fiscal year 2002. It needed a short-term boost. But most of us thought—the economists thought, most people who spend their lives thinking about these things thought—that in the first two quarters of next year, January through the end of June, we would be doing a little better.

The budget resolution that we passed last May made room for an $85 billion tax cut during the remainder of fiscal year 2001. This meant there were no 60-vote points of order that could be raised against a bill containing an $85 billion tax cut in that fiscal year.

In contrast, the budget resolution made room for a smaller stimulus in fiscal year 2002 because there was an expectation that we would not need as much. It allowed approximately $50 billion for tax cuts in fiscal year 2002 as part of the President's 10-year tax cut plan. That was part of the deal, part of the understanding. That is what the expectations were.

It allowed an additional stimulative tax cut of $15 billion in fiscal year 2002, but the $65 billion total was smaller than the $85 billion allowed for fiscal year 2001 because it was judged that more than that was not needed, and that was because no one expected the economy to be really weak in fiscal year 2002.

That was then. This is now. Unfortunately, as we moved through the summer into September, there was a surprise. The economy became much weaker than anyone had predicted. Manufacturing continued to lose jobs. By the end of August, manufacturing had lost jobs for 13 consecutive months.

Real GDP growth was almost zero in the second calendar quarter of this year. Many taxpayers were saving part or all of their tax rebates that went out last summer rather than spending them. They are starting to tighten up, getting more nervous, fearful, not spending, and that clearly means a weaker economy.

The Federal Reserve was still cutting interest rates, but that seemed like it might not be enough to turn the economy around. And then disaster struck. It is not necessary to recount the horrors of September 11, but it is important to talk about what the events of September 11 did to the economy. Here are some of the main results:

Airline travel declined precipitously. Airlines laid off thousands of employees post-September 11. Industries that depend on air travel—such as hotels and car rentals—also declined precipitously. They dropped off. Business confidence was shaken. Businesses cut back on investments even more than they had been doing. Consumer confidence began to drop precipitously, threatening consumer spending, which had been one bright spot in the economy.

The results of all those blows to the economy became very clear when the unemployment figures for October were released early this month. Unemployment jumped from 4.9 percent to 5.4 percent. That is the largest jump in more than 20 years. Manufacturing fell to levels last seen in 1965.

Now, non-manufacturing also took a hit. The slowdown in non-manufacturing industries was the most dramatic since the inception of a key report by the National Association of Purchase Managers in 1997.

Agriculture producers are hurting too. Net farm business income was at the year low in 1999 and 2000. Unless Government assistance is continued, net farm income in 2001 is projected to

be even lower. The most acute problems are faced by farmers whose operations have been hit by floods, drought, tornadoes, and other natural disasters.

So that is why we are here today. Clearly, our economy is in an emergency situation. It needs emergency help. Both parties agree that we need some combination of tax cuts and spending increases right now to try to invigorate the economy. This is an important point. We are elected to serve our people, to make judgments—the best judgments on the best information that we have, given all the facts we can lay our hands on. We have to do it responsibly, with integrity, and we have to do it with due consideration and thoughtfulness.

Remember, budget projections are merely estimates as to what the future will hold for us, even though we have virtually no idea of what, in fact, is going to be happening 2, 3, 4, 5 years from now. These budget estimates, prepared by the CBO and OMB, swing dramatically over very short periods of time—just little changes in projected inflation, growth, and unemployment have huge effects on the 10-year estimates. It is the best we can do given the information we have.

Given all of that, I urge my colleagues not to be too hung up on technicalities, on provisions that are in the Budget Act. They are very good. Those provisions should be there, but we have to exercise our judgment as to whether those provisions should be enforced now or not.

The world is watching us to see what we do in this situation—those businesspeople in the markets overseas. If we do too little, they are going to say America is not standing up.

I think there is a fair expectation that our economy will continue to sink, or that it will not be picked up as much as it could. That is a point made by all the people I have talked to—economists and CEOs across the country—about what is the proper stimulus package. I urge us to exercise our independent judgment as the right thing to do.

Mr. President, my time has about expired.

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

Mr. BAUCUS. I thank the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized for not to exceed 15 minutes.

GIVING FLEXIBILITY TO THE PRESIDENT

Mr. GRAMM. Mr. President, I came over this morning to urge bipartisanship on the stimulus package—something we have not had in the Senate. I have to say that, while I have deep affection for the majority leader, I was somewhat taken aback by the tone of his speech. I don't think we are going to benefit ourselves here today by getting into a lengthy debate about the stimulus packages that are before us. I simply wish to make the following points:

First of all, I do believe the American people have been proud of the fact that, since September 11, we have had a level of bipartisanship in Congress that we have not had in a very long time. I think it is a natural thing. I think the American people should expect us to come together in a period of crisis, and I think they have a right to be disappointed when we don't.

Most of the legislation we have done to this point has been bipartisan. We have had a few sticking points along the way. We are in conference today on airport security. The President would like to have the flexibility to use Government employees where it makes sense, to set Federal standards and use private contractors where it makes sense. Some people have said if you are going to do it, you have to use 100-percent Government employees. They say Government employees are more reliable. Critics say that, with Government employees, you can't fire them; you can't provide incentive pay; you can't reward excellence. It is a lengthy debate.

My own opinion is that when in doubt in a period of crisis, you ought to give the President the benefit of the doubt. I hope we will adopt that bill and give him the flexibility to use Government employees where he thinks they will work best, and to use private contractors under Federal standards where they would work best. It is easy to impugn partisan motives to people in that debate, but I do not think it is very helpful.

I have to say the majority leader gave a lengthy discussion about the tax cuts for the rich in the House plan. It is a funny thing; I guess if you went all over the world today and listened to legislative bodies debate, we would probably be the only great legislative body in the world, and maybe the only body in the world, that is still engaged in class conflict. It was rejected in the Soviet Union. It has been rejected in the Third World.

Our whole history is living proof that in America you give ordinary people extraordinary opportunities and they do extraordinary things and they get rich as a result of it, and is anybody any worse off because of it? I do not think so.

I have been blessed, as I am sure many of my colleagues have been blessed, to have many different jobs. I would guess if I went back to when I first got a job throwing a newspaper or working for Krogers or working for Sam Houston Peanut Company, I may have had 30 jobs in my life. But nobody poorer than I ever hired me, and I never felt hostile to people who had been successful, who had money, who were able to invest it and create opportunities for people like me.

I do not understand this effort to try to breed hate based on people's income. One of the reasons it is so utterly unfair is that it is not as if in America the only people who have income or wealth are people who are born with it. In fact, everywhere, every day, in every city and town in America, we see ordinary people who become extraordinarily successful. Why that ought to be a point of conflict I do not understand.

There has been a lot of discussion about the elements of the Senate bill. Great sport has been made about provisions of turning chicken manure into energy. I thought that was a bad idea when it was first debated, and I still don't think it is a very good idea.

We are trying to pass a farm bill to pay farmers $5 billion of additional money not to grow because of overproduction, and in the stimulus bill before us we are paying people $150 million not to convert agricultural land to other uses. On the one hand, we pay them not to produce, and then on the other hand, we pay them to keep land in production. None of that seems to make any sense to me.

Rather than getting into all the details, I will talk about what a stimulus package is, and I am not going to try to appeal to authority, I am going to try to appeal to logic.

When I was a boy studying economics, economists believed in a set of principles. They reached those conclusions based on the study of history and, by and large, economists would normally agree on certain things. Today economists are like lawyers: You just hire one, and they give you the opinion you want, and they give you the best justification they can to do it, just as a good lawyer who is appointed by the court to defend a killer makes the best defense he can make for the guy because it is his job, even though he knows the man is guilty.

Today you can hire economists to say whatever you want them to say and make the most outrageous argument imaginable. You can find somebody who will do it, either because they have a political agenda or because they have their own economic agenda.

Let me talk about stimulus from the point of view of logic, and just see if what I have to say makes any sense.

First of all, if you want to stimulate the economy and you have a relatively small amount of money, you have options. We have sort of talked about $75 billion or $80 billion here. One option would be just to put it in small bills and fly it over cities and dump it out. People could find it and spend it. Is that a stimulus? In a sense, one could say it is. People pick up these $20 bills, they take them and spend them. The only problem is we took the $20 bills from taxpayers. Are we really any better off as a result of having dropped the money out of airplanes? I think the plain truth is, no.

The same thing is true about giving tax cuts to people who did not pay any taxes. Quite frankly, I know it is going to be in the final package and the President signed on to it in a compromise—negotiating before the negotiations started in a good will gesture,

which is one of the reasons I love the President, even though I do not always agree with what he is agreeing to.

In trying to get this moving, he agreed we were going to give tax cuts to people who did not pay any taxes. That is like dropping money out of airplanes. I do not think it stimulates the economy because we took the money from taxpayers and are giving it to people who did not pay taxes.

If we want to stimulate the economy, we have to find a way with the $75 billion to get people to spend not only it but other things. We get that done by finding ways of spending the money that encourage other people to spend their money. Unfortunately, the other people who are spending their money are people who have money and, hence, almost any stimulus package that is worth anything could be criticized that somebody who is wealthy is going to be stimulated to invest their money and they at least think they are going to benefit.

The point is, America cannot be saved except at a profit. The fact that somebody will make money based on a stimulus package is the end objective.

There are two ways we can go about a stimulus package. If I could write the stimulus package, I would write it as follows: First, I would have cut the capital gains tax rate. It does not cost us anything for 2 years. Our experience with it, beginning at the end of the Second World War, has been almost uniformly positive. I have argued for it incessantly. The President decided not to propose it because he saw it as polarizing.

I also believe that making the tax cut permanent would stimulate the economy and bring stability to the economy. It is very destabilizing to have a tax cut that is going to dramatically change and, in fact, go away in 9 years. All over America today, people who could be investing are taking $20,000 per child and locking it up in IRAs and in gifts to their children and grandchildren to try to avoid the death tax, even though we claim we repealed it. It is coming back in 9 years. So people who expect to live 9 years are using up their resources planning for it.

A decision was made that making the tax cut permanent would be too provocative in a partisan sense, and so that was not enough.

Senator GRASSLEY put together a good package given what we had already agreed to take off the table. I want to make the point—and I make it because Senator BYRD is here. Senator Byrd is going to propose some infrastructure spending. It has a disadvantage and an advantage, but it is one of the few proposals that is being made other than those that are targeted in the sense of targeting investment, tax cuts.

There is no doubt about the fact that accelerated depreciation—allowing people to spend so if they buy new capital equipment to create jobs or open a factory they can write off more of it quicker—there is no question about the fact that a little bit of money there produces a substantial economic response.

I think we should be doing more of that. When people ask what cutting tax rates and accelerating the tax cut has to do with incentives to invest, do they not realize that 80 percent of the income tax paid by the top 1 percent of taxpayers is paid by small businesses filing under subchapter S as individuals? The top tax rate is really a small business tax rate. When people are saying the average person in that tax bracket will earn $600,000 or $700,000 a year, that average person is really Joe Brown and Son hardware store in Texas or West Virginia somewhere, and it is really their rate about which we are talking.

I see that as a very important incentive. I have to say when I look at the list of things we are doing, such as giving movie producers and recording artists and authors tax breaks, I would much prefer lowering the tax that affects investment or spending money on highways as compared to that kind of expenditure.

Let me turn to the whole question of infrastructure, and then I want to sum up before I run out of time.

In fact, how much time do I have?

The PRESIDING OFFICER. The Senator has 2 minutes 27 seconds.

Mr. GRAMM. The advantage of infrastructure is that by improving infrastructure, private investment can be induced. We get the impact not only of building a north/south interstate highway system in Texas, which is what we need—I do not know what they need in West Virginia, but I know we are way behind on highway construction, despite the success we have had recently in which the Senator has been a leader. But we can get a multiplier effect by the private sector investing as infrastructure is improved.

If we are going to use infrastructure as part of a stimulus package, we have to find a way to speed it up because in the postwar period not much infrastructure spending ever really got going until the recession was over.

I will sum up by saying what I think we need to do. First of all, I am going to make a point of order against the pending amendment, not the underlying bill. The point of order is that the pending amendment violates the budget rules. We decided in the 2001 budget that emergency designations for non-defense matters were being abused, and we eliminated them; they violate the Budget Act. But they are being used in violation of the Budget Act, and therefore there is a 60-vote point of order.

Everyone knows the bill before us is not going to become law. So why not make it clear that is the case, so we can end these partisan debates that I know discourage people back home, and sit down around a table and work up a compromise. Compromise means some people get some things they want and other people get things they want.

It seems to me we agree on providing incentives for investment through expensing and through accelerated depreciation. It is in both bills. There has to be a compromise level. We differ greatly as to what we really believe will stimulate the economy. The logical thing to do, it seems to me, is to take half of the funds and do it through stimulation by lowering marginal tax rates to encourage investment, which is what I believe works, and then taking the other half as the Democrats want to use it and spend it, whether they spend it on infrastructure or whether they spend it in terms of health benefits.

In terms of health benefits, it is one thing to help people with health insurance, but it is another thing to set up a bureaucracy that probably would not even be in place until the recession was over. So in terms of spending money on health, I think there could be a compromise.

In terms of setting up this bureaucracy, I do not think the President would agree with that and I do not think that could happen. We have to sit down and work out a compromise. I think the Nation wants us to do it. The sooner we can get on with it, the better off we will be.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

ECONOMIC RECOVERY AND ASSISTANCE FOR AMERICAN WORKERS ACT OF 2001

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 3090, which the clerk will report.

The bill clerk read as follows:

A bill (H.R. 3090) to provide tax incentives for economic recovery.

The PRESIDING OFFICER. The Senator from Montana.

COMMITTEE AMENDMENT, WITHDRAWN

Mr. BAUCUS. On behalf of the Finance Committee, I withdraw the committee amendment.

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

AMENDMENT NO. 2125

Mr. BAUCUS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 2125.

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

The PRESIDING OFFICER. Is there objection?

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

The PRESIDING OFFICER. The Senator from West Virginia reserves the right to object.

Mr. BYRD. I ask unanimous consent to be recognized when the Senator from Montana yields the floor.

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

Mr. BYRD. Mr. President, I remove my reservation.

The PRESIDING OFFICER. Without objection, the reading of the amendment is dispensed with.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I say to my good friend from West Virginia, I intend to speak for only 2 or 3 minutes.

Mr. BYRD. The Senator may take whatever time he wants.

Mr. BAUCUS. Mr. President, the amendment I have offered makes several changes to the bill reported by the Finance Committee. It deletes the rural development provisions in sections 811 and 815 of the bill. These provisions generated considerable controversy, with some Senators questioning whether they provided economic stimulus. I support the provisions, and I think they are very important to the rural economy, but a similar set of provisions is being developed as part of a farm bill, and I think it is appropriate to defer to that debate at that time.

I note that I have not deleted provisions providing agriculture disaster assistance to farmers and ranchers because I think they are critical provisions of the bill.

My amendment also incorporates three Medicaid provisions which were filed in the committee but we did not have time to consider. One proposed amendment by Senator BINGAMAN temporarily increases the caps for States with extremely low disproportionate share hospitals. That is the so-called DSH cap.

The second proposed amendment by Senator LINCOLN establishes a 6-month moratorium on changes to the Medicare upper payment limit rules.

The third proposed amendment by Senator BREAUX revises and simplifies the transitional medical assistance program.

I also have provisions relating to the taxation of life insurance companies. Senator KERRY proposed a committee amendment addressing section 809 of the code to maintain balance. The amendment I am offering also addresses section 815.

There are also a few other corrections contained in the amendment. That is essentially a brief explanation of the amendment I am offering.

At this point, we are on the bill. I might say neither side has enough votes to pass the bill. The Senator from Texas correctly said we might as well get to negotiations and get to the heart of the matter because the current bill probably does not have the sufficient 60 votes to get it passed and enacted.

The same is true for the alternative bill proposed by the President and/or the minority party. There are not 60 votes for that either. So I agree very much with the main import of the point made by the Senator from Texas; namely, let us get on with it. Let us sit down. Let us start negotiating.

We are doing the country a disservice by continuing a partisan, rhetorical harangue, one side against the other. It is something I do not like. It is something I know most Senators do not like. I hope the leadership of both bodies, both the House and the Senate, on both sides of the aisle, find a way for us to put together negotiations where the leadership of the Finance Committee and of the House Ways and Means Committee, in conjunction with the White House, can sit down and put together a good, solid economic stimulus package quickly so Americans are served in the way they deserve to be.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. REED). Under the previous order, the Senator from West Virginia is recognized.

Mr. BYRD. Mr. President, I thank the Chair.

Many times my colleagues have seen me reach into my shirt pocket and pull out the Constitution of the United States. The distinguished whip, the majority whip, also carries a copy of that Constitution, as do several other Senators on both sides of the aisle. I have supplied them with this shirt pocket copy. I will refer to it as the ''shirt pocket copy.''

Alexander the Great put foremost, among all books, among all histories and among all literature, ''The Iliad.'' Alexander the Great's copy of ''The Iliad'' was referred to as the ''casket copy.'' He slept with ''The Iliad'' under his pillow.

I do not sleep with the Constitution under my pillow, but I carry it next to my heart, the Constitution of the United States.

Now, let's read for a moment the preamble of the Constitution. Those who have shirt pocket copies, take out your Constitutions; and those of you who don't happen to have a shirt pocket copy, take the Constitution off the desk or the shelf, if it is nearby.

The Preamble reads as follows:

WE THE PEOPLE of the United States, in Order to form a more perfect Union—

Now, the President of the United States has said he wants to set a new tone in Washington: Do away with partisanship; do away with all the quibbling, the argumentation, as it were, to form a more perfect union. That is the way I would interpret what he said.

I continue to read from the Preamble of the Constitution:

. . . establish Justice, insure domestic Tranquility, provide for the common defence—

Let me read that again: ''provide for the common defence.'' It doesn't say anything about defending ourselves in Afghanistan. It says ''provide for the common defence.'' It means to provide for the defense of our homeland, as well. ''Provide for the common defence.'' ''Common'' means common. It is everywhere. It is common to all. It doesn't single out any particular person, place, territory, or city. It provides for the common defence.

I continue to read:

. . . promote the general Welfare—

That doesn't say promote the welfare of the rich; it doesn't say promote the welfare of Sophia, WV, my little hometown which you can hardly see on a map. ''Provide for the common defence, promote the general Welfare.'' The Preamble isn't talking about those people who are on welfare rolls. It says ''promote''—that means to push forward, to lift up, to advocate. To ''promote the general Welfare and secure the Blessings of Liberty.''

Aha, that word liberty!—''and secure the Blessings of Liberty''—to whom? ''. . . to ourselves and our Posterity, do ordain and establish this CONSTITUTION for the United States of America.''

Who said this? It says ''do ordain and establish this CONSTITUTION. . . .''

In speaking of liberty to ourselves, who is doing the talking? Who is doing the talking? Let me tell you who is doing the talking. I will start with New Hampshire, Nicholas Gilman and John Langdon were the signatories for New Hampshire.

Next we will take Massachusetts. Who were the signatories? Rufus King and Nathaniel Gorham.

Then what is the next State? Connecticut. William Samuel Johnson and—who is that fellow who signed all those great documents from Connecticut? Who was he? Roger Sherman, Connecticut.

What is the next State? New York. New York, Alexander Hamilton. Only had one signator, the great State of New York.

And on down. Those were the men who signed this document. Immortal? This Constitution will live as long as the Earth stands. Immortal document, this is, indeed. These are the 39 signers.

I have just read the preamble to the Constitution. I have done so because it adequately and perfectly fits as the preamble to what I am going to say and what I am going to advocate. I am going to talk about the homeland defense piece of this measure before the Senate. Defense; homeland defense. The preamble of the Constitution introduces the preamble, as it were, to that portion of the package which my staff and I, at the request of the distinguished majority leader, developed for this amendment. ''Homeland defense,'' that is the title of this amendment. ''Homeland'' defense. Not homeland infrastructure. Not homeland pork. But ''homeland defense.''

Mr. President, hear me now! Fear has gripped the American people. It threatens the U.S. economy. I don't call my portion of this package a stimulus

package. I am not calling it a ''stimulus'' although it does help to stimulate the economy. Anything that puts confidence back into the hearts and minds and pocketbooks and bookkeeping ledgers of the American people is a stimulus to the economy. But to those who thought they would see Robert Byrd bring out a package with a lot of infrastructure in it are sorely dismayed and disappointed. It ''ain't'' here.

Infrastructure is needed in this country to be sure. If you want something that is true stimulus, put $1 billion into highways and you will employ 43,000 people. Or put $1 billion into school construction and you will employ 24,000 people.

But I am not doing that. I was asked at first by the majority leader to develop some options that would help to stimulate the economy. So my staff and I—I have excellent staff; they are not excelled by anybody anywhere in the world. That is what I think of them. My excellent staff and I were asked to prepare some options. We did that. We did a $10 billion option, a $5 billion option, a $20 billion option, a $30 billion option. So we have options all over the place. And in more than one of them I had infrastructure, something that would provide jobs.

But then something happened. We know, because we have read chapter and verse of the recent history in which we saw the awesome, terrible, horrific picture of two airplanes sailing into the Twin Towers in New York City. We saw the showers of bricks and mortar falling upon people, upon firefighters, upon policemen, upon men and women and children. And then there came anthrax, a weapon that has been spread among us.

I haven't been in my office in the Hart Building in weeks. The office is closed. My staff people are not in there. I haven't read the mail that has been sent to my office in the Hart Building in weeks. There are other Senators here who can say the same, on both sides of the aisle.

Fear has gripped the American people, and it threatens the U.S. economy. You can see it. You can see it in the vacant streets of our major cities on the weekends. Walk the streets of Washington on the weekends. You can see it in the half-full airplanes taking off from our airports—half full. Some of them not half full. You can see it in the empty shopping malls less than 2 weeks before the start of the holiday shopping season—less than 2 weeks. Go to the shopping malls. Go to the national parks.

Here is a headline: ''National Park Entrance Fees to be Waived.'' Aha, you can go for free.

National Park entrance fees to be waived over Veterans Day weekend to inspire national unity, hope, and healing.

So we see a repetition of the free passes, for example, that Metro issued here in the city, and in Northern Virginia, free passes that were issued by Metro so that people would ride, hopefully, into Washington, DC, and shop, spend money to stimulate the economy. There were the restaurants in Washington, DC, that offered a free glass of wine to the people who would come to those restaurants.

Now I have just read that the national park entrance fees were to be waived over Veterans Day weekend, which has just passed—for what reason? To inspire national unity, national hope, and national healing.

You can see it on Wall Street. Just watch Lou Dobbs. Watch him on television every day. You can see this fear spreading like oil, slowly, slowly—fear. You can see it on Wall Street. At one point, on Monday, November 12, the day after Armistice Day, Veterans Day, the Dow Jones Industrial Average dropped 198 points following the news of a possible terrorist attack on American Airlines flight 587. We saw the drop in the Dow Jones after the plane crashed in the streets of Queens, New York. Wall Street was already trying to recover from the troubling economic news of recent weeks. The Commerce Department reported on October 31 that the economy contracted by .4 percent between July and September of this year, the first quarter of negative growth since 1991—10 years.

The Labor Department reported on November 2 that the economy shed 415,000 jobs in October, increasing the unemployment rate to 5.4 percent from 4.9 percent in September, the largest jump since 1980.

Wall Street has been able to shrug off negative economic news in recent months, but traders seem less able to do so recently. The lingering anthrax scare has spread to victims beyond the news media and the Federal Government. The Attorney General has issued vague yet sobering warnings to the American people about anticipated terrorist attacks. National Guard troops can be seen patrolling the Golden Gate Bridge.

The American people, facing the fears of a new era, are looking to their elected leaders—you, Mr. President, the Presiding Officer and you, Mr. President, at the other end of Pennsylvania Avenue—and me and other Members of this body and members of other legislative bodies, looking to their Government for reassurance. Parents want to hear that their children will be safe in their own neighborhoods. Families want assurances that it is safe to take that vacation they had planned earlier this year. The American people want assurances that they can open letters free from worries about biological weapons. They are looking to their elected leaders for security.

If a son asks his father for bread, will the father give the son a stone? If the son asks for a fish, will the father give him a serpent? If the son asks for an egg, will the father give the son a scorpion? Go back to the Gospel of Luke. The people are asking for ''bread,'' in the form of Security. What do we, as elected representatives, give to our people when they ask for bread? Do we give them a stone when they ask for safety? What do we give them? A tax cut?

The people are looking to their elected leaders for security. What do we give them?

Do we reject this package which I shall explain momentarily? Do we reject it when the people ask for security against anthrax, when they ask for security against possible smallpox epidemics? What do we give them? Do we give them a stone?

When the people ask that the loopholes be closed along the northern border and the southern border, when they ask for security from terrorists who would come across those borders when they are not patrolled; when the people ask for security against terrorists who would slink across the borders, do we give them a stone? Do we give them a scorpion? Do we give them a serpent? Do we respond to their cries when they want safety? What do we give them?

We can start to alleviate the concerns of the American people right here—today—by addressing those vulnerabilities the terrorists are seeking to exploit.

My staff and I have crafted a $15 billion package which would be a first step in giving back to the American people a small part of the sense of security that was blasted away on September 11.

A point of order will be made against the package that contains this ''bread.'' Our people ask for bread. That is a good metaphor when one thinks of the security for which people are asking us.

A point of order will be made claiming that there is no emergency. The point of order will be made based on the claim that this $15 billion package is not an ''emergency.''

Hear me now! Keep in mind that a point of order is being lodged against this homeland defense measure. And, keep in mind the preamble of the Constitution of the United States—that phrase which says ''provide for the common defense''.

The first bit of this graph that I point to is that section—that piece of the overall pie chart—which reads ''Bioterrorism Prevention and Response.'' See it? ''Bioterrorism Prevention and Response—Food Safety, $4 billion.''

Ask the one physician in this body, the one surgeon. Ask Dr. Frist, Senator FRIST from Tennessee, if he thinks that we need $4 billion for bioterrorism prevention and response and food safety. Ask him. He is a renowned physician. I know he is a politician, too. So was Jesus a great physician. He was a politician also. Ask Senator FRIST if this is ''pork.'' Ask him if it is ''pork'' to provide $4 billion for bioterrorism prevention and response and food safety.

We must reassure the American people whether their elected leaders are doing all they can to prepare against a

biological or chemical attack. Anthrax, smallpox, and the plague are no longer the stuff of fiction but are deadly realities.

My proposal includes $4 billion for bioterrorism prevention and response and food safety. This is money that would primarily be used for upgrading State and local lab capacities—get this now—State and local health departments, for example, in Raleigh County in southern West Virginia, and Sophia, WVA, my little town of 1,180 souls.

Ask the Governors of the States, Republicans and Democrats, whether they need that money to upgrade State and local Lab capacities. Ask the mayors throughout the country if they need this. These funds would help local health departments to train emergency health responders in recognizing the symptoms of an incidence of bioterrorism, and would enhance the ability to diagnose and to treat such illnesses as anthrax and smallpox.

My proposal will also allow State and local governments to plan for a variety of emergencies and to upgrade State and local information sharing systems.

Preparation and prevention are critical to waging the war against terrorism that is currently being fought. Where? On our home soil. That is getting pretty close to home, isn't it, on our own soil. We would do well to remember that it was a doctor in Florida who had just received training from the Centers for Disease Control and Prevention, CDC, who thought to test for anthrax when treating the first victims of that unusual disease. It is an unusual disease. But it is an old disease.

Read about it. Read about the 10 plagues of Egypt. Read about the murrain on the cattle, and the boils on human beings. Go to a dictionary and look up the word ''murrain.'' It means, for example, anthrax among the cattle, the camels, and other livestock. Look at how old it is. It has been around a long time—thousands of years.

Here is a headline in today's paper. I will read it.

State Department Fears—

There is that word ''fear'' again

State Department Fears Another Anthrax-Tainted Letter.

What does this say?

Well, Cassius was nearsighted. I am not nearsighted, but I do need glasses to read. So here we go. I quote from this. The title of the article in today's paper of Wednesday, November 14, 2001, is: ''State Department fears another anthrax-tainted letter.'' I will just read a few excerpts from this news story in the Washington Times.

The State Department said yesterday it is searching worldwide for another anthrax-tainted letter.

At least one letter like the one sent to Senate Majority Leader Tom Daschle is packed in with State Department mail that was halted last month, said the department's top spokesman, Richard Boucher.

Meanwhile, the last of the Washington-area survivors of inhalation anthrax left the hospital yesterday after a 25-day stay.

The high concentration of spores on a single sorter indicates ''that there is a letter like the one sent to Sen. Daschle that has moved through our mail system,'' Mr. Boucher said. ''We are now proceeding to go look at all the mail that we have held up, frozen, sealed off, in mailrooms in this building, annexes and around the world.''

There it is. So these funds—$4 billion—would also be used to expand the Federal pharmaceutical stockpile by contracting for the development of 300 million doses of smallpox vaccine to be delivered by the end of 2002 to prepare for a potential outbreak of that dreaded disease.

No American has been vaccinated for smallpox since 1972, and the medical community is debating whether those who were vaccinated may still possess any degree of immunity.

Now, I was one of those children in the public schools of West Virginia many decades ago who were vaccinated for smallpox. That is where I received my vaccination. The scar is still there on my left arm.

Let's see what this headline says in the Washington Post of Wednesday, November 7, 2001. Here it is: ''HHS''—that is Health and Human Services—''Set to Order Smallpox Vaccine for All Americans.'' And it ain't free. It is not free. Let me just read excerpts from this story:

Health and Human Services Secretary Tommy G. Thompson said yesterday that he expects to sign a contract this weekend to purchase enough smallpox vaccine for every American but that he has warned the White House—

Hear him. Hear Tommy Thompson down there at the White House. Hear him.

. . .he has warned the White House the cost could be quadruple the $509 million he originally estimated—or equivalent to the department's entire $1.9 billion bioterrorism budget. . . .

The previously announced administration effort to vaccinate all Americans against smallpox, a deadly disease that was eradicated in the 1970s, took on a renewed sense of urgency as one of the leading smallpox authorities warned it was conceivable that former Soviet scientists were helping to ''weaponize'' the smallpox virus for nations such as Iran, Iraq, Libya, and North Korea.

These are referred to as ''rogue states.''

''Many [Russian] scientists are really quite desperate for money''—

Cicero said: ''There is no fortress that money cannot buy.''

And here we read a warning by Donald A. Henderson, director of the new Office of Public Health Preparedness.

U.S. intelligence indicates that several have been recruited by ''rogue states'' and were in a position to smuggle out a vial of the virus . . . .'' That's a very great worry.''

He said: ''Many [Russian] scientists are really quite desperate for money.''

In addition, Henderson said, there is evidence that the former Soviet Union succeeded in weaponizing the virus and manufacturing up to 100 tons annually at a plant outside Moscow.

Mr. President, I ask unanimous consent to have both of these newspaper articles printed in the RECORD following my remarks.

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

(See Exhibit 1.)

Mr. BYRD. If anthrax can make the public jittery—and we have seen that it can and has made the public jittery—the prospect of smallpox, a contagious and vicious disease, could incite panic—panic! Funds in this bill, in my amendment, will be used to upgrade lab security at the National Institutes of Health and at the CDC, and to improve security at the U.S. Department of Agriculture labs, by hiring additional inspectors for import inspections, food supply monitoring, and lab equipment. There you are.

Now, the next section of the chart I wish to point out is the section denominated ''Federal, State, and Local Antiterrorism Law Enforcement, $3 billion.''

Federal, State, and local law enforcement officials have been working around the clock since September 11. When it comes to law enforcement and homeland defense—remember what the preamble said, ''provide for the common defense''—this is where the rubber meets the road.

My package includes $3 billion for Federal, State, and local antiterrorism law enforcement.

Of that $3 billion, this package includes $1 billion for Federal law enforcement antiterrorism investments. This money would be used to improve communications among Federal agencies, for the Coast Guard to increase surveillance and improve communications with the Defense Department and other civilian terrorist/disaster response agencies, for the FAA to increase the number of safety inspectors and research on new safety technologies, and for the Drug Enforcement Agency, the U.S. Attorneys, the Judiciary, and the U.S. Marshals Service to improve security in courtrooms, for example, camera, x-ray machines and mylar on windows, and provide better facilities for police.

The remaining $2 billion would be allocated for State and local law enforcement—again, State and local. Senators talk with your local mayors. Talk with your mayors in your home States. Talk with the police departments. See what they have to say.

The remaining $2 billion would be allocated for State and local antiterrorism investments to improve the capacity of State and local police departments across the Nation to prevent and respond to terrorist attacks.

Municipal officials need billions of dollars—call them on the phone; hear what they say—municipal officials need billions of dollars for their cities' hazardous materials response teams to fully equip their search and rescue

teams and to outfit the law enforcement officials who likely will be first at the scene of a chemical or biological attack.

Remember the day before yesterday? Who were the first people to go out to the scene of the plane crash? That wasn't a chemical or biological attack, but it was a sudden and terrible emergency. Who were the first? The policemen, the firemen, the paramedics.

Here is a letter addressed to me by the National Governors Association, addressed to me and my counterpart on the Appropriations Committee, Senator Ted Stevens. In writing to us about an economic stimulus package, this letter from the National Governors Association says:

> Our recommendations also reflect the further deterioration of states' fiscal positions as detailed in the ''economy.com'' report sent to you earlier this week. With respect to our fiscal position,—

This is the National Governors Association talking now—

> most states have made a series of spending cuts. Many are now implementing a second round, and in some cases a third. A number of states now have revenue shortfalls in excess of $1 billion and many are scheduling special legislative sessions to address mounting fiscal problems.

And a Senator will soon make a point of order against this to say it is not an emergency, that this situation that prevails over this country and about which the National Governors Association is writing is not an emergency. Tell that to the National Governors Association!

I read further from the letter:

> The cumulative states' current revenue shortfall is $10 billion and growing. Moreover, new and unprecedented state responsibilities for homeland security are exacerbating serious fiscal conditions.

Let me read that sentence again for those who would say that this is not an emergency. Here is what the Governors say: New and unprecedented—what is an emergency? Something that is new, unanticipated?

> Moreover, new and unprecedented state responsibilities for homeland security are exacerbating serious fiscal conditions.

Tell the Governors, tell the mayors, tell the chiefs of police of the departments throughout the land that this is not an emergency that we are dealing with and that a point of order should lie against this amendment because it is not an emergency?

Mr. REID. May I ask the Senator a question?

Mr. BYRD. Yes. I am glad to yield.

Mr. REID. I know the Senator from West Virginia is a parliamentary expert on what goes on in the Senate. Did I hear the Senator right; he has heard, as I have, that they are going to raise a point of order that the homeland defense part of the bill is not an emergency?

Mr. BYRD. Not an emergency.

Mr. REID. Am I hearing the Senator right, that there is going to be a point of order raised that that which he has laid out dealing with our security is not an emergency?

Mr. BYRD. Yes, that is exactly what they are going to say.

I say to all Senators, a point of order is going to be made against this package because those who offer the point of order say it is not an emergency and, therefore, it should be stricken from the bill. Not an emergency? Let them tell that to the Governors of the country.

I continue to read the letter from the National Governors Association:

> Similarly, absent any changes in the Health Insurance Portability and Accountability Act (HIPAA) or new federal funding for HIPAA implementation in state-administered programs, states will have little choice but to divert scarce funds to comply with this federal mandate. This means that significantly less state funds will be available for education, critical state services, capital investment, infrastructure improvement, and additional efforts to respond to bioterrorism and other threats to homeland security.

Luke said, if the son asks his father for bread, will the father give him a stone? Here are the cities of this land asking their elected officials for ''bread'' as it were. Those who make the point of order will say: Give them a stone. Let them eat stones. Let them have a stone for security. Let them have a stone to protect them against a smallpox epidemic; give them a stone!

I hope that Senators, when they vote on this point of order, will understand that the people back home are going to remember all of us, how we vote when the people, when the mayors, when the Governors, when the law enforcement officers of this country ask for ''bread,'' when they ask for security, when they ask for money to provide security to those little towns and hamlets and cities all across this land, I hope that those who vote for this iniquitous point of order, will be remembered by the people of this country come the next election.

Let's talk now about the FEMA firefighters program. This package contains $600 million in grants to State and local communities to expand and improve firefighting programs through FEMA firefighting grants. Over 50 percent of that funding goes to volunteer fire departments in rural communities in the countryside, and the volunteer fire department is the first and only entity available to deal with the crisis.

Last year Congress took action to begin to address this serious deficiency by creating a Federal program to provide direct assistance to fire departments. Administered by the Federal Emergency Management Agency, FEMA, the Assistance to Firefighters Grant Program received an initial appropriation of $100 million. This funding was quickly depleted by tremendous demand. The Agency received more than 31,000 applications, totaling nearly $3 billion in requested funds, almost 30 times the amount appropriated.

To those who would say that this package is wasteful spending, to those who would say it is porkbarrel spending, I say that one-half, a full 50 percent, would be allocated for bioterrorism prevention and antiterrorism law enforcement; Federal, State, and local antiterrorism law enforcement, $3 billion.

Now as to transportation vulnerabilities, much has been done in the weeks following the September 11 attacks to improve our transportation security. I am not talking about building highways at the moment—to anyone whose skin might quiver at my use of the word ''transportation.'' This is transportation security. But each step we have taken to plug the holes in our transportation security has revealed another hole that must be filled. This package includes $2.2 billion to address simultaneously these vulnerabilities. Municipal officials need funds to protect their mass transit system. Of that $2.2 billion, this package provides $1.2 billion for enhanced surveillance of transit stations and improved emergency response systems.

Amtrak requires funding to address the critical safety vulnerabilities of its facilities, including tunnels. Have you ever gone through a tunnel on a train? Go to West Virginia. You will travel through several tunnels on Amtrak. But this money that we are talking about includes tunnels in and around New York City. It must improve its station surveillance. Out of that $2.2 billion, this package provides $760 million for that purpose. The purpose is this: Amtrak requires funding to address the critical safety vulnerabilities of its facilities, including tunnels in and around New York.

Another $150 million would be used to improve the security at our Nation's ports, ferries, and freight rail. This is a recommendation by Senator FRITZ HOLLINGS. I have been surprised to find that only 2 percent of the cargo that comes by sea to our Nation's ports is inspected and only one-third of the cargo that crosses over the boundaries by truck is inspected. This package finds moneys for addressing these border and these port security needs.

Airport security. Airports have to respond to the substantial costs of the FAA's new, rigorous security directives issued since September 11. Airports need funds to increase the visibility of law enforcement personnel for deterring, identifying, and responding to potential security threats. Additional staff is needed to conduct security and employee identification checks throughout airports. Airports with tighter budgets, particularly smaller airports in rural areas, are unable to absorb these new costs. This package provides $1.2 billion to hire law enforcement personnel to improve protection of secure areas at airports.

We have read recently a great deal about postal security. The distinguished Senator from North Dakota, Mr. DORGAN, just a few days ago—last week, as a matter of fact—as chairman of the Treasury Postal appropriations

subcommittee, conducted hearings and had the Postal Service people up before the subcommittee to testify. It was a great hearing. The Senator from North Dakota rendered a tremendous service to the American people in holding this hearing.

Today, the American public and Postal Service employees find themselves the victims of terrorism by mail. The people are afraid to open letters. I used to reach into the mailbox when I was hardly tall enough to reach it; I would reach into the mailbox with glee and pull out a letter. I remember the first letter that was written to me when I was elected to the House. After I was sworn in as a Member of the House of Representatives in 1953, the first letter that was written to me—and I would have been 35 years old, so that was quite a long time back—came from my two daughters, and it carried on it three 1-cent stamps. We didn't have any fear of anthrax in those days. We used to open the mail with our hearts beating in our chests, with thankfulness, with expectation—but not expectation concerning a death-dealing letter.

People today are afraid to open letters from distant kin. Suddenly postal workers are confronting attacks from something much more frightening than the vicious dogs that have long haunted the mail routes. A letter from an unknown source today is reason to call 911. America cannot function like this. America cannot go on functioning like this. Remember that phrase in the preamble of the Constitution about the ''general welfare''? America should not have to function like this. This package contains $1.1 billion for this.

How much did the administration request? The Administration requested $175 million. That is a drop in the bucket. This package contains $1.1 billion to begin to make the security changes necessary to keep the mail moving and allow the Postal Service to respond to this and future terrorist attacks.

Now, about the security of our borders, to which I alluded a little while ago, for border security there is allotted $1.1 billion. Our border security is dangerously underfunded. We want America to remain always the land of the free, but we want it also to be protected. Our borders must be secure. Our borders leak like a sieve. Try holding water in a sieve. Our borders leak like a sieve, and the leaking should cause us severe alarm.

The Immigration and Naturalization Service conducts some 500 million inspections at our ports of entry each year—500 million inspections. Hundreds of millions of visitors enter the country without visas through the visa waiver program, or other legal exemptions. Yet how many inspectors are there to process these hundreds of millions of visitors? There are only 4,775 INS inspectors. Yes, you heard me. There are only 4,775 INS inspectors to process these hundreds of millions of visitors. That is 1 inspector—just 1—for every 104,712 foreign nationals who cross our borders.

Just to make it easy, call it 100,000, rounding it. So you have one inspector—just one—for every 100,000 foreign nationals who cross our borders. And, some Senators would make a point of order against this package to say that it is not an emergency? When our borders leak like a sieve, they say that this is not an emergency?

The U.S. Customs Service currently has the resources to inspect only 2 percent of the cargo arriving by sea. It inspects only about one-third of the truck cargo crossing the southern border. Almost nothing is more urgent than to quickly move to close these hideous gaps in our ability to monitor the goods and people who move across our borders.

This package provides $1.1 billion for additional Border Patrol agents and screening facilities, primarily on the northern border, and to fully implement database improvement projects.

It is not enough that we authorize these additional expenditures in the antiterrorism bill. It is an empty promise if we fail to provide the resources to back up that authorization. We must provide the funds, and we must do so quickly.

The next item on my chart is designated as Federal computer modernization, $1 billion. There are more than 40 Federal agencies and tens of thousands of Federal workers who are working together to fight terrorism, but many of these agencies cannot pass along to each other information on suspected terrorists. They cannot pass that information along. Their computer systems simply do not work together. Their computer systems do not talk to one another.

This package provides $1 billion for Federal computer system improvements so that Federal agencies that participate in our counterterrorism program can communicate with each other and provide more comprehensive information about threats and those who would carry them out. And, there are those who would say a point of order will lie against this because we do not have an emergency! Computer compatibility is critical to our ability to rapidly assess threats and to respond to them throughout the Nation.

How about those nuclear powerplants? How about those electric power projects? How about those national landmarks such as the Washington Monument, the Lincoln Memorial, the Statue of Liberty that beckons to peoples from across the sea? We need only to look across the Potomac to comprehend the threat to our Federal facilities and national landmarks in this war on terror.

I will never forget that day standing in my Capitol office. I was one of those slow movers. I will not be slow the next time. The next time those police tell me to get out of this building, I am going, and I will get out of there ahead of the police.

But that day I was slow moving. ''Why should I go, I said?'' ''I will not be any safer out there than I am in here,'' so I was slow to move. I looked out the window on the morning of September 11 and watched the smoke rise from the direction of the Pentagon. Any Federal building or national landmark in this country could be the next target. This Capitol could be the next target.

In October, the CIA received a warning from an intelligence service in Western Europe about the possibility of a terrorist attack on the Three Mile Island nuclear facility in Pennsylvania. While the threat later proved not to be credible, it underscored the breadth of the danger to our homeland—to our homeland, America the beautiful.

The State police and the National Guard have stepped up patrols of these plants, and the Coast Guard is enforcing new rules barring boats from the waters near any nuclear plant. Likewise, utilities around the country have stepped up security at their plants since the September 11 terrorist attacks, but utility officials admit that the Nation's power grid is just too large to be fully protected from wanton attacks.

My proposal includes $900 million to increase security at Federal facilities throughout the country, at nuclear plants, at our national treasures, such as the Washington Monument. Some of that funding would be directed toward enhancing security at State Department facilities. These security precautions are essential. These are investments that will have to be made in the future if we are to cope with the continuing threat of terrorism.

Mr. President, over 6 weeks ago, on October 2, an agreement was reached with the administration so that the Congress could act expeditiously on the fiscal year 2002 appropriations bill. That agreement to limit spending in the 13 appropriations bills to $686 billion is being fully implemented.

The Senate has passed this fiscal year appropriations bills on a bipartisan basis by an average vote of 91 to 7. That is bipartisan, is it not, an average vote of 91 for and 7 against on all of the appropriations bills that have thus been passed? We lack only one of the 13 bills, one that has not been passed by the Senate.

We have lived up to our agreement. The Senate has lived up to its agreement. Republicans and Democrats on both sides of the aisle have lived up to this agreement. However, there was no agreement to limit our response to the September 11 attacks in the $40 billion appropriations supplemental passed on September 14. Who could have foreseen those two planes plowing head on into the brick and mortar, the cement, the steel of those Twin Towers? Is this an emergency? Who could have foreseen that? Who could have foreseen how the world would change? Who could have foreseen the emergency responses that would be required?

In the weeks since, the reality of our post-September 11 world has taken hold, has seized the American psyche. We are now faced with security threats that were not foreseen last month, that were not foreseen the month before last, that were not foreseen and still seem unimaginable, the stuff of nightmares. Anthrax appeared like a vampire in the night, sapping us of our customary optimism. The threat of smallpox may face us for the first time in more than 20 years.

Since October 2, the Attorney General has issued another warning about an eminent terrorist attack.

That is since October 2. That is since the letter referring to the agreement concerning the top line of $686 billion. We have received information about a possible terrorist attack on the Three Mile Island nuclear facility in Pennsylvania since October 2, that letter of agreement among the executive and legislative branches that the top line would be $686 billion.

The National Guard troops have been dispatched to protect the Golden Gate Bridge since October 2.

The President has given the American people a pep talk. God bless him. He is a nice fellow. I like him. The President has given the American people a pep talk telling them they are now living in a different world and urging them to answer a call to war in our own land.

And yet, there are those who would say this is not an emergency? Yet, we have war, not just in Afghanistan but also in our own land. Tell that to the farmer sitting by that cold stove on the plains. Tell that to the coal miner as he emerges from the dark bowels of the earth after a hard day's work. Tell that to the mother who has children she takes to school in her own automobile. Tell all of these that there is no emergency. Tell them that there is no war going on.

A few days ago, President Bush asked the House and Senate leadership and the Appropriations Committee chairmen and ranking members to come to the White House; let us reason together. He wanted us to come to the White House to discuss the completion of the appropriations bills. I went.

While the meeting was intended to be a discussion as a need to provide additional funding in response to the attacks of September 11, the President used the meeting as an opportunity to tell us that he would veto the Defense appropriations bill if Congress included additional spending beyond the $686 billion top line for the 13 appropriations bills and the $40 billion level approved by Congress on September 14 in response to the September 11 attacks.

I assure the Senate that we are not breaking the $686 billion top line agreement on spending in the fiscal year 2002 bill. We have worked hard in the Senate to produce bipartisan bills that conform to that October 2 agreement. We took a handshake, and it was an old-time handshake. We are keeping our word. So far, the Senate has passed 12 of the 13 bills by an average vote of 91 to 7. Each of those bills has been consistent with the $686 billion top line.

After the House takes up the defense bill, the Senate will take up a $317 billion defense bill that would also conform with the $686 billion deal. However, $40 billion approved by Congress on September 14 is clearly not enough to respond to the September 11 attacks.

Why is $40 billion not enough? The President has proposed that $21 billion of the $40 billion go to DOD, and that $1.5 billion go to foreign aid programs. The President has proposed less than $9 billion for New York.

Hear me, Governor Pataki, hear me! The President has proposed less than $9 billion for New York City despite our promise of $20 billion to New York City. That leaves less than $9 billion for homeland defense, and that is simply not enough.

One cannot make a silk purse out of a sow's ear. One cannot make a violin out of a cigar box.

That leaves us with a choice of not meeting our commitment to New York or not providing for a strong homeland defense. That is a choice I do not want to make. That is a choice I will not make. That simply is not acceptable. That is not living up to our word. That is not keeping our commitment. That is breaking our word.

The world has changed. The world has changed since Congress approved the $40 billion supplemental on September 14. The threat of terrorism is no longer theoretical. It is real. When Congress approved the $40 billion package, we were only beginning to learn of the extent of the damage and the anthrax attacks that had occurred. The President's proposal does not provide sufficient resources for responding to the threat of bioterrorism or threats to the American food supply. Nor does it include sufficient resources to protect our Nation's transportation system for our airports, mass transit, river ports, seaports, or Amtrak. Nor does it provide sufficient resources to improve security at our borders or to improve security at nuclear powerplants and labs, or at our Nation's dams and reservoirs. That is why I have included $15 billion for homeland defense in this bill.

On November 7, several press reports indicated the White House is weary that any additional spending approved now will be built upon in coming years, and I shall quote an AP story.

What it had to say is this: Possibly forces President Bush to confront an endless stream of budget deficits just as he prepares for reelection in 2004.

Watch out now. In order to respond to the White House anxiety about this spending, I intend to offer an amendment, if I have the opportunity to do so. Let me offer this amendment. I intend to offer an amendment to direct the Congressional Budget Office and the Office of Management and Budget to not include the funds contained in the homeland defense title of this bill in any calculations of so-called baseline spending for fiscal year 2003 and future years. So I say to the White House, go to sleep, sleep quietly. Sleep soundly, White House. Let me offer this amendment. This amendment will wipe away those fears.

Under this amendment, these homeland defense funds would not be used to inflate the amount of spending necessary to maintain current services in future years. I remind my colleagues, without this amendment the Congressional Budget Office and the Office of Management and Budget would be expected to add over $177 billion—it would start with $15 billion—to add over $177 billion over the next 10 years. That is not my intent. That is why I have an amendment ready.

Let me say to all Senators, this Senator has no hidden agenda in offering this package, no hidden agenda. I assure Senators and assure the Senate that the $15 billion in spending contained in this bill is not intended to result in a permanent increase in spending. This spending is intended to address the clear inadequacy of Federal, State, and local capabilities to respond to a clear and present danger to our homeland defense.

I am not interested in playing the game of baseline bingo. The amendment I offer would make it clear that it is a one-time $15 billion expenditure. I hope a point of order will not be made.

We must have a recrudescence of confidence in the determination of our elected officials to recognize terrorist attacks before they happen and take every possible step to minimize them if they do. The administration has responded to this by advocating additional money for bioterrorism prevention and additional National Guard troops at our Nation's airports. That is necessary, but it is not enough. We cannot expect the American people to take comfort in our efforts if we only address the threat of the day, whether it be anthrax or airline security. We cannot wait until there is an attack on a nuclear facility. We cannot wait until there is an attack on our mass transit system. We cannot wait until there is an attack on our food supply before we react. We have to take preventive steps now before an attack kills more of our innocent citizens. We must anticipate our vulnerability, not wait for them to be shown to us on CNN.

The economy will continue to rise and fall, like the tides of the sea, but a sense of security for the American people is something that must not be allowed to wax and wane. The Congress has the opportunity before it adjourns for the year to show the American people that their elected officials have made every effort to prevent future terrorist attacks. We can take preemptive steps to combat terrorism on the homefront, with a health care system that can respond to bioterrorism, a

safer food supplier, more secure airports and railroads, stringent border security, and State and local law enforcement that is trained and prepared to handle a terrorist attack.

It is not enough that we make improvements to airport security or bioterrorism prevention. We cannot protect ourselves if we only focus on our vulnerabilities after they have been exploited by homicidal maniacs. We must be more prepared than that. A focus on every aspect of our homeland defense is essential in order to reveal and repair every weakness that we may find.

These are basic safety precautions. These basic safety precautions must be implemented before the Congress adjourns for the year. We cannot wait for another year and another Congress to convene before we come to grips with the horrible reality of another disaster like the Twin Towers or the deadly attack on the Pentagon. Every man, woman, and child in America expects our utmost now. Let us act before it is too late.

Mr. President, this is an emergency. On a monument to Benjamin Hill—great Senator and great orator—to be seen in the city of Atlanta, GA, are these words:

> Who saves his country, saves all things, saves himself, and all things saved do bless him. Who lets his country die, lets all things die, dies himself ignobly and all things dying curse him!

Mr. President, let us act to save our country.

[From the Washington Times, Nov. 14, 2001]

STATE DEPARTMENT FEARS ANOTHER ANTHRAX-TAINTED LETTER

(By Guy Taylor)

The State Department said yesterday it is searching worldwide for another anthrax-tainted letter.

At least one letter like the one sent to Senate Majority Leader Tom Daschle is packed in with State Department mail that was halted last month, said the department's top spokesman, Richard Boucher.

Meanwhile, the last of the Washington-area survivors of inhalation anthrax left the hospital yesterday after a 25-day stay.

Leroy Richmond, 57, of Stafford County, Va., is believed to have contracted the disease when the Daschle letter went through the District's Brentwood Mail Processing Center.

Another Brentwood postal worker left the hospital Friday, the same day an employee at a State Department mail-handling facility in Sterling, Va., went home.

The State Department closed its mail system Oct. 24 when the Sterling employee came down with inhalation anthrax. It also notified posts worldwide to seal and shut down pouch mail.

Mr. Boucher said eight out of 55 samples taken from the Sterling facility tested positive for anthrax. Two of the samples came from two separate mail sorters and six were found on a third sorter.

The high concentration of spores on a single sorter indicates ''that there is a letter like the one sent to Sen. Daschle that has moved through our mail system,'' Mr. Boucher said. ''We are now proceeding to go look at all the mail that we have held up, frozen, sealed off, in mailrooms in this building, annexes and around the world.''

Officials have to assume that there is a contaminated letter of some kind in the system, and that it will eventually be found in a mailroom or pouch bag, he said. ''If there had been a letter that had gone beyond that into our system, we assume by now we would have seen it.''

As officials were looking for the real anthrax letter yesterday, the U.S. Capitol police were dealing with reports of a phony one found on the desk of one of their own officers.

The officer has been suspended and accused of leaving a note and a powdery substance at his post in the Cannon House office building.

The substance was not hazardous but the department was taking the situation very seriously, according to U.S. Capitol Police Lt. Dan Nichols.

Federal officials during recent weeks have tried to get across the message to anthrax hoaxers that their pranks will be penalized harshly.

In a radio address last week, President Bush said ''sending false alarms is a serious criminal offense.''

Lt. Nichols said a criminal investigation into the incident is under way and findings will be sent to the U.S. Attorney's Office and the police department's internal affairs division.

The suspended officer was not identified. If convicted of a hoax, he faces up to five years in prison and as much as $3 million in fines.

''He's been accused of this, and he's suspended without pay, but he hasn't been charged with anything yet,'' said Jim Forbes, a spokesman for U.S. Rep. Bob Ney, Ohio Republican, who heads the committee that oversees U.S. Capitol Police.

Mr. Forbes said there is no reason this officer would be exempt from charges similar to those faced by other anthrax hoaxers.

''He's not exempt from anything,'' Mr. Forbes said.

[From the Washington Post, Nov. 7, 2001]

HHS SET TO ORDER SMALLPOX VACCINE FOR ALL AMERICANS

(By Ceci Connolly)

Health and Human Services Secretary Tommy G. Thompson said yesterday that he expects to sign a contract his weekend to purchase enough smallpox vaccine for every American but that he has warned the White House the cost could be quadruple the $509 million he originally estimated—or equivalent to the department's entire $1.9 billion bioterrorism budget.

Thompson said that he was disappointed the bids from three companies came in around $8 a dose but that he hopes to settle on a lower price in final negotiations on Friday, as he did in his recent talks on the antibiotic Cipro.

In addition to the 54 million doses already on order, Thompson said he plans to stockpile 250 million doses of new vaccine, or enough for ''every man, woman and child'' in the country.

The previously announced administration effort to vaccinate all Americans against smallpox, a deadly disease that was eradicated in the 1970's, took on a renewed sense of urgency as one of the leading smallpox authorities warned it was conceivable that former Soviet scientists were helping to ''weaponize'' the smallpox virus for nations such as Iran, Iraq, Libya and North Korea.

Many [Russian] scientists are really quite desperate for money,'' said Donald A. Henderson, director of the new Office of Public Health Preparedness. U.S. intelligence indicates that several have been recruited by ''rogue states'' and were in a position to smuggle out a vial of the virus, he said. ''That's a very great worry.''

In addition, Henderson said, there is evidence that the former Soviet Union succeeded in weaponizing the virus and manufactured up to 100 tons annually at a plant outside Moscow. He described experiments in which the Soviets planned to place smallpox warheads atop intercontinental ballistic missiles. It is unclear whether any warheads were tested.

''We do not have the confidence that the Russians are not at this moment proceeding with research on biological weapons,'' Henderson said, noting that as recently as the early 1990s Russian scientists tried to combine the smallpox and Ebola viruses in search of an even deadlier agent.

As the man who led the effort to eradicate smallpox in the 1970s, Henderson is familiar with the potential consequences of a reemergence of the disease. Because it is contagious and cannot be treated with existing drugs, its virus is widely considered to be the most potent biological weapon.

''The likelihood of a smallpox release is much smaller than an anthrax release,'' he said. ''We're worried about it because it could be far more serious.''

A person infected with smallpox often develops a fever and, later, a rash. Smallpox vaccine administered within two or three days of exposure has been effective in preventing the illness from developing, he said. Historically, 30 percent of people infected with the smallpox virus have died, he said, estimating that the eradication of the disease two decades ago has saved 60 million people and protected 240 million others from illness.

Since the Sept. 11 terrorist attacks and the subsequent anthrax attacks, Henderson has advocated an aggressive smallpox strategy, including the stockpiling of vaccine. He reiterated yesterday that he would not support widespread, mandatory vaccination but that he wants to have the vaccine on hand in the event of an attack.

''A smallpox outbreak anywhere in the world is potentially an international disaster,'' Henderson said at a bioterrorism conference at the Johns Hopkins Paul H. Nitze School of Advanced International Studies. For that reason, he said, federal health officials have begun informal talks with Japan, Brazil and several countries in Europe on the stockpiling of smallpox vaccine.

If even a single case emerged, Henderson said, he would assume that it was the work of terrorists and would rapidly order quarantines and vaccinations to ''build a barrier of immunity.''

The United States has about 15.4 million doses of the old smallpox vaccine available, and government researchers say it may be possible to dilute those doses to vaccinate 50 million to 77 million people. Thompson recently expanded and accelerated a contract with OraVex Inc. (subsequently bought by British drugmaker Acambis PLC) for the delivery of 54 million doses by the end of next year.

A task force appointed by Thompson is reviewing the three bids and debating safety, efficacy and possible human clinical trials. Already, hundreds of volunteers in the United States are receiving the vaccine as part of a rushed study on the efficacy of diluting the old vaccine.

Later this week, newly formed smallpox teams at the Centers for Disease Control and Prevention will take a crash course on the virus with two former CDC experts. The class will focus on identifying, isolating and treating the disease, said spokesman Tom Skinner. More than 100 CDC epidemiologists have also received the vaccine, he said.

[From the Washington Post, Nov. 7, 2001]

SOCIAL SECURITY CHECKS LATE, RECIPIENTS SAY

(By Spencer S. Hsu)

The number of District residents who said the Social Security pension or disability

payments are missing doubled this month, with many of the complaints coming from neighborhoods served by the now-closed Brentwood mail distribution center.

Deborah Fowler, 35, said she and several other people who live in the 20019 Zip code have not received checks that normally arrive the first of each month. Her Northeast neighborhood is across the Anacostia River from Robert F. Kennedy Memorial Stadium.

Fowler said that employees at nearby post offices told her the checks may be lost and that the Social Security Administration said it would take seven to 10 days to issue a replacement check.

''We still have to pay rent. If the rent's not paid, there are late fees on everything,'' Fowler said.

Since Brentwood closed Oct. 21 because of anthrax contamination, the District's mail has been processed through distribution centers in the suburbs. Deborah Yackley, a spokeswoman for the Postal Service, acknowledged that some mail, including some Social Security checks, may be delayed because of the temporary arrangement.

Chris Williams, a Social Security Administration spokesman, said people who have not received checks should sign up for direct deposit of payments to a bank account, call the agency's toll-free number (1–800–772–1213) to request a replacement check and contact their local Social Security office for immediate relief.

''We don't have a hard and fast rule, it's basically up to the discretion of the case manager,'' Williams said of the later request. ''We can certainly give them payment very quickly on the amount of money they're due.''

Williams said 245 D.C. recipients have reported missing checks, compared to fewer than 100 in a typical month. About 93,000 residents receive monthly payments, 30,000 of them through the mail.

SOFTWARE TECHNOLOGY INDUSTRY

Mrs. CLINTON. Mr. President, I strongly support the amendment of the distinguished senior Senator from West Virginia, the chairman of the Appropriations Committee, Mr. BYRD. The chairman has put together this very well conceived $15 billion package of appropriations to address the Homeland security needs as quickly as humanly possible.

I call to the attention of the distinguished Senator from West Virginia the devastating impact that the tragic events of September 11, 2001 had upon the software/information technology industry in and around New York City. Eighty-five percent of these software/information technology companies employ less than 100 persons. The survival of this industry is vital to the recovery efforts of New York City and to the national interest. Accordingly, it would be my hope that, in their administration of the programs for which funding is provided herein, all agencies are strongly encouraged to develop proposals which, to the maximum extent possible, take into account the dire circumstances faced by these companies.

Would the chairman agree?

Mr. BYRD. I thank the junior Senator from New York for her support of my amendment. Yes, I do agree with the Senator that the various agencies which receive funding under my amendment should take notice of this colloquy and take all appropriate action to encourage applicants to work with the companies which the Senator from New York has described.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. I know the Senator from Texas has been here for several hours and I will finish in one moment.

I say to the Senator from West Virginia, I was privileged to be able to listen to the speech, and I am better for having done it. I have so much respect and admiration for the Senator. One thing that always amazes me is the great memory of Senator BYRD, reciting the signers of the Constitution from memory, and of course ending the remarks with this statement of Senator Hill. I appreciate very much having the privilege of listening to the Senator from West Virginia.

Mr. BYRD. I thank the distinguished whip.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, first I thank Senator BYRD for his speech. I want to clarify exactly where we are, exactly what the rules of the Senate are, the issues I believe are involved, and then I will make a point of order. I think I can do all that fairly briefly.

We have before the Senate a bill which is the House bill, H.R. 3090. That bill has been brought to the floor of the Senate. Now there is an amendment to that bill in the nature of a substitute, which is pending. Part of that substitute is Senator BYRD's $15 billion amendment, but $67 billion has to do with tax and spending provisions as diverse as giving Federal funding for health insurance for the unemployed and an innumerable list of large and small items to be given some form of subsidy or tax treatment.

In the 2001 budget, we reached a conclusion about a provision we added to the old Gramm-Rudman law in 1990, which gave emergency designations, where you wrote a budget, the budget was binding, but if the Congress and the President agreed, there was not a point of order against a provision. It was decided in the 2001 budget that this process had been greatly abused and so it was changed. It was changed so there would still be an emergency provision for defense-related matters, but there would not be an emergency provision to waive or get by the budget constraints that we had imposed on ourselves for non-defense matters.

The point of order that I will make is not a point of order that Senator BYRD's provisions are not emergencies. They are not a point of order against provisions that would use poultry waste to create energy. It is simply a point of order that says we do not have a procedure whereby you can protect yourself in advance against a budget point of order except in strictly defined areas related to national defense, so that the waiver that is written into the bill is basically a waiver which is banned under the budget process as it was amended by the 2001 budget. That is the point of order that I will make.

Senator BYRD has given a list of concerns that we all share. I do not believe any Member of the Senate is less concerned about security of our homeland and our people than any other Member of the Senate. The President, whether he is right or whether he is wrong, said the $40 billion that we have given him, which he is in the process of spending—$20 billion of which we will have an opportunity to set partial priorities on—is sufficient through the end of the year. At the beginning of next year, if more funds are needed, he would like the opportunity as President to review the need, to involve the Cabinet officers and members of the executive branch and potentially independent agencies in doing a comprehensive review, and to send a request to the Congress for those funds.

The question proposed by the Byrd amendment, which is only a small part of the bill against which I make a point of order, is the basic approach that we should act now and that we should set these priorities as Congress. I believe it is a joint process involving the President and the Congress. The President has said that he would veto a bill that breaks the budget caps, even with the best of objectives. I make this point of order, not because it solves our problem by killing the underlying substitute, but because I see it as an important step in the right direction.

The problem is we have our ideas as Republicans. Democrats have their ideas as Democrats. In this case, for the first time since September 11, we in the Senate have not successfully been able to come together on a bipartisan basis. So rather than spending the rest of this week making partisan speeches where Democrats point out and vilify some part of the Republican stimulus proposal and we pick out some small provision and burrow in on it—rather than waste the week in doing that, my objective in making the point of order is to make it clear that the provision before us cannot pass and begin the process whereby we go into negotiations, hopefully involving the House and the Senate, Democrats and Republicans and the White House, to try to come up with a stimulus package.

I think the American people want us to work together. Working together means I am not going to get everything I want. Our Democrat colleagues are not going to get everything they want. But in the end, I believe we can produce something that will be worthy of being adopted.

Mr. President, I make a point of order that section 909 of amendment No. 2125 to H.R. 3090 is in violation of section 205 of House Concurrent Resolution 290, the fiscal year 2001 budget resolution. Sustaining this point of order will not bring down the bill itself. The House bill will still be there. It will then be subject to amendment if we work out a bipartisan compromise. But it will pull down the committee substitute.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I move to waive section 205 of H. Con. Res. 290, the concurrent resolution on the budget for fiscal year 2001, for the purposes of the pending amendment.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. GRAMM. Mr. President, I ask for the yeas and nays on the underlying amendment.

The PRESIDING OFFICER. Is there objection to this request?

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

Mr. REID. Objection to what?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRAMM. Mr. President, I ask unanimous consent that the yeas and nays be ordered on the underlying committee substitute.

The PRESIDING OFFICER. Is there objection to it being in order to request the yeas and nays?

Mr. REID. I want to be sure the record is clear it is the Baucus substitute.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. I object to the request. As I understand it, the Senator is asking the yeas and nays be ordered by unanimous consent. I am opposed to that.

Mr. GRAMM. Will the Senator please yield?

Mr. BYRD. Yes.

Mr. GRAMM. We had gotten the yeas and nays on the point of order before I had an opportunity. We had talked to the leadership on your side about ordering the yeas and nays on the amendment. And because we had ordered the yeas and nays on the point of order, it was not in order for me to simply request it. So, therefore, I asked unanimous consent.

Mr. REID. Will the Senator from Texas yield?

Mr. GRAMM. Yes.

Mr. REID. I would say through you to my friend from West Virginia, the Senator from Texas indicated to us he was going to ask for the yeas and nays on the Baucus amendment. We acknowledge he was going to do that. From a parliamentary standpoint, he should have done that before he raised the point of order. Now that he raised the point of order, he can't ask for the yeas and nays unless it is by unanimous consent. As far as we are concerned over here, at least me representing the arrangement we had earlier in the day, we knew that is what you were going to do. I would say to my friend from West Virginia, if you have some objection, that is the status of the parliamentary procedure. We knew he was going to do it. He didn't do it when he should have.

Mr. BYRD. Is the Senator asking unanimous consent that the yeas and nays be ordered?

Mr. GRAMM. I could ask it either way. I could ask unanimous consent it be in order to ask for the yeas and nays. Why don't I do that.

I ask unanimous consent that it be in order to ask for the yeas and nays on the underlying Baucus amendment.

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

Mr. GRAMM. Mr. President, I ask for the yeas and nays on the underlying Baucus amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. Will the Senator withhold his request for a quorum call?

Mr. BYRD. Mr. President, I withdraw my suggestion.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I was present for most of the presentation by my colleague from West Virginia, Senator BYRD. I will not repeat much of what he described as an emergency with respect to the provisions that he has offered dealing with homeland defense.

But there is a time, it seems to me, for leadership. I recall reading in John Adams's book a letter he had written to his wife, Abigail, in which he described the difficult times in trying to form this new country and find leadership. He expressed great woe to his wife, Abigail, saying: Where are the leaders? Where are the people who will rise up and provide leadership at this urgent time in this country? Then he lamented: There is only us: Washington, Jefferson, Franklin, Madison.

Of course, over a couple of centuries we have discovered that the ''only us'' represented some of the greatest leadership in human history.

But I think it is important to ask again, Where is the leadership when we need leadership?

We have an economy that is in very difficult trouble. The economy was very weak prior to September 11. But on September 11, terrorist attacks cut a hole in the belly of this country's economy.

The question for us is, What do we do? Do we do nothing? Do we say this is simply the normal movements of an economy, the expansion and contraction of an economy, or do we recognize that something different and unusual has happened that requires an urgent response by the U.S. Congress? I believe the latter is the case.

We have an economy in which we have buyers and sellers, consumers and producers, demand and supply, and we have an economy in which for two centuries in a market system we have expansion and contraction. It is called the business cycle. No one has been able to interrupt the business cycle very much. We can establish some stabilizers here in Congress to try to even out some of the movement of the economy, but the business cycle is central. It is like the tide. But we are not here to talk about the business cycle. We are here to talk about an economy that was on a down cycle in the contraction phase when on September 11 it was dealt an enormous blow.

As a result, we have had hundreds of thousands of people having to go home at night and say to their family: I have lost my job. Last month alone, 415,000 people had to go home and tell their family: I have lost my job. It wasn't my fault, I am sure they said, but I have lost my job.

This economy is in very deep trouble. This Congress has a very substantial responsibility at some point to come together with this President and find ways to respond to it.

There are a couple of proposals we have offered today. One is a set of proposals by Senator BAUCUS, and the other is a set of expenditures dealing with homeland defense offered by Senator BYRD. Both of them have the capacity to provide a lift to this economy. Both of them represent a menu of items that will be helpful to an economy during troubled times.

Some others say: Well, this economy works only when you pour something in the top and it filters down to the bottom. That is trickle-down economics. Even during tough times, we see those who believe in the trickle-down theory at work to formulate a package to try to deal with what is called ''economic recovery'' or ''stimulus''—kind of representing the trickle-down approach. Just pour something in the top and somehow it all comes down to the bottom.

We have seen during tough times on other occasions where some had the responsibility and said: Let's do nothing. Let's just sit for a while and see what happens. Let's just wait and see.

Herbert Hoover had that notion. He said: We will wait and see and let everything take its course. He felt there was no need for intervention. Of course, we sank deeper and deeper into a recession and then a depression.

We know from those experiences that there are things we can do. We also know from the experiences of the past century or so that this economy rests on a mattress of hope and confidence. If people aren't confident, they do things that express their concern about the future. They defer decisions to make purchases of cars or homes or to take vacations and so on. If they are confident, they make exactly the opposite judgment. They feel secure about a job. They feel good about the future.

They take that vacation, buy that car and invest in that home. This is all about confidence.

I have said before that some view this system of ours like the engine room in a ship of state. If you just go to the engine room and take a look at all the gauges, dials, nozzles, and letters, then adjust all of them—M–1B over here, and investment tax credits over there, and accelerated depreciation—you just get all these knobs and letters and dials going just right and somehow the ship of state comes along. In fact, that is not the case at all.

There is a lot we don't know about the economy. What we do know, however, is that engine room in the ship of state runs almost exclusively on the American people's confidence about our country and its future. How do we at this point in time respond when we had a troubled economy, then that economy took this horrible blow on September 11, and as a result of that we see a contraction, hundreds of thousands of families losing their jobs? How do we then respond? What do we do to offer confidence to the American people?

The September 11 tragedy was followed by the anthrax attacks in several places in this country. It has been very unsettling to the American people—being attacked in this country through the mail and using the Postal Service as a delivery mechanism for terror. It has caused great concern to virtually everyone.

In fact, a county sheriff in North Dakota called my office about a week or so ago and said someone in his county had called him. They had gotten a letter from me and wondered whether it was safe to open a letter from Senator DORGAN because they heard about all of this anthrax. All of a sudden, they get a letter from Washington, DC, in the mailbox. I was responding to their letter, perhaps. They wondered whether it was safe.

In every part of the country people worry about these issues.

You have the September 11 terrorist attack—this act of mass murder by mad men. Then you have the anthrax attack. Then you have an economy that is in very deep trouble. Last month's figures show 415,000 people are now newly unemployed. What do we do about that?

The interesting thing about the newly unemployed is in almost all cases they are the people at the bottom going up the economic ladder. They are the people who know about second-hand, second shifts, second mortgages, and second jobs. They are the folks who deal with all of those issues in their daily lives. Now they deal with the issue of being laid off. The question for Congress from them is, What can we do here? What can we do to try to get them back on their feet?

That is a way of saying that part of this stimulus package must be to address those issues. Addressing those issues, according to almost all economists, is to provide stimulus to this economy.

Nearly one-half of the people who have been laid off don't have unemployment benefits at all. Providing unemployment benefits and extending it for those who do have it is a certain way to put some money into this economy. It is important to do so. These are folks who were working and who were laid off through no fault of their own. They, too, are victims of terrorism.

When we debate these issues, we have some who do not think those folks are very important. They say that is spending. Just spending on those folks is not the right thing. During every economic downturn we have had, our first responsibility was to help those who needed help—to provide a helping hand, to reach out and say they are not alone.

Will Rogers talked about the inclination of some with whom we serve. It has been ageless, of course. He said:

> The unemployed here ain't eating regular, but we will get round to them as soon as we get everybody else fixed up OK.

It seems to me, part of a package to provide hope and encouragement to this country and to try to stimulate this economy is to take a look at those who have been victims of these terrorist attacks and victims of a downturn in this economy and say to them: We can give you some help.

Nearly every economist in this country says when you extend unemployment benefits to help to those people who have lost their jobs, this is money that goes right into the economy.

Some have said—in fact, I have heard it in recent days—if you provide unemployment benefits, it reduces the urge for those folks to look for work. Look for work? They were working. They lost their jobs because of the economy. Does anybody think any one of these people would have chosen not to work? Half of them do not have unemployment benefits. Does anybody here think they would have chosen that unfortunate circumstance where they have to go home after work some night and say, ''By the way, I want you to know, I have lost my job?'' I do not think that is something that someone would choose. We have a responsibility to help.

So Will Rogers described the circumstances that still exist. Fortunately, it exists only in a small pocket here in the Congress. Most people understand the responsibility to do this.

We need to extend unemployment benefits. We need to provide some short-term help with the health insurance needs of those unemployed folks called COBRA. We can do all of that.

Now let me turn, just for a moment, to the remarks of Senator BYRD, because what he said is very important. Part of economic recovery in this country is, as I said, giving people confidence about this country, where we are headed, and what kind of security exists. So the package that Senator BYRD offers today is one that deals with homeland defense, bioterrorism prevention and response, and food safety. I went to a dock in Seattle, WA, one day just to see what happens at these docks. I come from a State that does not have dock facilities. We are a landlocked State right in the middle of our country, the State of North Dakota. So I was at the Seattle docks, talking to people about what is coming into our ports and how they deal with it. I saw these container ships being unloaded with these large cranes. Then they took me over to an inspection site. They opened the back of one of these containers, which was now resting on an 18-wheel truck, because they just drive these trucks underneath and drop the container, and then run the trucks off someplace to the rest of the country.

What they had opened was a container of frozen broccoli from Poland. It was bagged in, I believe, 100-pound bags. They took a knife and opened a bag of this frozen broccoli from Poland.

I asked the people who were showing me all of this: Do you know where this broccoli was produced in Poland? Do you have any idea?

They said: Oh, no, we wouldn't have any idea about that.

I asked: Do you have any idea what kind of chemicals were applied to this frozen broccoli from Poland?

They said: No, we wouldn't have any notion of that.

I asked: How many of these containers with frozen broccoli or frozen asparagus or peas, or whatever else is coming in in our food supply, are actually opened? The one you open, you do not know much about. All you can tell is it is green and frozen and it is a vegetable, but how many of these containers actually get opened?

They said: Oh, probably just 2 or 3 percent. The rest of them just move right on through.

It is a steel container with frozen vegetables, and it hits these shores. It is put on top of 18-wheelers, and off it goes someplace to a distribution center and then someplace to a restaurant and then someplace to a dinner plate. And we do not have the foggiest idea how it was produced, what chemicals were used or whether someone deciding to introduce bioterrorism in America's food supply found a way into that container. We do not have the foggiest notion about what the circumstances are with that broccoli.

Senator BYRD, in his proposal, says that, too, is an issue of homeland defense, protecting America's food supply. Should American consumers, with the threat of bioterrorism, inspect more than 2 percent of the food coming into this country, of those commodities coming into this country? I believe they should inspect more than that. So that is homeland defense.

Senator BYRD's homeland defense proposal also invests in State and local antiterrorism law enforcement. Investing in that kind of law enforcement is

not only necessary, it also improves confidence. It also will stimulate confidence in this economy.

Remember, on September 11, while we all watched television, with great horror, others in this country were doing something quite different. Men and women, making $40,000 and $50,000 a year, wearing the badges of law enforcement and firefighters, were running up the stairs of the Trade Center. They were running up the stairs on the 20th, 30th, 40th, and 50th floors. And as people evacuated those buildings, they saw the first responders—the firefighters and law enforcement folks—going up. They did not do it because of their salary. They do not make much money. They did it because they were the first responders required to protect this country and their city.

State and local antiterrorism law enforcement, Senator BYRD says in his proposal. Do we need that kind of investment? You bet we do in virtually every reach of this country.

FEMA firefighters grant program: Absolutely necessary.

The Federal antiterrorism law enforcement, border security, airport security: I've been very concerned about the northern border. I am concerned about all of our borders around this country. You cannot provide security in America unless you have security of your borders. You must know who is coming in, and make sure those who are associated with terrorists or known terrorists are not allowed in.

On the northern border we have a wonderful, long 4,000-mile border with a great neighbor, the country of Canada. We are so fortunate to be able to share that border with a good neighbor. But it is true, on 4,000 miles of border, we have 128 ports of entry, and over 100 of them are part time. In most cases, at 10 o'clock at night, the security between the United States and Canada is an orange rubber cone that someone puts in the middle of the road as they shut the station down. That orange rubber cone that cannot shoot, cannot think, cannot talk, and cannot tell a terrorist from a tow truck. It is supposed to be security. Do we need to do something about that? The answer is, clearly, yes. And Senator BYRD, in his proposal of homeland defense, does that.

Airport security, mass transit security, Amtrak security, nuclear powerplants: I will not go through all of it, but I think Senator BYRD did it in a very thorough way. I will only say this: Can anyone come to this Senate and tell us this is not a set of emergency needs that are required at this point in this country? Does anybody really believe these are not emergency needs? I do not believe that someone can make the case that, A, this is not an emergency; and, B, these are not necessary.

Let me turn for a moment to the proposals on taxation. One way to provide economic stimulus and recovery and confidence is to get the economy moving again through tax incentives. We have done that before. Some are more successful and some are less successful.

There are some common provisions in both the House and the Senate bills that makes sense. Additional expensing makes sense. Some bonus depreciation makes sense. I happen to think a targeted investment tax credit would make some sense.

I want to make a couple of points about some provisions that have been kicking around here that are in either the House or the Senate Republican proposals that make no sense at all. What we have to do is get to the core of what works, to provide some help to this country's economy. One of things that happened—this is in the House of Representatives stimulus bill—is they decided to give retroactive tax cuts in the form of payments to some of the largest corporations in the country, retroactively refunding the alternative minimum taxes that were paid by the companies.

I was in the other body, and I was on the House Ways and Means Committee when we wrote the 1986 Tax Reform Act. I was one of those who helped write the alternative minimum tax. It has turned into something that we did not intend back then, but, nonetheless, the reason we did it is we had all these stories. I recall one of them was General Electric making $1 billion and paying zero in taxes—zero. We decided that was not fair and it was not something we wanted to see happen. So we thought, if someone is able to zero out their tax liability with all kinds of other devices, let's have an alternative minimum tax, so those who have earned substantial profits will at least pay some taxes. That is called the alternative minimum tax.

The stimulus package enacted by the House of Representatives says that we are going to give back immediate tax refunds for all the alternative minimum taxes paid back to 1986. So we will send IBM a check for $1.4 billion, Ford Motor a check for $1 billion.

Can you imagine that? How is that going to stimulate the economy? Tom Paxton once wrote a song, when Chrysler got a bailout, saying: ''I'm changing my name to Chrysler.'' Now maybe he would write a song saying: ''I'm changing my name to Ford.''

Are we going to give refunds of billions of dollars to refund the alternative minimum tax that corporations pay? How does that help this country's economy?

In the Washington Post this past weekend, there was a fascinating op-ed piece written by a Nobel Prize-winning economist, Joseph Stiglitz. He wrote:

> What worries me now is that the new proposals, particularly the one passed by the Republican-controlled House, are also likely to be ineffective. The House plan would rely heavily on tax cuts for corporations and upper income individuals. The bill would put zero—yes, zero—into the hands of a typical family of four with an annual income of $50,000. Giving tax relief to the corporations for past investments may pad their balance sheets but will not lead to more investments now when we need it.

Then he wrote:

> The Senate Republican bill, which the administration backs, in some ways would make things even worse by granting bigger benefits to very high earners. For instance, the $50,000 family would still get zero but this plan would give $500,000 over four years to families making $5 million a year and much of that after (one hopes) the economy has recovered. It directs very little money to those who would spend it and offers few incentives for investment now.

The point is, we are required to not only do something but to do the right thing. This economy is contracting. The economy declined by .4 percent in the third quarter. The new figures will likely show we are in a recession. Almost everyone in the field of economics believes that. It could very well be a very deep recession.

Factory orders dropped 5.8 percent in September, the lowest level since March of 1997. Corporate profits dropped 72 percent in the third quarter. Unemployment is 5.4 percent, up a percent and a half from last year; 415,000 job cuts in the month of October alone.

Consumer confidence is way off. Consumer spending has plunged. We have substantial excess capacity in our economy. That is why putting substantial money into the top in the form of a billion dollars here and a billion dollars there to one corporation is not going to do very much if you have substantial excess capacity.

The problem is that the economy is in deep trouble. The question is, What do we do? The answer is, What we do ought to be temporary, No. 1; No. 2, it ought to be immediate. The legislation brought to us from the House fails on both counts. The proposal that is offered by Senator BAUCUS and Senator BYRD succeeds on both counts.

I mentioned a moment ago the alternative minimum tax retroactive refund, $7.4 billion for 16 large companies. Senator BYRD talked about the need for investment in this country, the need for helping people who are out of work with extended unemployment benefits during tough times. That amount, $7.4 billion, could help State and local governments hire the first responders, fire and police protectors, and training. It could help deal with the U.S. Postal Service needs.

I did not mention but Senator BYRD talked about the need that is required now by the Postal Service to find the technology to irradiate the mail, make sure the mails are safe. It is a whole series of things dealing with the use of money. Bioterrorism, if we are going to pass a bioterrorism bill, how do we pay for that? Law enforcement, infrastructure, all of these are needs that we must address.

Some believe this is not an emergency. I very seriously disagree with that. Clearly, this country is facing an emergency situation with an economy that is in a very steep decline.

My hope is that we will decide in the coming week or so that there is a way for the Republicans and Democrats, for

the House and Senate and the President, to engage in the kind of negotiations that will lead to an economic recovery or stimulus package that, A, is immediate and, B, is temporary, one that recognizes the requirement that we have to do this now.

I regret very much that a point of order was just raised. I understand why it was raised, but I regret it was raised because I believe a point of order also exists against the underlying Republican bill that is at the desk. The bill that came over from the House also has a point of order against it. It substantially delays things here in the Senate to begin battling points of order. Either we are going to do a stimulus package or we are not. If we are going to do a stimulus package or an economic recovery package, let's get serious about it.

What I see in some of these bills, especially the one at the desk from the House, reminds me of what my mother used to call supper. When asked, ''What is for supper?'' she often would say, ''Leftovers.'' We all knew what leftovers meant. It meant whatever else was left in the refrigerator.

That is what we got from the House in their so-called stimulus package—all the leftovers they hadn't gotten done in previous bills, having nothing to do with making something immediate or temporary, just leftovers, just the old things they always wanted to do. Give a refund of $1.4 billion to IBM because they paid an alternative minimum tax since 1986. That doesn't make any sense. That is not going to stimulate the country. It is just the same old nonsense.

I started talking about John Adams in his book lamenting to Abigail about, where was the leadership? Where is the leadership? he said, during the formative time of this country when they needed leadership. He said: Regretfully, there is only us, Washington, Franklin, Jefferson, Madison. Of course ''only us'' turned out to be quite substantial leadership, the greatest leadership certainly in this country's history, perhaps in the history of the world, the organization of free government.

The question is, Where is the leadership now? The leadership offered by Senator BAUCUS and Senator BYRD, assisted by Senator DASCHLE, in trying to put together legislation that will give hope and confidence to the American people—I hope as well the leadership of the President and others who will join us in very serious negotiations in the coming days—will allow us to pass legislation that will give us the opportunity to say, as Churchill asked the English to say, ''this was our finest hour.''

We need to do this in a serious way. This country faces a serious challenge. My hope is we do it sooner rather than later. Again, I regret very much a point of order was raised because there is not only a point of order against the legislation that has been offered today, there exists a point of order against the underlying House bill; there is a point of order that lay against the Senate Republican bill; there is a point of order against all of this. The question is, Do we have an emergency in this country or don't we? Those who, like Herbert Hoover, want to sit around and say, let's just wait and see what happens, will do this country no service. Let's decide we will take action now. We will do it on a bipartisan basis, with Republicans and Democrats in cooperation with the President, and do it in a way that will make this country proud of the service given by Congress and the President.

I yield the floor.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, it is very important that we debate and understand where we are going on the stimulus package. I agree with what many people have said: We do need an economic stimulus. We have been in a recession for 15, 16 months. September 11 has pushed us down even further. The economists may say we have to wait until we have two successive quarters of negative growth, but everybody knows the economy has been going downhill.

I also agree that what we need to do needs to be immediate, needs to be stimulative, and should not be permanent; it should be temporary.

I have a great deal of problems with what has been produced by the House and what has been produced by the Finance Committee. A newspaper that is common to the area the occupant of the chair and I serve—I often don't agree with it—had an editorial today referring to one part of the Senate Finance Committee bill and talked about chicken manure and applied that appellation to both bills, the one that came out of the House and one that came out of the Finance Committee. I wouldn't go so far myself as to say that. I would say, as we say back home, I have a minimum amount of high enthusiasm for either one of those bills.

Now, on either one of them, one can say these are needed things. Any bill that provides for research in science and building infrastructure, things normally in the course of appropriations, I would support. We need to build highways. We need to do research. There are a lot of problems with which we need to pick up. Similarly, when you are talking about tax relief and tax cuts, the long-term good of the economy requires that we lower marginal tax rates and get rid of the craziness that the alternative minimum tax imposes, particularly on individuals and small businesses. But I don't think this is the time to do it. I think we need to take care of those people who are hurting. That is why I think we ought to provide something that has unemployment compensation and grants to the States to help with health care.

I also believe we need to help small business. I have filed a couple of amendments that do several things for small business. Frankly, small business was largely left out of the Senate Finance Committee and the House bills. Small business is the driving engine of our economy, and nobody seemed to care about small business. They are the ones taking it in the teeth in many areas. So I filed amendments that do several things. First, my amendment provides for much more generous loan terms for small businesses that have been directly or indirectly affected by the September 11 terrorist attacks, by deferring and/or forgiving interest on these loans and lowering fees. In other words, it says to small business that if you are willing to take the chance now to invest and grow your business as this economy starts to turn around, we are going to give you a break on the amount you have to pay up front. You can defer paying interest until we come out of this. That makes a lot of sense.

I think, also, we need to encourage and ensure that small business gets a share of Government procurement as part of these stimulus packages. We pass small business bills that give all kinds of benefits to small business and then the bureaucrats find ways around them. We need to tighten up and eliminate those loopholes so when the Federal Government spends money, a part of that money goes to small businesses for the purchase of goods or services.

On the tax front, if there is one thing we can do to help small business it is to raise the amount of new equipment that they can expense. Today, if a small business owner buys a piece of equipment, he can expense up to $24,000 of the purchase price. My proposal is to increase that limit to $50,000 that can be written off immediately so they can get an immediate tax break and don't have to depreciate it. We would also raise the limit on vehicles. Right now, you can only depreciate about $14,000 on vehicles. A lot of vehicles—particularly vans and trucks used by small business—cost well above that amount and they can't depreciate the full cost of the vehicle. So it is a real burden on small business to buy them.

For restaurants, which are dominated by small businesses, we ought to restore the full 100-percent business meal deduction. These are things we can do on an immediate basis that will have an immediate impact on small businesses, their suppliers, equipment manufacturers, and our economy as a whole.

I also happen to favor one of the simplest, most direct approaches to get money into the pockets of working men and women who can spend it right away. Senator DOMENICI has developed a concept of having a December tax holiday on FICA, the Social Security payments all working Americans make each year. Under this proposal, any payments that are owed during December by employees or employers would not be sent in, leaving more in each worker's pay check and more for the business to protect jobs. The General Treasury would reimburse the Social

Security fund so there would be no loss to Social Security Trust Fund while protecting retirees' benefits. This is one way we could get money into the pockets of people who will spend it in December.

One of the things people are talking about is the expansion of the tax rebates that started in July. The rebate the President suggested is fine, but most people say it is unworkable because you can't get the rebate out until January and there's a good chance it will slow down the processing of returns and mailing of refunds in the upcoming tax filing season. I think everybody realizes that to get a strong economy we need the money in the pockets of the working men and women in America now, not tomorrow. So I would like to see a serious consideration to the December FICA tax holiday that Senator DOMENICI has constructed.

I have several more amendments at the desk. If we are going to be here and have a vote-a-rama on a long list of amendments, you can count me in because I think these things ought to be considered. I believe there is also discussion, on the other hand, by the leadership that if the point of order is sustained, there will be serious negotiations so that a final package will come to the floor. Obviously, that is not in my hands. But I raise these points about small business and the need to stimulate the small business sector of our economy, which would be helped by easier loans, greater expensing, more Government contracts, and which would be helped by the plan that Senator DOMENICI has conceived. I hope when he introduces it, he will add me as a cosponsor.

These things will help. I think they will give the kind of economic stimulus we need right away, and if there is to be a negotiated agreement—House-Senate, Republican-Democrat, and the White House—I hope they will take into account these vitally important provisions for small business, and perhaps avoid the paths that will be best addressed in other legislative action at other times.

I urge the managers of the bill to consider the impact this stimulus package can and must have on small business.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I am glad to yield to my colleague from New Mexico. He has a brief matter he wants to bring to the Senate's attention.

Mr. DOMENICI. I thank the Senator. I didn't hear the Senator. Did he say a time certain?

Mr. KENNEDY. I understand that the Senator wanted 2, 3 minutes. I am glad to accommodate.

Mr. DOMENICI. Since I was part of the history of this, I wanted to recall it and let everybody know what we are debating here. Again, this point of order was established in the 2000 budget resolution, and then it was made permanent in the 2001 budget resolution. It was designed to specifically address what was said over and over at that point to be a misuse of the ''emergency'' designation that had become a popular mechanism for getting around the spending limits established in both law and in our budget resolution.

So in the 2001 budget resolution, we established a very clear set of priorities designating domestic spending as an ''emergency.'' All those criteria had to be met to allow the spending or tax cuts to be placed outside the budget blueprint.

Again, let me read those criteria because that is what we are debating. They were the following five criteria that had to be met: one, the provision must be necessary, essential, and vital; two, the provision must come about suddenly and quickly; three, the provision must be urgent, pressing, and compelling; four, the provision must have been unforeseen, unanticipated, unpredictable; and five, the provision must not be permanent.

Senator PHIL GRAMM raised an appropriate point. The Senate has the authority to waive the issue before us and decide whether the underlying bill and the amendment to the bill meet all of these criteria. I haven't studied both bills, and I essentially looked only at the underlying tax bill that came out of the Finance Committee. I remind everybody that we have declared a huge amount of money as an emergency already. We are at $70 billion since the budget resolution that we have declared to be emergency because of the disaster that beset our people and the State of New York, Washington, DC, and obviously the crash in Pennsylvania.

I just read the criteria. With reference to the tax bill, I ask rhetorically: Does spending money to buy meat, blueberries, watermelons, cucumbers, and other items, meet the emergency criteria of being urgent and necessary at this time? Do citrus canker tax credits rise to the level of a needed emergency tax cut today? Do payments to rum producers in Puerto Rico and the Virgin Islands qualify as emergency spending? I am just asking the question. Perhaps people think they do. Senator GRAMM was wondering about not only these but whatever other ones he might have had in mind.

Do we think expanding the work opportunity tax credit to provide $4,800 for every bond trader and stockbroker in Lower Manhattan meets the criteria of essential and necessary? Do we think the $2 billion pricetag for this provision is what we had in mind when we passed this tax credit for low-income, single-parent mothers?

I submit, if this point of order is not waived, then obviously we will be back thinking about a bill that is bipartisan. I recommend that we not grant the waiver, and then I recommend strongly that we get busy on a bipartisan bill, showing the American people we can create a stimulus for our growth that includes tax measures and other items, that it can be done in a bipartisan fashion, and we ought to get on with it.

I thank Senator KENNEDY for yielding, and I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I imagine our fellow Americans who have been watching the Senate this afternoon are wondering whether this institution can function effectively in dealing with the problems they are facing every single day, particularly those who have lost their jobs in recent times through no fault of their own.

They are proud men and women who work hard, play by the rules, go to their jobs every day, and have found out in recent times, before and after September 11, that their services are no longer needed. They are 137,000 workers in the transportation industry; 136,000 in the hospitality, tourism, and entertainment industry; 57,000 in the communications and utilities industry; 226,000 in manufacturing; 14,000 in the retail industry; 44,000 more in the service sector industry; and in the finance, insurance, real estate industries, 24,000 more.

There it is in raw figures, but it does not reflect the challenges those families are going through every single day when they are denied, in too many instances, unemployment compensation, even though they have contributed to it, because of the change in the rules, or they find it virtually impossible to find new employment because of the changed economic conditions.

These are our fellow Americans, workers, proud men and women, who have provided for their families and, now, every day go home and have to look into the eyes of their children, and look into the eyes of their loved ones, and say: I was not able to get any employment today, and our savings are going down further and further.

We know there is an emergency. It defies any possible understanding of the use of the word in the English language that there is not an emergency in the United States today. Tell that to the brave men and women behind the lines in Afghanistan. Tell it to their relatives at home.

Tell that to the National Guard troops who have been called up in my State serving in the air wing. Tell it to the reservists who have been called up from Westover, Barnes Air Force Base, the MPs who have been called up, many from the private sector. Tell it to them, we do not have an emergency.

Tell it to the families of the postal workers who died from anthrax that we do not have an emergency.

Tell it to the Attorney General and the President of the United States who said we have to be on a heightened state of alert. When did we hear that in the last years? When did we last hear warnings from an Attorney General and from a President about how we have to have a heightened state of alert? All Americans have to be on a heightened state of alert.

This is defined as an emergency any way you look at it. We are facing an emergency, and we are facing an emergency in a most profound way in the state of our economy. We have seen it in our States, and if we have not seen it, we have not been paying attention to our constituents. Maybe it has not reached some areas of this country, but I would like those Members to rise up and tell us about how their States have not been affected or impacted, because every indication is we are in an emergency.

We have had the first decline in the GDP in more than 8 years. We have the largest increase in the unemployment rate in 21 years. I will not take the time this afternoon to read into the RECORD when a number of our colleagues, many on the other side of the aisle, said: Use the emergency provisions for incidental factors. There are lists of them. I have lists of them. We are not talking about that. We are talking about the greatest increase in unemployment in 21 years. We are talking about the three-quarters of a million newly unemployed and the plunge in consumer confidence in our economy.

We have heard the words of some economists. We all saw the reports this last weekend. The Nobel laureate, Joseph Stiglitz, talked about this as well, and his statements have been mentioned in this Chamber:

> The United States is in the midst of a recession that may well turn out to be the worst in 20 years, and the Republican-backed stimulus will do little to improve the economy; indeed, it may make matters worse.

There it is, Mr. Republican. It is not just Democrats saying it. Families in America understand it is an emergency. Those who are serving in the Armed Forces and are being called up know it is an emergency. Economists understand it is an emergency. And people are asking: Are we in the Congress of the United States going to do something about it?

Evidently, we are going to be denied that opportunity by the use of procedural actions of which the American people are sick and tired.

The American people understand. Why are you not doing what you did in the 1970s or in the 1990s in the unemployment insurance program? We have examples of the unemployment insurance program helping workers. Why are you not doing what you did then? Why aren't Republicans and Democrats working hand in hand to provide assistance to those who are unemployed?

We did it in 1991 by a 91-to-2 vote in the Senate. We provided a more generous package than is being proposed by the Democrats now. Then in 1992, by a 94-to-2 vote, Republicans and Democrats provided extended unemployment compensation. Again in 1992, July of 1992, by a 93-to-3 vote, we provided an extension of unemployment compensation—each time trying to provide additional protection for workers who were being excluded and, we extended unemployment insurance again later on in 1993 by a vote of 79 to 20. That is the history of trying to provide help to these families in a much more extensive way, with a generous kind of commitment. People say, why can they not agree to that this afternoon? Why are roadblocks being put in their way to deal with that this afternoon? Why can we not get about that which will help my friend or my neighbor, somebody who has lost his job? But, no. Instead, we are going to have a procedural vote. We are going to have procedural votes in order to deny us the opportunity to do so.

We have a similar situation in health care. This is one of the most valuable qualities of life for all of our fellow citizens. The central challenge we face is trying to ensure we are going to have adequate health care. I enjoyed being in this Senate when we debated a patients' bill of rights. How often I listened during the course of the day to those voices that said we cannot pass a patients' bill of rights because it is going to increase premiums by 1 percent and we are going to create all of these uninsured.

We have thousands of uninsured who have been losing their coverage, and I am waiting to hear those same voices say, ''let us do something about them.'' I have not heard it yet. Back when we were on the floor debating whether a patient was going to have the best health care based on a decision of the doctor instead of the bottom line of the insurance company, my Republican colleagues gave long speeches saying that we should be focused instead on covering the uninsured. That is what we were battling for—to protect American families.

We are told we cannot go to that radical concept because we are going to see thousands, tens of thousands, hundreds of thousands more people who will lose their health insurance.

We have it now. We are seeing it every single day in increasing numbers. Where are those voices that say, ''Let us do something about it?'' I do not hear them. They refuse to make the recommendations or suggestions to do it, and the one that they have made is completely indefensible.

I ask, where is their program for health insurance? We provide, under the program that is before us now, assistance for those that have COBRA. We provide assistance for those that are not eligible for COBRA. The reasons for that are the size of the companies and other technical reasons such as whether the workers receive COBRA or they do not. We look out for both.

If one looks at the Republican plan, the total Republican plan they say is a pot of money that can be used for unemployment or it can be used for health insurance or they can use it for some other social services such as child care. They mentioned all of this, but if you just applied it to the premiums of COBRA eligible workers, you get only 2 weeks of coverage.

I hope our colleagues are not going to be saying we are for covering those who have health insurance. I have heard some of those speeches, but I have not heard them say or defend their particular program. Here it is.

We believe in the importance of making sure working families who have been separated from their jobs, through no fault of their own, have health care coverage because we know what happens to them. The average payment on unemployment insurance is $925, and to maintain their premiums now would take 65 percent of that $925. That is why about 15 percent of the total workers, without any kind of help, actually utilize COBRA.

I commend Senator BAUCUS and the Finance Committee for their proposals, both on unemployment and on this particular proposal, and Senator BYRD for the strong support he has given to our homeland security proposal. Under the proposal that has been advanced by the Finance Committee, it is down to 16 percent. We have heard as recently as today from a very lovely lady who lost her job in Philadelphia. She had worked in the service industry in Philadelphia for a number of years, and she now finds herself unemployed. She says it is going to be difficult to find the resources to do it, but, by God, she thought she could get herself together because it is so necessary for her family.

We are not as interested in talking about what the other side is against, although we know they are against our proposal. We want the American people to understand what we are for. This is what the Democratic proposal will do. It will guarantee help in paying the COBRA premiums. That would help 7.2 million Americans. We do this. We provide help for displaced workers that are not eligible for the COBRA; 2.5 million fellow Americans, they will be eligible.

We provide State fiscal relief for improving the maximum Federal Medicaid payments, similar to what has been successful in the CHIP program which virtually every State accepted with the increasing match. We do that. That helps maintain coverage for 4 million Medicaid beneficiaries. All across the board we have had these evaluated by CBO and the others who maintain and support the conclusions I have stated. In the Republican plan, there is no guarantee.

If one is interested in providing some assistance to workers, the program that Senator BAUCUS and others have proposed makes the most sense. It makes the most sense in terms of ensuring that workers and workers' needs are going to be attended to, and it also provides support for health care. So I hope our colleagues will change their mind on this particular issue.

On September 11, America sustained an unprecedented terrorist attack. The risk and the danger of future attacks is very real. The President and leading figures in the administration repeatedly warn the American people of the

need for unprecedented vigilance. So we are facing a true national emergency by any reasonable definition.

What the objectors seek to block is the appropriation, as well, of $15 billion for homeland defense. They object to the expenditure of $4 billion that would enhance our ability to prevent bioterrorist attacks and protect our citizens should such an attack occur. They object to the expenditure of $4 billion to strengthen the ability of Federal, State and local law enforcement to combat terrorism. They object to expenses to improve border security, airport security, mass transit security. They even object to funds needed to enhance security at the Nation's nuclear powerplants. If providing the necessary funds so these homeland defense initiatives can begin immediately is not an emergency, then what is?

The point I want to conclude with is, it is ironic the same Members who object so strenuously to spending $15 billion to strengthen the Nation's capacity to defend ourselves from terrorist attacks are supporting a bill which would retroactively repeal the corporate minimum tax and give the largest corporations $25 billion in direct payments from the U.S. Treasury.

We do not have the money to look out after the premiums for hard workers. We do not have the money to provide help for unemployment insurance. We do not have the resources to deal with helping the States meet these crises, but we do evidently in that budget that clears OMB, clears Mr. Daniels, have the ability to get $25 billion in direct payments from the U.S. Treasury, payments to repeal the corporate minimum tax and to return taxes they have paid in past years.

Is giving major corporations hundreds of millions of dollars each based on taxes they paid 10 or 15 years ago a higher priority for America than strengthening homeland defense? Is retroactive repeal of the corporate AMT an emergency? Could we not devote $15 billion to defending America? It would still need $10 billion for corporate refunds. Those same Members support accelerating upper income brackets, and if they believe we can afford such an expensive tax cut in the midst of an unprecedented national crisis, how can they claim we cannot afford $15 billion to better protect America from terrorism?

Those who deny we are facing a national emergency today and would justify—in fact, demand—congressional action to strengthen homeland defense are suffering from the worst case of political myopia I have ever seen. In all my years in the Senate I have never seen a clearer choice for Senators.

Mr. REID. I ask my friend—Senator BYRD spoke earlier today, prior to the point of order having been filed, and I asked: Did I hear, Senator BYRD, they are going to file a point of order that this is not an emergency?

And he answered: Yes, they are. They have filed a point of order that the plan now before the Senate, the Baucus plan, together with the Byrd plan, is not an emergency.

Can the Senator from Massachusetts give me any ideas, any reason, how this could not be an emergency? Does the Senator have any idea how this could not be an emergency? How could anyone in good conscience say this is not an emergency?

Mr. KENNEDY. I have great difficulty in understanding that. I think anyone watching this debate in Nevada or Massachusetts would come to that same conclusion when they see the loss of jobs taking place in your State and mine and all of the 50 States; when they see members of their family being called up for the National Guard, or when they have members of their family who have been activated and sent over the Indian Ocean on aircraft carriers and dropped behind the lines in Afghanistan; when they have listened to a President of the United States call upon all members to be on a heightened sense of alert, and we listened to the Attorney General of the United States say, once again, it is time for us to be on heightened alert; when we have seen the significant economic indicators over the period of these past several months, all going in an adverse direction after a long period of economic growth and price stability; and where we have heard the leading economists say, look, we are facing a challenging time.

It can get a lot worse if we do the Republican plan or no plan. I wonder why we ought to be gambling with the well-being of the people of Nevada or Massachusetts. I wonder if the people of Massachusetts truly understand what is happening in the Senate. They are wondering why we aren't acting. You will say because we are having a point of order. They will ask what a point of order is. They will wonder in Massachusetts, perhaps, whether it is a restaurant in Chicopee. They will be asking: There is a point of order and we are not taking action?

Why is one of the great institutions failing to deal with this economic challenge when we have at our best days been willing to do it in a bipartisan way?

Mr. REID. I appreciate the statement of the Senator. The people of Nevada are wondering how possibly we are not doing anything, No. 1, on airline security. On airline security we are doing nothing.

People on the other side are not willing to talk about this is too much money or maybe they don't like the way we are spending the money. They are saying: We don't want this because we don't believe there is an emergency in this country, and we are going to raise a point of order that this is not emergency spending because there is no emergency.

I have trouble following that reasoning. I wondered if the Senator from Massachusetts had any line of reasoning to amplify the reasoning on the other side. It appears he does not.

Mr. KENNEDY. I think the Senator has made this very clear.

As to airport security, people back in Massachusetts are saying: You Members of Congress have the Federal protection, don't you?

There will be families coming down here to visit who have to show their briefcases. That security isn't auctioned off to the lowest bidder. We have looked out after ourselves in this respect and at the cost of lives. We have had courageous policemen who lost their lives in the line of duty, protecting Members of Congress.

On the other hand, we are told we cannot have that kind of protection for the American people. I don't know whether the Senator saw a letter to the editor—perhaps this is too serious to joke about—that said maybe we ought to have two kinds of security: those which are deemed private, and let the Republicans go through those; and the others who are Federal workers, let the Democrats go through those.

It is really too serious to be joking about and certainly in the wake of the extraordinary tragedy earlier this week where, to all indications, it appears to be a mechanical problem, but at least in people's minds and in families' thoughts they wonder about the security and the fact we have not been able to work this out, to guarantee the best in security.

As pointed out by other Members of the Senate, we don't auction off the Secret Service. We don't auction off who will be out there in the Food and Drug Administration to make sure our drugs are going to be safe and efficacious. We don't auction off the FBI. We don't auction off the Alcohol, Tobacco and Firearms employees. We don't auction those off to the private sector. We want to make sure Americans are protected.

I find it extraordinary that the strong initiative which passed successfully in the Senate that ensures that kind of protection still is unable to be completed through the two bodies.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. I thank the Senator from Massachusetts for his comments. I think historians will record that he is probably one of the most forceful advocates for working families in the history of the Senate.

I have a statement by Joseph Welcome, a mold maker who lost his job. His wife, who was in the travel industry, lost her job.

He said yesterday: My wife and I have worked hard our entire lives. We earned everything we got. Unfortunately, like many thousands of Americans, we have run into hard times. We want to use the system as it was intended to be used to get us back to work as fast as possible with a marketable skill set. Unfortunately, that cannot be done in 6 months in today's economy. That is why we need your help now, not 6 months or a year from now. We need it now or we may very well become a statistic on the welfare

roles, putting even more of a tax burden on the American public.

My colleagues on the other side of the aisle will argue this is not an emergency. Last month saw the biggest 1-month increase in unemployment in 21 years. Nearly 7.5 million Americans are now out of work. But, of course, those who are discouraged workers and are not counted as unemployed are not included in the statistics. Those who can only find part-time jobs and cannot really support their families on those jobs are not included in the statistics.

And all of the working poor people who work almost 52 weeks a year, 40 hours a week, and still do not make poverty wages, they are not included either. Analysts warn that another 1 or 2 million workers could lose their jobs over the next 12 months. I think it could be worse than that. The unemployment rate is 5.4 percent, up .5 percent from the previous month, and it is going to continue to go up. Consumer confidence is at the lowest level it has been in 7 years.

All of this combined with lagging consumer confidence can perpetuate a downward spiral. Consumers, fearful about the future, will spend less, which will cause us to sink even deeper into recession.

These are difficult economic times. For many families in Minnesota and in the country, this is also a situation where time is not neutral; time is not on their side. If they do not get an extension of unemployment benefits, if they do not have any health care coverage for themselves and their loved ones, it will be broken dreams and broken lives and broken families. And my colleagues on the other side of the aisle want to cast a vote saying this is not an emergency.

If you were out of work and you didn't know where your next dollar was going to come from and you were going to run out of unemployment benefits and you were terrified that you would not be able to support health care coverage for your wife or your husband or your loved ones, you sure as heck would consider this to be an emergency. Sometimes we are all too generous with the suffering of others.

Most economists agree on certain things if we are going to have a successful economic stimulus package. This is not just about justice and helping those people who are flat on their back. This is also about how do we get this economy going again? What kind of investments do we need to make? All economists I know say that for an economic stimulus package to be successful, it must be immediate, have an immediate effect; it must be temporary; it must put resources in the hands of those who will spend it to stimulate the economy; and that it will not be harmful to our long-term economic interests.

The Republican proposals by the House and the Senate and supported by this administration fail to meet all of these tests, and the Democratic plan meets all these criteria.

Taxes? The Republican plan provides tax relief for millionaires and profitable corporations, even if those corporations cut jobs. The Democratic plan provides tax cuts for working families and businesses that invest and create jobs.

The Republican plan spends $121 billion to speed up the tax cut rates in the $2 trillion tax cut enacted earlier this year. Under the Republican plan, every millionaire in America will receive over $50,000 in tax cuts over the next 4 years and, by contrast, the Republican plan would put zero into a typical family of four with an annual income of $50,000 a year, precisely the kind of family, if given help, that is more likely to consume and put resources back into our economy.

The Republican plan has numerous tax breaks for multinational corporations. The most egregious is the repeal of the alternative minimum tax. Refunds go all the way back to 1986, 15 years ago; $22 billion cost over 10 years. As Nobel Prize winner Joseph Stiglitz said:

> The GOP plan would put zero, yes zero into the hands of a typical family of 4 with an annual income of $50,000 a year. Giving tax relief to corporations for past investments and AMT repeal may pad their balance sheets but will not lead to more investment now when we need it. Bailouts for airlines did not stop them from laying off workers and adding to the country's unemployment problem.

The Democratic plan, by contrast, provides immediate tax rebates to 45 million Americans who did not receive rebates last summer, which will spur consumer spending and immediate tax relief to businesses, which will spur investment.

Mr. President, 44 percent of the individual tax cuts in the Republican plan go to the wealthiest 1 percent—it is Robin Hood in reverse—the people who are least likely to spend the savings, while only 18 percent goes to low- and moderate-income families.

Colleagues, get the tax breaks or tax rebates or whatever you want to call it—if you are going to do that—into the hands of people who will go out and buy a washing machine because they need it, and they will spend, and that is what we need for the economy. Don't go forward with Robin-Hood-in-reverse tax cuts and corporation tax breaks for multinational corporations which are already doing fine and are not going to necessarily even spend in the economy.

Even worse, most of the Republican tax cuts take effect after the current economic crisis may very well have ended. By definition, they are not economic stimulus effects.

The last point I make on the tax cut is telling. The Republican plan is not an economic stimulus plan; it is a shamefaced effort to use our current crisis; that is to say, the misery of hard-working men and women who have lost their jobs and health insurance in this economic downturn, as an excuse for lining the pockets of wealthy individuals and multinational corporations. It is the antithesis of sound fiscal policy. It is unfair, and it is ineffective.

Unemployment—my gosh, people are out of work. Our plan says let's add 13 weeks to unemployment insurance. Our plan, under the work of Senator BAUCUS and many other Senators on our side, says let's reform unemployment insurance and let's cover part-time workers. Economists tell you every dollar of unemployment insurance paid to unemployed workers expands the economy by $2.15. This is a win-win. Can't we help people flat on their backs who, in turn, will consume with that additional assistance?

What happened to people in New York, what happened to people at the Pentagon, what happened to people in Pennsylvania, what has happened in our country has taught all of us that we need each other as never before. There is a great sense of community. People are trying to help one another. I think we understand in a certain profound sense that we all do better when we all do better. Can't some of that community spirit apply to what we are doing in the Senate?

Don't tell all of the men and women who are out of work in Minnesota and all across the country, and their children, it is not an emergency. It is an emergency for them. It is an emergency for their families. And it is an emergency for our country.

The Republican plan says that if you go beyond New York and you go beyond Virginia and you go beyond Pennsylvania, you have to have had a 30-percent increase in unemployment before any of what meager benefits they have even kick in. Minnesota, as I look over past history, in some of the worst recessions did not have a 30-percent increase in unemployment. I am a Senator from Minnesota. I have to fight for the people in Minnesota. I have to make sure that for people who are in such difficult times through no fault of their own, we are going to have a safety net. The Republican plan will not help these people at all.

Health care coverage in the Republican plan is literally an asterisk. Their plan does not guarantee one dime to laid-off workers to maintain coverage. In fact, Treasury Secretary O'Neill says he would strongly encourage President Bush to veto any economic recovery plan that includes health care coverage for laid-off workers. The administration said last week that if we had too much by way of unemployment insurance and health care coverage, then people would not have an incentive to go back to work. Do you know how insulting that is to hard-working people?

Our plan says we will cover 75 percent of COBRA coverage. Mr. Welcome said yesterday: My God, I can't afford 4, 5, or 6—I can't even remember—hundred dollars of a month. I can't afford that kind of coverage. We help families like the Welcome family.

Then, for those families who work for small businesses, so they are not eligible for COBRA, we expand medical assistance coverage in the States. In addition, we respond to the Governors of our States. And what were the Governors of our States saying? They were saying: Please add on more to the Federal contribution to medical assistance because we are in a recession; we have more people out of work; we no longer have the surpluses. These are hard economic times, and we need some additional help.

The Republican plan does not respond one bit to the economic pain that we hear about from people in the country.

We are being told by this procedural move by my colleague from Texas that this is not an emergency.

I met with some families in Minnesota 2 weeks ago. We were in one of the workers' homes. There were some television cameras. I said: Are you sure you want to do this? They said they did. It was a seminar-type discussion. I hardly talked at all. Tell me what your concerns are. These are people who have long work experience. They had been working most of their adult lives. They are out of work through no fault of their own. I think more than anything else, they talked about health care coverage. They certainly are hoping for unemployment benefits to tide them over. A number of them, interestingly enough, talked about job training.

If I had my way, we would add some provisions, including some money for workforce development. But, most importantly, they talked about their fears that there would be no health care coverage at all for their families.

Senators, again I hate to put it this way, but if it were your family, if you were out of work, if you were worried that you wouldn't be able to afford COBRA, and there wouldn't be enough to help you if you were eligible for COBRA, and if there were not a specific benefit that would enable you to still be able to provide health care coverage for your families, I guarantee you would consider it an emergency.

It is an emergency for many families in our country. We must respond to this economic pain. In the words of Rabbi Hillel, if not now, when?

Then there is homeland defense, Senator BYRD's proposal on which many of us worked. I have said a lot of times, as I am sure every Senator has—I guess we reached different conclusions—with fire chiefs, first responders, they told me. I sure learned it back then. People are anxious and people are worried. Please get an infrastructure of public safety and, yes, public health.

Dr. Michael Home is from Minnesota. Dr. Home has made their case in a compelling way. Get the money to our communities because people will be safe where they live, where they work, and where their children go to school. We need the resources.

In the homeland defense part of this bill that we brought to the floor, it is an obvious marriage. On the one hand, we get the money to first responders. I have been pushing for public safety, for firefighters, and for public health money so that we have the antibiotics and the vaccines, so people are trained, so that emergency doctors are trained, so that our public health nurses are trained; food safety; border security; airport security. At the same time, Senators, you create jobs.

I don't really know what is going on here. I think there are probably two things.

No. 1, I think too many of my colleagues on the other side, by definition, with their objection, don't quite get this as an emergency.

No. 2, given what they want to do with all of these tax cuts, and repeal corporate taxes going back to 1986, let me assume they are doing this in good faith, because they always do it in good faith, in which case I have to believe they believe in the same trickle-down economics we have been through before, which put us in such desperate shape. We have been through this trickle-down economic strategy, or philosophy, or policy. It left us with double-digit inflation, double-digit interest rates, and an economy in shatters.

Paul Krugman in today's New York Times has an op-ed piece that makes this point. I ask unanimous consent that his full op-ed piece be printed in the RECORD.

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

[From the New York Times, Nov. 14, 2001]

OTHER PEOPLE'S MONEY

(By Paul Krugman)

You may have seen the story about the businessman who allegedly used the attack on the World Trade Center to make off with other people's money. According to his accusers, Andrei Koudachev stole $105 million that had been invested with his firm, falsely asserting that the sum had been lost in the collapse of the towers. It's not entirely clear whether he is accused of stealing the money before Sept. 11, then using the disaster to cover his tracks, or of taking the money after the fact; maybe both.

It's too bad that so many of our leaders are trying to pull the same trick.

Just before Sept. 11, political debate was dominated by the growing evidence that last spring's tax cut was not, in fact, consistent with George W. Bush's pledge not to raid the projected $2.7 trillion Social Security surplus. After the attack, everyone dropped the subject. At this point, it seems that nobody will complain as long as the budget as a whole doesn't go into persistent deficit.

But two months into the war on terrorism, we're starting to get a sense of how little this war will actually cost. And it's time to start asking some hard questions.

At the beginning of the week we learned that the war is currently costing around $1 billion per month. Oddly, this was reported as if it were a lot of money. But it's only about half of 1 percent of the federal budget. In monetary terms, not only doesn't this look like World War II, it looks trivial compared with the gulf war. No mystery there; how hard is it for a superpower to tip the balance in the civil war of a small, poor nation? At this rate, even five years of war on terrorism would cost only $60 billion.

True, the terrorist attack has also forced increased spending at home. But Mr. Bush has threatened to veto any spending on domestic security beyond the $40 billion already agreed. And even that sum is in doubt. Half of the $40 billion was money promised to New York; last week New York's Congressional delegation, Republicans and Democrats alike, demanded that Mr. Bush disburse the full sum, openly voicing doubt about whether he would honor his promise.

So the budgetary cost of the war on terrorism, abroad and at home, looks like fairly small change. Even counting the measures that are likely to pass despite Mr. Bush's threat, I have a hard time coming up with a total cost that exceeds $200 billion. Compare that with the $2.7 trillion Social Security surplus. What will happen to the remaining $2.5 trillion?

Again, no mystery: much of the money was actually gone before Sept. 11, swallowed by last spring's tax cut, which will in the end reduce revenue by around $1 trillion more than the numbers you usually hear. And the administration's allies in Congress are striving energetically to give away the rest in tax breaks for big corporations and wealthy individuals.

The new round of tax cuts is supposedly intended as post-terror economic stimulus. But recent remarks by Dick Armey give the game away. Defending the bill he and Tom DeLay rammed through the House—the one that gives hug retroactive tax cuts to big corporations—he asserted that it would create 170,000 jobs next year. That would add a whopping 0.13 percent to employment in this country. So thanks to Mr. Armey's efforts next year's unemployment rate night be 6.4 percent instead of 6.5. Aren't you thrilled?

Let's do the math here. This bill has a $100 billion price tag in its first year, more than $200 billion over three years. So even on Mr. Armey's self-justifying estimate, we're talking about giving at least $600,000 inn corporate tax breaks for every job created. That's trickle-down economics without the trickle-down.

Ten weeks ago this bill, or the equally bad bill proposed by Senate Republicans, wouldn't have stood a chance. But now people who want to give the Social Security surplus to campaign donors think they can get away with it, because they can blame Osama bin Laden for future budget shortfalls.

They say every cloud has a silver lining. The dust cloud that rose when the towers fell has certainly helped politicians who don't want you to see what they're up to.

Mr. WELLSTONE. Mr. President, as he said:

The new round of tax cuts is supposedly intended as post-terror economic stimulus. But recent remarks by Dick Armey give the game away. Defending the bill he and Tom DeLay rammed through the House—the one that gives huge retroactive tax cuts to big corporations—he asserted that it would create 170,000 jobs next year. That would add a whopping 0.13 percent to employment in this country. So thanks to Mr. Armey's efforts next year's unemployment rate might be 6.4 percent instead of 6.5. Aren't you thrilled?

Let's do the math here. This bill has a $100 billion price tag in its first year, more than $200 billion over three years. So even on Mr. Armey's self-justifying estimate, we're talking about giving at least $600,000 in corporate tax breaks for every job created. That's trickle-down economics without the trickle-down.

That is what my colleagues on the other side of the aisle are proposing, trickle-down economics without the trickle down. At the same time, they

are now trying to make the case that we don't have an emergency, so we can't get an extension of unemployment benefits to people who are flat on their backs, we can't make sure they have health care coverage for their families or for their children and their loved ones. They are profoundly mistaken.

If these are the differences between Democrats and Republicans, then these are differences that make a difference. I could not be prouder than to stand out here on the floor and get a chance to be 1 of 100 Members who get to speak for what we have proposed as an economic recovery plan. It is not all that I would want—my colleagues know me; I always push for more and more and more—but I think it would make a difference.

I am so profoundly disappointed that we have out here a procedural objection.

My gosh, go to town and talk in the Cafe Wilmer or any number of other coffee shops in Minnesota. People say: Say what? There was a procedural objection that this wasn't an emergency? Say what? But you know that I don't have to explain that. Senators on the other side of the aisle and those who support the Senator from Texas will have to explain that.

I would like to finish with one other point. This is a small point. I see my colleague from Iowa out here on the floor, and a Senator whom I like so much that I will have to get into this with him as well.

I note that today there is a meeting of the ''bankruptcy reform'' conference committee. Colleagues and Senator GRASSLEY, a good friend, being out of work is the No. 1 reason that people file for bankruptcy. Medical bills are the No. 2 reason. This is no time to be pushing through this bankruptcy bill, which is too punitive and too harsh and which will make it hard for people to rebuild their lives.

I always thought the credit card companies got way more than they deserved. I never thought it was balanced. But this is no time, colleagues, to push through a harsh bankruptcy bill in these economic times.

There are too many colleagues out here who want to speak. If I continue to go on, it could be for another 3 hours. So I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I thank the Senator from Minnesota for giving me an opportunity to talk about bankruptcy. I haven't had a chance.

Mr. WELLSTONE. I want the floor back.

Mr. GRASSLEY. I haven't had that opportunity for a long time. By the way, I am supposed to be in the conference in 2 minutes. I am not going to be there because I want to respond to the Senator about not only bankruptcy but also about these tax provisions. That is to remind the Senate—particularly the 17 Members of the Senate, or maybe it was only 15 Members of the Senate, including the Senator from Minnesota, who voted against the bankruptcy bill. I hope a vote of 84 to 15, or something like that, tells you what a good piece of legislation we had.

But in regard to bankruptcy, to allay anybody's fears about what bankruptcy legislation does, even at a time when we are in the midst of a war on terrorism, and we have had an economic downturn because of that terrorist activity, anybody who cannot pay their debt will still be able to go into bankruptcy.

What we are trying to do through this bankruptcy reform legislation that is now in conference between the House and the Senate is for those who have the ability to repay—who under present law can go into chapter 7 and get off scot-free—will have to pay.

We are talking about people with the ability to repay their debts and who are gaming the system to get away with financial murder. They are not going to be able to do that anymore.

In regard to the comments of the Senator from Minnesota and other Senators who have talked about the nonconcern people on this side of the aisle might have about people who are unemployed because of the terrorist attacks of September 11, the whole purpose of this legislation is to address economic problems that exist because of the terrorist attacks of September 11.

Where we have separation from people in the other political party is the fact that a lot of people on the other side of the aisle are taking advantage of the September 11 terrorist attacks, and also the economic problems resulting therefrom, to put a lot of legislation on the agenda that would not otherwise be on the agenda.

What we are trying to do is what Chairman Greenspan advises us to do—to do those things that are stimulative and related to the downturn in the economy, directly related to the proposition of September 11.

First of all, I do not think the Senator from Minnesota gives the President any credit for being concerned about low-income people who are hurt as a result of this because in a way of addressing, in a bipartisan way, the stimulus needs of our Nation, the President has already provided for tax payments, rebates, whatever you want to call them, to low-income people to help the demand and consumer side of the ledger. And, obviously, that proposal by our President that is in the Republican proposal as well has somehow not come to the attention of the Senator from Minnesota. So I bring that to his attention, that the President of the United States has already addressed that.

Second, we have followed the advice of Chairman Greenspan, who said there ought to be incentives for investment in manufacturing. As the chart I showed you yesterday—that is not in this Chamber today—indicates, there has been a very steady increase in consumer spending over the last 10 years. Until recently, there was a very steady increase in manufacturing investment. But in the last three or four quarters, there has been a tremendous downturn in investment in manufacturing. Chairman Greenspan believes that by accelerating depreciation, we will be able to create jobs, stimulate the manufacturing economy, and get that segment of the economy back on the road to recovery and create a lot of jobs in the process.

So, again, I do not think Republicans can be accused of not being sympathetic when we are following the advice of Chairman Greenspan on fiscal and tax policies. His point of view ought to be respected in that area the same way a large share of the country respects his view on monetary policy, as now 10 times he has reduced the rate of inflation to help the economy.

The Senator from Minnesota must also not be aware of the fact that our proposal has in it help for those who are going to lose health insurance because of being unemployed. In fact, if you look at the Democrat proposal, again, as I said yesterday, by the time they get their program implemented, we will be out of a recession. And, we have a plan that will get help to the people who do not have health insurance within 30 days after the bill is signed by the President of the United States.

Their plan creates Federal bureaucracy, a new Federal program, Federal rules and regulations. Just think of the months it is going to take to get all that in place. Plus, there is an unfunded mandate on the States to put a parallel bureaucracy and program in place for the purpose of dispensing help to people who are unemployed but probably 9 to 12 months down the road.

We already have a program in place where we can get help to those people within 1 month after the President signs the bill.

To say that we have no concern about the unemployed, then let me ask the Senator from Minnesota, how come we have provisions in our bill to extend unemployment compensation by 13 weeks, which is not exactly, but is along the same lines of what their party suggests?

So all along there is a division that is being drawn between Republicans and Democrats that is not the tradition of this Senate, surely not the tradition of the Senate Finance Committee that writes tax legislation and unemployment and health-insurance-type legislation. There is no point in having it because this Senate will get nothing done unless it is done in a bipartisan way.

I hope we have set the stage for some votes this afternoon that will show that this Senate is only going to address the stimulative needs of this economy in a bipartisan way. The sooner we get that bipartisan process underway, the better. I think that will happen.

(Mr. JOHNSON assumed the chair.)

Mr. GRASSLEY. But I also want to address some remarks that were made yesterday by Senator BOXER regarding the Republican caucus stimulative proposal. Under normal circumstances, I would just let these types of remarks go unanswered as typical political rhetoric, tinged with inflammatory untruths. But these days are hardly normal circumstances because the Senate is not working in its usual bipartisan way. So I want to respond to those remarks.

The American people have called upon us to act, both in the defense of our country and to restore our economy. Everyone in this Chamber recognizes the impact of the horrific events of September 11 and their impact on the economy.

Republicans and Democrats have different ideas on the best way to stimulate the economy. There is nothing new about this. They merely represent different approaches to the same problem.

For the past month and a half, I have been pleading with Democrats to find the common ground in our differing approaches. The American people expect us to work together to find common ground for our Nation's common good. Stimulating the economy and winning the war on terrorism is the most immediate. This can and must be done, and it will be done before we adjourn for this year.

But just when we hope that constructive bipartisanship can begin, it is slapped down by the type of accusations that were made yesterday by the Senator from California. I would like to state what has been stated by Senator BOXER.

Senator BOXER said the Republican approach for stimulating the economy was using the events of September 11 to—and I quote—''pay back'' its ''biggest contributors.''

She called the Republican approach ''nothing less than unpatriotic.''

As I said, normally I would dismiss such reckless remarks as typical politics, designed to pit American against American to gain a political edge. But these are not normal times. These are times when Americans expect us to work together.

What is truly shocking, and offensive for that matter, in the Senator's comments is that many items in the Republican Senate caucus proposal are items that were recommended by Chairman Greenspan, former Treasury Secretary Robert Rubin, or are included in Senator BAUCUS's Democratic proposal.

Bonus depreciation, small business expensing, net operating loss carrybacks, cash payments to taxpayers—tax rebates, if you want to call them that—enhanced unemployment benefits, additional health insurance coverage, are all areas that are contained in both a Republican proposal and a Democrat proposal. These are areas of common ground. So to call the Republican approach ''unpatriotic'' is destructive. It is a distortion.

Most disturbing is the Senator's own admission that her accusations are baseless. When stating that the House economic stimulus bill was a ''reward to their biggest contributors,'' Senator BOXER said—and I quote—''It is how I feel. It is my opinion. It's not a fact.''

This type of inflammatory rhetoric is useless. It does nothing to further America's economic recovery, and it does nothing to further a bipartisan solution, a solution that is absolutely necessary for the Senate to get to a final product.

I hope, for the sake of the American people, this sort of nonsense will stop. It is time to put dignity back into the debates of the Senate Chamber.

Senator BOXER did have two specific objections to the House bill. It was the House bill she objected to, not the Senate bill. The House bill is not the Republican Senate caucus proposal. They differ significantly, including with regard to two issues to which Senator BOXER objects. Nonetheless, when a Senator expresses concern about a legislative proposal, the Senator's concerns should be addressed in a responsible and dignified manner. That is what I would like to do.

Senator BOXER objected to accelerating the income tax cuts scheduled to occur in 2004 and 2006. She also objected to alternative minimum tax relief for American businesses. I will explain why the Republican caucus believes those issues are important to economic recovery.

One of the greatest weaknesses of Senator BAUCUS' stimulus package now before the Senate is that not one dime, not one red cent, goes to provide relief for people who go to work every day, pay their bills, and may be clinging to their jobs with their fingertips during this economic downturn. We believe that reducing the Government's take from these people's paychecks will give them more resources to ride out the current economic downturn and will spur increased consumer demand over the next year.

Besides, money spent by individuals in the private sector turns over many times more in the economy and does more economic good than if spent here through the Federal budget. It is really just a matter of common sense, then. People need more of their money during tight economic times. If they have more money available, they feel more financially secure and are more likely to spend.

We only are talking about speeding up a decision that Congress made earlier this year, a bill signed by the President June 7, a product of the bipartisanship of the Senate Finance Committee. Last summer this Senate debated and decided the issue of individual income tax cuts. The Republican caucus proposal would simply accelerate into next year the individual income tax cuts that are currently scheduled to go into effect in the years 2004 and 2006.

If we make them effective next year, they will immediately stimulate the economy. If we wait until 2004 and 2006, the economy does not benefit from those reductions at a time when it must. That time is right now because of the terrorist attacks of September 11 and the downturn in the economy.

We will talk more about individual income tax cuts later. I turn to Senator BOXER's primary objection—alternative minimum tax relief for American businesses.

I would like to propose a terrible idea. Why don't we enact a provision that increases taxes when companies are struggling to stay afloat and then reduces their taxes when the companies are profitable? I think my colleagues would agree that sounds like a dumb idea. I would offer an amendment on this, but the problem is, we have already enacted it. It is what we call the alternative minimum tax.

Republicans have been vilified by Democrats for including AMT repeal in an economic stimulus package. Let's ask the question: Why do we include corporate AMT in an economic stimulus package? Because corporate AMT worsens an economic downturn when it increases taxes as corporate profits decline.

Explain that again. If that doesn't sound reasonable, it isn't reasonable. But that is what the law is, because AMT, the alternative minimum tax, is imposed only when the AMT tax exceeds the amount of regular corporate income tax. AMT is calculated by starting with regular taxable income and then adding back certain deductions that were taken in computing the regular taxable income. One of the most significant deduction add-backs is depreciation.

Consider this very simple example. If regular taxable income falls to zero, then a depreciation add-back will create alternative minimum tax taxable income which will be taxed at the AMT rate of 20 percent, even though the company owes no regular income tax.

Regular income tax does not have to fall to zero for this to occur. When investment costs and other expenses increase in proportion to a company's taxable income, which occurs during an economic downturn, the company may still owe alternative minimum tax.

Companies that have these higher fixed costs include manufacturing, construction, mining, energy, utilities, wholesale/retail, transportation, agriculture, and other capital intensive industries.

In 1997, a study for the Brookings Institution concluded that manufacturing firms could be subjected to alternative minimum tax when their sales decline by just a mere 5 percent. This was largely because of higher fixed costs. So one can see the profound effect that a small economic downturn has on increasing corporate AMT.

The Joint Committee on Taxation has recommended that the corporate alternative minimum tax be repealed because it is ineffective and inefficient.

With the Joint Committee on Taxation are professional people who work

for both Republicans and Democrats. They don't work for the majority. They don't work for the minority. They work for the Congress as a whole. This is their recommendation.

So now you may ask: How would repealing the AMT have a stimulative effect? The answer is simple: The alternative minimum tax is a job killer. The alternative minimum tax creates a strong disincentive for companies to undertake new investments or to keep employees on the payroll. Any activity that reduces a company's regular taxable income, such as keeping employees during an economic downturn, increases the likelihood of it becoming subject to the alternative minimum tax.

This is because as regular income decreases, the AMT add-backs become larger as a percentage of regular income. As I said, when investment costs and other expenses are large relative to a company's taxable income, the company may end up owing alternative minimum tax. This is particularly true for capital investments, which may throw off depreciation deductions. In fact, increased investment expenditures by a company during periods of low profitability can cause a company to switch from the regular tax to the alternative minimum tax. Therefore, companies that try to maintain a constant level of investment and continued employment during an economic downturn are more likely to pay larger amounts of AMT. That is why the alternative minimum tax is a job killer.

We want to create jobs. Particularly we want to create jobs and we have a Government incentive for increasing jobs at a time of economic downturn.

More importantly, the alternative minimum tax increases the tax burden during an economic downturn which may result in deeper and more prolonged economic weakness by reducing business activity.

So here we have a tax policy already in place that is making the economic downturn worse. According to a recent Treasury study, during the economic slowdowns between 1989 and 1991, nearly 50 percent of America's largest corporations were subjected to the alternative minimum tax. We can't afford to repeat that pattern again.

As Chairman Greenspan said: Enhance investment in manufacturing.

That is what accelerated depreciation is about. So that is why we have to do something with a tax policy that is already on the books and already is there exacerbating an already bad situation. So please keep in mind that some alternative minimum tax add-back items, such as depreciation, relate to fixed investment decisions that were made years ago during profitable periods. They didn't anticipate what they might be in right now. But they are going to be penalized for it and penalized in a way that hurts the economy.

It is inconsistent, then, to consider including bonus depreciation provisions in our stimulus packages, which we do, at the same time we punish prior investments through the AMT. I notice that the Democrats' bill exempts bonus depreciation from the alternative minimum tax. So I don't know why a Democrat Senator would blast away at the alternative minimum tax, when even their proposal makes it quite obvious that there is something that doesn't add up here, doesn't meet the test of common sense.

So Democrats recognize the counterproductive effect that the alternative minimum tax has on investment. I also said that the alternative minimum tax increases taxes when companies are struggling to stay afloat, and then it reduces taxes when companies are profitable. This is because any alternative minimum tax paid to the Government today may offset regular taxes owed in a later year. In effect, the AMT is a prepayment of a taxpayer's future income tax liability—and it operates as a no-interest loan from companies to the Federal Government.

As of today, companies in America have made about $25 billion in loans to the Federal Government by prepaying their real tax liability through the alternative minimum tax. This is where the controversy kicked up concerning the House bill, and it is the thing to which Senator BOXER most objected.

The House bill—not the Senate Republican bill—paid back in the year 2002 all of the alternative minimum tax prepayments that I just talked about, these interest-free loans that have been extracted from American companies over the years.

The reason for this is to provide instant cash liquidity for companies that are facing the present economic crunch. We would propose something different. Senate Republicans would allow the alternative minimum tax to offset only a percentage of the regular tax as it is incurred. That way a corporation can never completely zero out their tax liability with AMT credits. So I hope she will consider this and that this will address Senator BOXER's concerns.

In addition, we would not accelerate the AMT tax credits or refund them next year. This should address another one of Senator BOXER's concerns. Yes, we would also repeal the alternative minimum tax, and I know that doesn't satisfy some Senators. I hope these other two provisions of our bill would do.

If Senators will stop the shouting and stop talking past each other and stop making false accusations, we can find common ground to address at least part of each other's concerns. It is possible to reach consensus on a bipartisan bill that will stimulate the economy. We must do it soon.

I urge the Senate to do its job and come up with a bipartisan stimulus package—one that can be passed by this Chamber, sent to conference, and signed by the President. The American people are waiting and they are watching.

I yield the floor.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Ms. STABENOW. Mr. President, I agree with our esteemed colleague who just spoke that, in fact, the American people are watching us very closely today to determine whether or not we understand the emergency that so many workers and small businesses and others in our economy are experiencing at this moment. All we have to do is ask the people who have lost their jobs in the airlines alone. We had an emergency in which we had to act immediately to help the airline industry a few days after September 11. We rallied to do that, with the understanding—at least it was my understanding—that we would come back quickly and make sure that not only the companies were helped to the tune of $15 billion, but that the workers with the airlines and the airports would be helped.

So all you have to do is ask the people who have been unemployed as a result of September 11, or other economic circumstances, who work for the airlines, the travel agents, the airport venders, the restaurants, and the travel destination cities that have been hurt. All we have to do in Michigan is ask our auto workers, who have found that because of the slowdown they are facing layoffs, or have been laid off—and also the small businessowners in Michigan, as well as Michigan farmers.

I congratulate the chairman of the Finance Committee for his leadership and work in putting together, with Senator BAUCUS and Senator BYRD, a package that makes sense for Americans, for American business, for American workers, for our communities. But we know that, frankly, there are two different views of the world at work. We have, first of all, one world that brings us all together behind the President to face the current challenges and threats to our country. We are together on that. I support the President and want him to succeed, as we all need to succeed together. But on the economic front, on the homefront, we have two different views of the world that have been expressed, both in this Chamber and between those of us who support the legislation in front of us and the House Republicans on the other side.

Frankly, they are very different kinds of economics. One is supply side economics; give the dollars to those at the top, the largest businesses, the wealthy individuals in the country, and it will trickle down. We say we don't have time for trickle down. We don't even know if it is going to trickle down. I have folks in Michigan still waiting for the 1980s money to trickle down to them. We say put money directly into people's pockets, small businesses, the farmers, the unemployed workers, and the moderate and low-income taxpayers' pockets.

We are backed up by those who say this is the right thing to do economically. I think we have the best of all

worlds in this proposal. It is the best thing to do economically and it is the right thing to do for people. Joseph Stiglitz, the cowinner of the 2001 Nobel Prize in economics, stated:

> We should extend the duration and magnitude of the benefits we provide to our unemployed. This is not only the fairest proposal, but it is also the most effective. People who become unemployed cut back on their expenditures. Giving them more money will directly increase their expenditures.

Common sense. What is more likely to happen? To give the billions of dollars to the major corporations, which the House does through the alternative minimum tax—and I have a different view of what the alternative minimum tax is about. My understanding is that it was put in place to guarantee that everybody, regardless of how wealthy they are or how many tax credits or deductions they can take, pays some form of contribution—contributions to national defense, to public health and safety, to education, to public services. The alternative minimum tax says that everybody in America ought to make a contribution.

The House Republicans say that not only should some folks not have to make a contribution to our current national defense cost, or bioterrorism cost, or efforts to clean up from terrorist attacks, or education, or roads, or health care, and all of the other public services that we have; we should retroactively pay them for 15 years. There is over $45 billion involved in the proposal on the House side, and it goes to two major tax cuts, one of which, the AMT, says not only are we going to take away your tax liability in the future, but we do not think you should have paid anything in the past either, and we are going to retroactively, to the tune of billions of dollars, give you back your contributions.

I have a lot of small businesses, a lot of farmers, a lot of auto workers, retailers, service industry folks, waiters, waitresses, all kinds of hard-working folks in Michigan who would love to have someone tell them: We are going to give you back the taxes you paid for the last 15 years.

Nationwide, nearly 7 million people are now unemployed. Unemployment in my State of Michigan now totals over 268,000 people, and those are not even the most current numbers as of November. That is a jump of 74,000 people in the last year and a jump of nearly 30,000 people just since July.

This is an emergency for them. This is an emergency for 268,000 people, many of whom have children for whom they are caring. They want to make sure their children have what they need and that their families can put food on the table, have the health care they need and that their children have the resources to go to school, possibly pay for mom and dad who need some help in their older years. These are people who have worked hard and believe in the American dream and are now counting on us to believe in them and act in a way that shows they are a priority.

Our plan is the best economically, and it is the right thing to do. We help these families by extending unemployment benefits so they can buy groceries and pay their bills. It will provide health insurance, which has been talked about today, by helping pay for COBRA to continue health insurance, and we expand assistance to States through the Medicaid Program.

Consumer spending represents two-thirds of our gross domestic product. Any stimulus package that ignores this crucial section of our economy is doomed to fail. Every economist about whom I have been reading and talking to has said the same thing: It is consumer spending, stupid. That means we have to put money in people's pockets so they can turn around and spend that on behalf of their daily needs.

It is consumers who are going to buy airline tickets, computers, cars, clothes, and, I might say, coming from the great State of Michigan, we hope they buy a lot of cars. It is consumers who are going to go out to dinner, see a movie, and help get things back to normal, as the President has asked us to do.

Unfortunately, the bill passed by the House and endorsed by the President does little to stimulate the economy or to help the unemployed. It does little to energize the consumer sector of our economy. It does little to help our small businesses that are too often overlooked as tax policy is made and as other policies are determined.

The House-passed bill overwhelmingly and unfairly gives tax cuts to those, frankly, who are not hurting under this economy: the wealthiest Americans who do not have an economic emergency, and tax cuts to the largest multinational companies that we want to be successful but not at the expense of our small businesses or our working men and women.

I congratulate Senator BYRD and my colleagues who have been working to increase our public investments in our homeland security efforts. We all know we have to focus investments on bioterrorism. We have to strengthen our public health system. We need to focus on those areas that will keep us safe at home, as well as supporting our national defense abroad.

I encourage and urge all Senators to come together to look at the facts, to look at what works, look at what the economists are saying as to how best to provide an economic stimulus and recovery, to put the people of our country first as we move forward, and to do so quickly.

This is an emergency. This is an emergency for American families. This is an emergency for Americans, and we need to act quickly to demonstrate that we understand and that we support them.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, for the information of my colleagues, we are working to have a vote around 5:15 p.m. or 5:30 p.m. If Senators want to speak, they should come to the Chamber. That is the general intention at this time. If anyone objects, they should let us know.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, it is interesting to listen to our friends on the other side of the aisle. It is amazing the message we get. The message is: Let's get a bill; we need to do it right away. Everyone agrees with that. We know what needs to be done to get a bill. I happen to be on the committee that is involved, and we know how the bill got to this point. It passed entirely with a partisan vote, all Democrats, no Republicans. Republicans did not have participation in the bill. So this is a bill that is totally partisan. That bill is not going to pass.

We need to work on a bill together. There is willingness to do that. Talking about passing a bill without recognizing what needs to be done is amazing to me. It is clear what has to be done.

Senators from both sides of the aisle need to join with the administration and, indeed, with the Members of the House to put together a bill which we can pass. This business of continuing to talk about the need and then denying the opportunity to get together is hard to understand.

Everybody here wants to pass a bill. There is no question about that. The question is, How do we do it? And that becomes increasingly clear. There are not going to be enough votes to do it without working together. This constant conversation about we need to do this right away is silly. We all want to do something to help the unemployed. We all want to do something for those who need help with health care.

We all want to provide more incentives to develop jobs.

Talk about an emergency. How much have we spent in the last 2 months? About $55 billion. The President has said: You do not need to spend more money now. When we need more money for terrorism overseas or terrorism in this country, I will ask for it. And we responded when he asked for the money. Colleagues are now beginning to use that technique for passing all kinds of projects they always wanted. They are very questionable as far as being an emergency.

We need to come together and bring before the Senate a bill that represents the interests of all participating parties and pass it. We can do that. Until that time comes, the chances are we are not going to be successful in moving a bill along.

The substitute, of course, spends about $67 billion in the year 2002: About $21 billion on temporary business tax relief and $46 billion on spending proposals, including Federal payments of individual tax insurance premiums

under COBRA, extended unemployment insurance for displaced workers, expanded Federal support for Amtrak, numerous agricultural products, and other unrelated provisions.

Secretary O'Neill recently said the proposal is heavy on spending but will have little stimulative effect on the economy.

Moreover, some of its provisions would have an adverse effect on employment. An editorial yesterday in the Washington Post made the following observation: The stimulus package that passed through the committee last week includes money for citrus growers and buffalo farmers producing electricity from chicken waste. It includes a tax break in aviation fuel for crop dusters; a wage credit designed to encourage firms to hire welfare recipients was extended to businesses in Lower Manhattan.

So we all want to get this bill passed, and I think we have a technique before us where we can do that. We can come together and we can configure a package that does what all of us want, and that is to assist those people who now need assistance and provide stimulus for the economy so we can get jobs and growth back before us and to do it quickly. Those options are available to us as soon as we are willing to recognize what needs to be done to cause that to happen.

The President has called upon the Congress, specifically the Senate, to adopt an economic package, including these kinds of things in the outline.

Timing: We need to pass it and get it to his desk, the President said, before the end of November. We can do that.

Tax cuts: We make sure our tax relief encourages investment, encourages the flow of capital.

We need to reform the alternative minimum tax in corporate America so corporate America does not have to get penalized during times of declining earnings.

Create jobs: So often I do not think we really look down the road as to what we want to be the outcome. If we can help people, we should, but the real purpose is to create jobs and to create a stronger economy.

Worker assistance: The President said we need to spend money on helping workers who lost their jobs as a result of the attacks on September 11. We need to extend and expand unemployment benefits to those workers, said the President. I know we need to expand what they call national emergency grants which will give the Governors the latitude to take Federal monies and apply the money to special worker needs.

We need an energy plan that encourages conservation, exploration, and production. That probably brings about a kick to the economy more quickly than most anything else we can do.

So these are the issues that have already been talked about, and they are common. We have a bill that is passed by one party without consultation with the other. And we expect to get that passed? It is not going to happen.

We can do something, and we can do something with the House if we can come together and put together a plan where there is some involvement, bring it to the Senate to pass it and pass it quickly so we can move forward to accomplish that which all of us want to accomplish.

I see the minority leader in the Chamber, and I yield the floor.

The PRESIDING OFFICER. The Republican leader.

Mr. LOTT. Mr. President, who has control of the time on this side?

The PRESIDING OFFICER. We are not under a time control situation.

Mr. LOTT. Mr. President, I yield myself such time as I may consume.

I do want to comment on a couple of issues. First of all, I want to talk about the job security stimulus package. Before I do that, I want to talk about the aviation security package that is being considered now in conference.

My point has been all along there is plenty of room for disagreement, but there is also plenty of room for agreement. We need to get this done. We knew we had to get this done before this past Monday when we had the crash, very unfortunately, in New York again. We cannot help but have such sympathy and concern and feeling for the people of New York who have been hit hard again. There are no indications as to exactly what caused that accident, but it did once again cause people to be sensitive and nervous about the safety of flying.

We in the Congress need to put aside our ideological or even regional disagreements because some of it is a little bit regional. In some parts of the country our airports are all small, regional airports, not the super big ones. We have a little different view of the world than they might have in Chicago or New York or Los Angeles. We ought to put that aside and get this job done. I believe I see movement now, that both sides are beginning to say there is a way we can get this package agreed to.

First of all, there is a misperception. We are going to federalize aviation security, period. There is a matter of degrees perhaps, but we are going to require perimeter protection. We are going to require there be a safe and a good screening provision at all of our airports. We are going to require there be an additional check at the gate. We are going to require cockpit safety. We are going to have sky marshals, and the Federal Government is going to require it and provide the money through a fee system that will be paid for by tickets. We are going to say this is what our requirements are, these are the guidelines, this is the management. We are going to make this happen.

The House added several provisions that were good, and we had some good ones in the Senate, by the way, that are not in the House provisions. We ought to take the good ones from both of those bills. The House added some provisions we did not have only because they acted 3 weeks after we did and they found some additional problems and some additional things that could be done which they included in their package. Let's take those. I believe Senator HOLLINGS, as well as Senator MCCAIN and Senator HUTCHISON, are prepared to do that.

Then it boils down to this question of how do you deal with the screeners themselves. I believe from discussions I have had today with those who are involved, they are beginning to come up with a way that would allow us to move immediately to some changes but give some options, some flexibility, to the administration and to the individual airports. What they want in Billings may be different from what we want in Biloxi and Gulfport, MS. What they want at LaGuardia may surely be different than what they want in Rapid City, SD. Give some options.

In some places, they may want and have the ability to do local law enforcement. The next place maybe a private company has been doing a good job or they have the capability to do a good job. In other areas they may need to go to a federalized system.

I do not know all the parameters of what is being discussed, but in my conversations today with Senator HOLLINGS and Congressman YOUNG, the chairman in the House, Senator MCCAIN and Senator HUTCHISON, I believe they have narrowed it down to where we can get this done. So I would urge our conferees and the leadership of those conferees, in a bipartisan way, in a nonpartisan way, to get an agreement. It is doable today and the Senate could vote tomorrow.

That would be such a tremendous indication to the American people we are serious, that we are continuing our efforts as we have over the past 2 months to get the job done for America. Forget the philosophy, the party, the region, any of that other stuff we quite often get tangled up with. It would be so important to send this bill to the President's desk the weekend before the Thanksgiving holidays.

Will it guarantee there will be immediate safety within the limits of human endeavor? No. But it would be a positive sign that would be well received, and it is the right thing to do.

I think that kind of attitude also applies to this job security or stimulus bill, as it is quite often referred to. On this bill we have kind of fallen back to our old ways. We have the House position. We have the Senate position. We have the Republican position. We have the Democrat position. We have the spending position. We have lots of wonderful ideas. We have the tax cut provisions.

What we have is such a hodgepodge and such a weighted bill now that it is not going to happen. What we need to do is go back to the beginning. We all agreed there should be a package to stimulate economic growth and job security. The President, Republicans,

Democrats, the House, the Senate, we all said, yes, we need to get this done.

Will it be a magic wave of the wand to make sure we have that growth? No. But it could be helpful.

We agreed we wanted it to be a targeted bill, one that would have some immediate positive effect on growth, not 6 months from now, not a year from now, but right now. When we started off, I thought everybody agreed on that provision.

We also said we do not want to do something that is going to be negative in the long term. We do not want to do something that gobbles up a big swath of money, taking us deeper into deficit spending after 3 years of having balanced budgets and surpluses, and cause interest rates in the long term to go back up. We all agreed we did not want to do that, and we all agreed we wanted to do it in a way that would have an immediate stimulative effect. We kind of lost sight of that.

I do not want to be too critical of the House bill, but a lot of what they would do would take effect over a period of years. I like that, personally, but that is not quite exactly what we had talked about when we started.

In the Finance Committee we got carried away with a lot of spending. There are not many people going to be able to convince anybody that it is going to have an immediate stimulative effect. It may be justifiable. It may be something I would be for in the normal course of events. But it does not meet the criteria we started out talking about.

I have never heard so many good ideas in my life. Oh, my goodness, yes, let's do this, let's do that. Every House Member has a different idea of what we could do to help this sector or that sector of the economy. It wouldn't cost too much, it would only be a billion here and a billion there and, as Everett Dirksen would say, soon it adds up to real money. That is what we have come to.

We need to go back to the beginning and do specifically what we said we would do. We have to do the human need things. We have to provide more unemployment compensation. We are going to do that. The Democrats need to understand we understand that. We are going to do that. We can argue over exactly how you do it, but it is going to be 13 weeks additional unemployment compensation. The conferees, I am sure, will argue about how that would apply to the States and what criteria have to be met before that happens, and they will work it out. It is a 15-minute discussion, truthfully.

We are going to make sure people who lost their jobs are going to have health insurance coverage. There are about three different good plans out there to be considered. We do not like creating a new mandatory health program in COBRA. We don't like that because we think, while it might start off well intentioned and small, it will explode to a massive program. But there are some other options suggested by the centrist group, suggested by the President, suggested by CHUCK GRASSLEY, the ranking member of the committee. We can work through that. But the important point is we are going to get that done. We have to get that done.

We are going to have rebates for the low-income workers who did not get the rebate in the earlier round this year. I personally think that is not a good idea. I didn't like it earlier, to tell you the truth, because I doubt the positive impact that it really has in terms of a stimulus in the economy. I think a lot of people will save it, pay down their credit cards. The argument is, maybe the lower income people will need it and spend it at Christmastime and all that. Maybe it will work. But there is no use debating that because that is agreed to. We are going to do that. The President has agreed to that. Democrats want it, Republicans agree to it, so why are we fussing around about it? It is a done deal.

Those are the three things the Democrats say they care about the most. Republicans say we understand and we are going to have to do those three things. We are going to have to allow the tax committee workers to work out the details. But I trust them. Senator DASCHLE and I have talked about this. I have talked to the chairman of the Finance Committee, Senator BAUCUS from Montana, and CHUCK GRASSLEY. I have faith they are going to work this out.

On our side of the aisle, we would argue that while that is the right thing to do, it is the human thing to do, it is not really that stimulative in terms of getting more than a dollar back for a dollar invested. So we need to do that which will have an immediate and dramatic impact on the economy. Yes, we do talk about tax relief. We talk about individual tax rate cuts. We talk about the importance of the accelerated depreciation for companies to write off the cost of their equipment faster.

By the way, I think Democrats agree to that, too. The difference is the Democrats say we want to do it at 10 percent over 2 years. Republicans say we want a 30-percent bonus over 3 years. Is there a middle ground in there anywhere? Does anybody see it? Of course. So if we agree on the basic principle, then we have to work through the percentages and number of years. We can do that.

I do think—I have always thought—the alternative minimum tax is counterproductive, counterstimulative, and does undermine the capital formation we need to have invested in the economy.

It may not be the perfect answer. Maybe there is another good idea out there. I think Senator DOMENICI has an interesting idea with regard to the December holiday on the payroll tax. I am not saying that should be in there. It is not one that was considered, I don't think, by the committee, but maybe there is another brilliant idea out there somewhere. I think we ought to go for those basics, though, and get this job done and try not to do any damage, try to have some positive effect, and get it done.

Others have suggested we need additional spending, homeland security. A lot of what is in that bill we may eventually do. We may need to do it at some point. It hasn't been requested by the administration and hasn't even been analyzed by the committees of jurisdiction, authorization or appropriations. To come in here and attach that to the stimulus and say this is going to stimulate growth in the economy because it would spend money somewhere down the line doesn't meet the basic principles with which we started. Some of the features to which I was most attracted I understand have even been taken out.

So I think we need to do it.

There has been discussion that Senator DASCHLE legitimately does not want to have to negotiate a package on the floor of the Senate and then go do another one in conference and then maybe do a third one with the administration. Let's skip all that. We are not going to get a result here in the Senate as we are now set up. This is partisan, political. It is not bipartisan. It is not in the spirit in which we have been working in the last 2 months. We need to take a timeout and say, all right, let's skip all these hurdles and let's go right to the end game. Let's get the right people in the room and say: Get this job done.

I trust the people who would be involved. I trust CHARLIE RANGEL. I trust BILL THOMPSON and MAX BAUCUS and CHUCK GRASSLEY. They are the experts. They have done it before. Last year I negotiated on a bill involving the CBI enhancement and the African free trade bill with CHARLIE RANGEL and BILL ARCHER, and we got it done. A lot of people said it would never happen: You will never make that happen; it is impossible. MAX BAUCUS was involved in that effort, and others. We got it done.

So I think the idea we would go ahead and go to this, the conference effort after these two votes this afternoon, is the right thing to do. The American people, would they be hearing the Senate is deadlocked? No, that is not what they would hear. What they would see and what they would hear is the Congress once again is going to the bottom line to come together on the right thing for America. Yes, they stated their partisan political positions and they were beginning to drift back to their old ways, but then they said no, we pulled back from the brink and brinkmanship and said we are going to go to negotiations that will get us a package.

As we are headed right now, none of this is going to pass. We are stalled out here. We could have 20 or 25 votes by Friday and have nothing but blood all over the place and partisanship to the

maximum degree. Is that what the American people want? No.

Do they want us to find a way to come together and get a result? Yes. Is it going to immediately provide this great boost to the economy? I don't know. It may not. But psychologically it would help and substantively I believe it could help.

So when we have these two votes, I hope, and I call on my colleagues, let's not make this an emergency designation. This is a stimulus package. Let's not waive the points of order. Let's go to negotiation. Let's get it started. Let's get it started tonight.

I want to say—and I don't want to get him in trouble—Senator DASCHLE has been very reasonable and I think willing to pursue this type of approach. So have all the other players. That is what we have to have. It is a bold move. It does take leadership.

But why are we here? To stake out positions? To prevail in partisan battle? There will be another day for that. I hope it is a long time off. Let's continue to do business the way we have done in the past, the way we have dealt with each other, the way we have met with each other, the way we have tried to bridge the partisan and the political gap because of the tragedies with which we have had to deal. We have that opportunity here once again. Let's keep it going. I think we can be successful if we use that approach.

I yield the floor.

Mr. BAUCUS. Madam President, I ask unanimous consent that at 5:15 p.m. today the Senate proceed to vote on the Baucus motion to waive the relevant sections of the Budget Act with respect to the emergency designation, without intervening action or debate; provided further that at 4:55 p.m., the following each receive 5 minutes of closing debate, and in the order listed: Senator GRASSLEY, Senator BAUCUS, Senator LOTT, and Senator DASCHLE, or their designees.

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

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Mr. President, I would like to address this legislation of great importance to my State, to my city, and of great importance to America. Before the substance of my remarks, I would particularly like to thank Senator BAUCUS, chairman of the committee, Senator BYRD, Senator DASCHLE, Senator REID—all of the leadership and all our colleagues who have stood up for New York and for America in our hour of need.

I would like to speak to the part of the legislation that affects New York. Then I would like to talk generally about the bill as well.

Before I do, I would like to address the specific vote that we face immediately; that is, the point of order as to whether we are in an emergency or not.

Am I dreaming? Are we debating whether America is in an emergency situation? Are we wondering whether our troops are overseas fighting for what could be if we did nothing the survival of this Nation?

No emergency? Tell that to the people of my city who are recovering from the most devastating attack America has ever faced.

No emergency? Tell that to anyone who goes to an airport and sees the airport mostly empty and to the millions of others who will not fly.

No emergency? Tell that to the people who live near our nuclear powerplants and are worried about what might happen there.

No emergency? It is almost as if we came together after Pearl Harbor and said there is no emergency.

America has been attacked. We are in a brand new situation where every one of us is on the front lines because terrorists can use technology to attack every one of us.

I remember Secretary Rumsfeld saying that in this war more civilians will die than military personnel because of terrorism.

No emergency? Good morning. Am I dreaming? Am I dreaming that we are debating whether there is an emergency and that many will vote for the fact that we are not in an emergency in America? If this is not an emergency, what is?

We have been attacked. Our whole nation is changing. People are afraid. The economy is tied in a knot because people do not want to go out and do the things they took for granted before September 11. I hope we are not going to fiddle while Rome burns.

That seems to be what the other side is saying. They can make a whole lot of arguments about the proposal with which Senator BAUCUS has led the Finance Committee. I will disagree with many of them. I might agree with some of them. But I don't know who on God's Earth thinks we are not in the middle of an emergency. It is just utterly amazing.

I would like each person who votes at 5 o'clock that we are not in an emergency situation to go home and explain it. I would like them to explain it to my constituents in New York City and Rockaway. I would like them to explain it to the millions of Americans who are afraid to walk into tall buildings or go over a bridge or take an airplane ride.

No emergency? Who are we kidding?

If there were ever a time when people in the rest of the country were going to scratch their heads and say there must be something in the water in Washington because if we ask for this vote, it might seem as if the only 100 people, or 51 people in the country who do not think this is an emergency are in this great Senate of the United States.

We are certainly in an emergency. It is a far greater emergency than all the rest of the emergency spending bills that I have voted for in my 21 years in this Congress. When we have a flood, there is emergency spending. When we have a hurricane, there is emergency spending. When we have earthquakes, there is emergency spending. And when terrorists and cowardly people take two airplanes and plunge them into the World Trade Center, and another and plunge it into the Pentagon, and a fourth that we didn't know where it was, and then for weeks there is anthrax and we can't go back to our office buildings and in every corner of America people are afraid to open up the mail, we do not have an emergency?

Good morning. Go talk to your constituents. Go look at the numbers. There is certainly an emergency.

I think it is an ultimate act of political trickery almost—certainly convolution—to say there is not an emergency. Is there a Member of this body who has not voted for emergency spending when there was an emergency?

Sometimes you just stop and think and say: What is happening? Why is there a disconnect between Washington and the rest of America? It is because sometimes perhaps too many get carried away with their own words and their own ideological beliefs, and they end up with the conclusion that is patently ridiculous. It is patently ridiculous to vote on a bill that has been designed to help our country in one of its most troubled times and say there is not an emergency.

Let me talk about two other parts of the bill.

Again, I thank Senator BAUCUS and all the members of the Finance Committee. I thank Senator DASCHLE and Senator REID. I thank all of my colleagues on both sides of the aisle who understand that New York is certainly in an emergency.

Despite our confidence that this nightmare will soon be over, New Yorkers are uncertain about the future. Very few Americans believe our city is off the terrorist list, and this belief is beginning to take a severe toll on our economy. Yesterday, tragedy—whether it was accident or not—rekindled that anxiety.

With Chairman BYRD and Senator DASCHLE at the helm, and with the broad support from our Senate colleagues and the great job being done by our colleagues in the House, Republicans and Democrats, I am confident that we will ultimately get the disaster aid needed to begin to rebuild our damaged and destroyed infrastructure. I thank all of them for that support. But that is for a later discussion.

What I am here to talk about today is the need for the tax provisions for New York that Chairman BAUCUS has included in his economic stimulus package. These provisions are designed to counter the uncertainty and fear that we believe may lead companies to walk away from us.

Mayor Giuliani, the architect of New York's renaissance in the 1990s, and now the hero in the eyes of so many in this Nation, will tell anyone who will

ask that the key to the city's economic revival begins and ends with the safety and the people's confidence that the city is a safe place to live and work.

His great city is now threatened not by petty criminals but by mad men half a world away hiding in caves while murdering innocent men, women, and children. This uncertainty and the fear coupled with the sheer magnitude of logistical problems created by the attack threaten the entire economy of this city, the State of New York, and, I believe, the Nation as well.

Working or living in New York City, or Manhattan right now is not a pretty picture.

Our streets are littered with 37 miles of high-voltage electricity lines that are but one prankster away from shutting off power to our Nation's financial center.

Over 40 percent of Lower Manhattan's subway infrastructure has been destroyed, adding hours to the daily commute of over 375,000 people who work in the city.

All major river crossings—the Brooklyn, Manhattan, Williamsburg, and Queensboro Bridges, and the Midtown, Lincoln, and Holland Tunnels—into and out of Manhattan are subject to nightmarish traffic jams because of security requirements. Yesterday, for instance, they were all shut down because of the flight 587 crash.

Nearly 25 million square feet of commercial office space is destroyed or heavily damaged. The amount destroyed—nearly 20 million square feet—surpasses the entire office space inventory of cities such as Miami and Atlanta.

Over 125,000 jobs have at least temporarily vanished from the area, and the city estimates that at least 30,000 are gone for good.

Noxious fumes continue to emanate from the hole at the World Trade Center site creating great concern among workers and residents for their personal health.

There is a possibility that the Hudson River will bust through a retaining wall and flood the area as the debris is removed.

Insurance companies are demanding 100 percent increases from companies doing business in New York—simply because they are located in a confirmed terrorist target zone. Some insurance companies refuse to provide insurance at any cost.

Mayor Giuliani had to cut $1 billion from the city budget just to prevent an immediate fiscal meltdown at a time when the need for city services is at an all-time high.

The city of New York is staring at a $3 billion deficit next year as a direct result of this crisis. The State's revenue loss is projected to be $9 to $12 billion.

The Comptroller of New York City places the economic loss to the city of New York and its businesses at $105 billion in the next 2 years.

The incident has caused the first decline in city gross product in over 9 years.

In short, we have taken a hit for the Nation. When the terrorists attacked New York, they were attacking our financial center, they were attacking America, and they were attacking the free world. None of the problems I described above was of our making. None of these problems was the result of a single thing we had or had not done. And none of the assistance that we have requested on either the appropriations or tax side exceeds what we need to simply stay afloat as we begin this daunting rebuilding effort.

The assistance that Senator BAUCUS included for New York in the stimulus package is designed to send a message that the Federal Government will not walk away and allow terrorists to destroy New York City's economy. I believe people from all over America believe that. It boils down to specifically three complementary provisions, where Senator CLINTON and I, working with the business community, the labor community, the small business community, nonprofits, and Mayor Giuliani and Governor Pataki could come to the conclusion they are our highest priorities. Frankly, we submitted a larger list. The Finance Committee pared it down. But this is about our bare needs:

A $4,800 per employee tax credit to companies that retain jobs—and do not abandon New York—in the area immediately around ground zero; the creation of a special kind of private activity bond to lower the cost of rebuilding New York; and finally, a provision that would permit companies that replace equipment destroyed in the World Trade Center bombing to take a special deduction if they replace that property in New York.

Not a single aspect of these proposals is designed to take businesses from another part of the country or to accomplish job creation goals we could not obtain before September 11, 2001. We have been fully supported by our colleague on the Senate Finance Committee, Senator TORRICELLI of New Jersey, as well as Senator CORZINE of New Jersey and Senators DODD and LIEBERMAN of Connecticut, all of whom have stood by and understand that New York's problem is a metropolitan area problem.

These provisions are simply designed to help us overcome some of the enormous obstacles that Osama bin Laden placed in New York City's way.

So I, once again, thank Chairman BAUCUS and the members of the Finance Committee. I see my colleague from New Jersey has come into the Chamber. I thank him for his steadfast dedication and his treating our area as one.

You have all done the right thing, not only by the people of New York, who are suffering right now, but by the people of America. I believe the Nation, with this stimulus bill, will be much the better.

I thank all of you on the Finance Committee who have supported us for your hard work. And I pledge my complete and total support for this package.

On another point—and that is about this package—we have put together a package that is designed to put money in the hands of people, A, who need it most, and, B, who will spend it the quickest.

When I looked at the House bill, I was amazed; such a high percentage of the benefits do not even come into effect in 2003, 2004, 2005. Without debating the merits of those provisions, it was obvious someone put their ideological wishes ahead of a need to stimulate the economy.

When I even look at the alternative Senate bill, we all know that many of the larger companies that will get these benefits, especially the ones in the bill of my good friend from Iowa, will not spend them immediately. Many of these companies have enough capital to spend on their own. When they see a business investment, they will spend it. They will when they see an opportunity. Right now they do not see an opportunity because average people do not have the money to buy the products that they might create.

I have talked to large numbers of businesspeople in finance and manufacturing and services. Most of them are afraid to state this publicly, but when they talk to you privately, they say they don't understand the House bill, they don't really even understand the Senate bill that came from the other side, even though it might benefit their companies. Their greatest worry is that the economy is hurdling south, and that recession becomes deep recession, and deep recession becomes deeper recession, and God knows what after that.

To sit here and say that we do not have an emergency, and to sit here and say we are going to give money to people who are not going to spend it immediately, when this is supposed to be a stimulus bill, makes no sense.

So I fully support the Finance Committee package put forward by Senator BAUCUS, not only because it helps New York, which is extremely important to me and is sine qua non, but because if you want to stimulate the economy and you can ask 100 objective people, non-Democrat, non-Republican, not coming from a business or labor perspective, eliminate the ideologues from the left or the right, almost every one of them would choose the package of the Democratic Finance Committee.

In conclusion, Madam President, No. 1, we have an emergency, if we ever had one, and we ought to move this bill forward.

No. 2, New York needs help, not just to benefit New York but to help America get an important part of our economy on its feet, and this bill does it.

And No. 3, if there was ever a question about the need to stimulate the economy now, by giving average folks the money they need to buy the things that will get the economy going again, this is the time and this bill does it.

Madam President, I yield back my time.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. VOINOVICH. Madam President, before the tragic events of September 11, one of most pressing issues facing this Nation was what to do about the economy. From the spring of 2000 until September 10 of this year, all the indicators pointed to an economic slowdown, if not a mild recession, for fiscal year 2002.

Since September 11, the economy has far worsened. Hundreds of thousands of people have been laid off. Businesses and industry are in dire financial shape, and consumer confidence has plummeted. Several friends of mine in the retail industry have predicted a nuclear winter for the retail industry this holiday season, and many Ohio manufacturers I have talked to have told me they have never seen things as bad.

Given the challenges these turbulent times present, I say to my colleagues in the Senate—and to the American people as well—we need to focus on those measures that will stabilize and grow the U.S. economy. The need for fiscal discipline is more important today than ever before.

I am worried that Congress, in its haste to enact measures to eliminate the scourge of terrorism at home and abroad and counter our recession, is overlooking the Nation's long-term fiscal integrity. Earlier in this calendar year, the Congressional Budget Office indicated that the United States would have a fiscal year 2002 on-budget surplus of $125 billion and a Social Security surplus of $156 billion. However, given the worsening economic condition of our Nation over the past year, the most recent calculations of the Senate Budget Committee show that the Federal Government is on track to have a unified or combined surplus of $52 billion in the current fiscal year.

In essence, the Budget Committee is saying that the on-budget surplus CBO estimated for fiscal year 2002 has been totally wiped out, gone. Two-thirds of the $156 billion in Social Security surplus no longer exists.

What is more, the stimulus package the Senate is considering will cost approximately $75 to $100 billion. To pay for that package, the $52 billion in Social Security surplus will be gobbled up, and the Federal Government is going to have to issue somewhere between $23 and $50 billion of new debt this fiscal year.

In addition, the Federal Government likely will end up a lot further in the financial hole because Congress will pass additional supplemental spending measures as the fiscal year progresses and disasters and other emergency issues inevitably arise. The President said he may be coming back to Congress later this fiscal year for more money as he finds the need to respond to some of the issues that some of my colleagues have been talking about.

My point in going through these numbers is to highlight the fact that each and every additional dollar this Congress appropriates in fiscal year 2002 is going to require the U.S. Treasury to issue new debt. We are right back to where we were in 1997, the last year the Federal Government had to issue new debt. As we debate the economic stimulus package, efforts to fight terrorism or anything else to do for that matter, we must constantly ask ourselves a vital question: Do these new spending initiatives or tax cuts warrant issuing new debt to pay for them? The question I am asking the various constituencies who visit me asking for more money from the Government is whether or not their request is worthy enough to borrow money from our fellow Americans to pay for it? That is the question. Again, the circumstances warrant borrowing money to fight terrorism and to boost the economy. I supported the $40 billion emergency supplemental that we passed following the September 11th attacks, and much of that supplemental is going to respond to the needs we have heard about this afternoon.

Extraordinary times require Congress to take extraordinary actions. We will spend what it takes to defend this Nation from our enemies and to respond to the needs of our country. The fact that the Federal Government will, once again, have to issue new debt to fund any new spending highlights how critical it is that we appropriate these funds wisely.

Earlier this year I supported the budget resolution and the tax cut. I saw a plan whereby increased spending increases would be limited and we would use the Social Security surplus to pay down debt. It wasn't too many weeks ago we were talking about this in the Senate. Unfortunately, this is not what has happened. Even before the events of September 11, Congress was on track to increase overall discretionary spending by 8 percent. That follows a 14.5-percent increase in nondefense discretionary spending the year before and another 8.6-percent increase in spending the year before that.

This pace of spending increases is just unsustainable. I support the need for a stimulus package. I have been working with members of the Centrist Coalition to craft a balanced bill that will help spark our economy by getting businesses to boost investment and which helps raise consumer confidence and gets the American people spending again and responds to the financial and health care needs of the unemployed.

Sadly, though, the bill reported out of the Finance Committee last week appears as if Christmas has come a month early. In fact, some of the provisions of the majority stimulus measure as well as the measure that was passed by the House, are nothing more than handouts for any number of special interest groups.

For example, under the majority stimulus bill, Amtrak would receive $4.4 billion in tax breaks and $3.5 billion to subsidize farm products, including up to $10 million for bison farmers for the Midwest.

For each employee they have, Wall Street investment bankers would receive a $4,800 tax credit, a credit originally designed for use in training individuals moving from welfare to work.

Mr. TORRICELLI. Will the Senator yield for a question?

The PRESIDING OFFICER. Will the Senator from Ohio yield?

Mr. VOINOVICH. I will yield for a question.

Mr. TORRICELLI. The Senator cited $4.4 billion worth of tax breaks for Amtrak. What provision would that be? I am the author of the Amtrak provisions. I am unaware of any tax breaks for Amtrak. Amtrak, being a public corporation, doesn't pay taxes. So it would be hard to give them a break. Nevertheless, the Senator made a statement about a provision of which I don't know. For purposes of the institution, my colleagues would like to know what tax breaks Amtrak has as a special interest?

Mr. VOINOVICH. According to the information I have, under the majority stimulus package, they would end up getting a $4.4 billion benefit. And if I stand corrected, I am more than happy to check that.

Mr. TORRICELLI. The Senator is very kind to yield. For that, I am very grateful. I would like the record to be correct. Amtrak doesn't pay taxes so it can't get a tax break. The provision is that the States can issue bonds to build high-speed rail lines, and the Federal Government will pay the interest on it. So the Federal Government, in fact, is helping the States. The tax breaks go to the States that we represent, not Amtrak, not any projects, not any special interests, the States of the Union. I include in that the State of Ohio. I thank the Senator for yielding to me.

Mr. VOINOVICH. I thank the Senator for refreshing my memory.

The fact is, tax breaks would be given to individuals who purchase State issued bonds. However, in effect, the U.S. Treasury ends up paying $4.4 billion in interest for Amtrak on those bonds by giving up tax revenue from individuals who purchase such bonds. That is the point I was making.

The movie industry would receive expedited depreciation for their capital assets. Chicken farmers would get a tax credit extension for converting chicken waste to energy. The list goes on and on.

Over in the House, one of the biggest items in their stimulus package would repeal the corporate minimum tax and repay more than $20 billion retroactive to 1986 and give some of the major corporations in this country a big tax bonus.

As reported in the November 11 edition of the Washington Post, 16 companies in particular, many in the energy field, would receive more than $7 billion in immediate tax refunds. While a number of the specific proposals in either package might give a boost to certain areas of the economy, we need a

bill that will give us what truly are the best stimulus proposals, the ones that will give us the biggest bang for the buck for both the economy and our unemployed workers.

Another important factor we should consider is whether these provisions stimulate the economy in the short run without causing a fiscal hangover that lasts many years. In brief, they need to be temporary.

One such provision I support as part of the stimulus package is a temporary extension of unemployment benefits for up to 13 additional weeks for those who have been hit hardest by the recession. In addition, I believe families who through no fault of their own find themselves relying on unemployment benefits should not have these benefits reduced further through taxation. Therefore, I propose, as part of the package, an interim suspension of the taxation of unemployment benefits. We should do that.

Several weeks ago I met with Federal Reserve Chairman Alan Greenspan to discuss the state of the economy and the need for a stimulus package. Perhaps the most important point he made to me was that the Congress should consider the net effect of any stimulus package, not just the gross amount of the dollars involved. In other words, don't just focus on the size of the tax cuts or the dollars spent but look at the net effect on the economy when all is said and done.

If the stimulus package that Congress adopts leads to chronic budget deficits, either through increased spending or revenue reductions, it is going to drive up interest rates. Make no mistake about it, the financial markets are watching us.

The Senate lays claim to the title ''world's most deliberative body.'' As George Washington said, ''We pour legislation into the senatorial saucer to cool it.''

At this time in our history, it is critical that the Senate takes on its role and thinks carefully about the long-term fiscal consequences of its actions. Intellectually, this means Congress must hold the line on spending and that any increased spending should be limited to measures that truly raise domestic and international security and efforts that truly stimulate our economy.

I also remind my colleagues that the events of the past couple of months, momentous as they have been, do not change the fact that the baby boomers are aging and approaching retirement. When 2011 rolls around, the baby boomers will start to retire by the tens of millions.

Unavoidably, the cost of a host of Federal social programs also will increase significantly. Chiefly, I am talking about Medicare. A few years latter, the Social Security Program will begin to pay out more money in benefits than it will collect in payroll taxes. The difference between those inflows and outflows is going to have to come out of general revenues, or more borrowing. What we are doing today will have a large impact down the road.

In order for this Nation to deal with these looming responsibilities, it is critical that we have our fiscal house in order and have a robust economy. The first obvious step to ensuring that we can meet these obligations is to get spending under control and return to reducing the national debt, as we did the last 3 years.

I am heartened that our President said he will veto an emergency supplemental spending measure being developed by some of my colleagues. I stand squarely behind the President, and so do 36 signatories of a letter Senator BUNNING and I circulated several months ago. This letter reinforced the fact that we would uphold a Presidential veto of excessive spending.

The fact that the Treasury will once again be issuing new debt to finance the operations of the Federal Government makes it that much more important that Congress work together—work together—on a bipartisan basis to make the hard choices and prioritize our spending.

As I have traveled across my State over the past 2 months, I have seen the anxiety on the faces of my constituents. The thing that is giving them a great deal of comfort is the fact that they believe the President is doing a good job, that he is 100 percent focused on protecting the Nation's interests and he has put those interests ahead of partisan politics.

The American people also believe Congress is doing the same thing, and we must not let them down. One of the things we need to do is understand that we are facing a much different ball game than we have ever faced before. This is not 5 years ago, 10 years ago, 15 years ago; this is a new ball game for all of us. The people have anxiety; they are fearful and angry. They are looking at us, and they are wondering: Are you going to work together for our interests, or are you going to go back to partisan politics again and put your particular party's interests above those of the people?

Madam President, we can work together, and we must if we expect to get a bill to the President by the end of the month. The eyes of America are upon us to see if we have learned that this Nation's interests are bigger than our own partisan interests.

I pray that the Holy Spirit enlightens this body to understand the enormous impact our decision will have on the future of our Nation and on the quality of life of its citizens.

I yield the floor.

Mr. LEAHY. Mr. President, I rise today to commend Senators BAUCUS and BYRD for crafting a reasonable and appropriate economic stimulus bill. The package they have brought forward balances tax relief, assistance for unemployed workers, and spending for homeland security and economic recovery. With the United States economy in recession for the first time in over a decade, now is the time for Congress to act to help hard working Americans. The Baucus-Byrd legislation will strengthen consumer confidence as well as public safety.

An already struggling economy was dealt a crippling blow by the September 11th terrorist attacks. In order to best jumpstart the economy, each part in the stimulus package has a substantial effect in the short-term, the greatest impact for the money spent, and no great cost in later years. I believe that the Baucus-Byrd stimulus package is directed toward boosting business and consumer confidence in the future.

America's workers need assistance now. Today, with more than 7 million Americans out of work, the Nation is suffering through its highest level of unemployment in 20 years. More than half of unemployed people do not qualify for unemployment, and the vast majority cannot afford health coverage under our current system. As of mid-September, there were 10,888 unemployed people in Vermont, a seasonally-adjusted unemployment rate of 3.2 percent. Approximately 27,200 Vermonters will claim unemployment insurance in the next year, according to estimates from the Department of Labor's National Employment Law Project. Of those, 3,536 will exhaust their unemployment benefits during that time.

The Senate's economic recovery plan addresses these problems by providing unemployment insurance and health coverage for laid-off workers, tax rebates for middle and low-income people who need immediate relief, and tax incentives for small businesses to encourage immediate investment in new plants and equipment.

One of my primary goals in the wake of the September 11th attacks has been to increase the security of our border with Canada. Over the past decade or more, the northern border has continually been shortchanged. While the number of Border Patrol agents along the southern border has increased over the last few years to over 8,000, the number at the northern border has remained the same as a decade ago at 300. Even as the northern border was increasingly discussed as an attractive route of entry into the United States for terrorists, Congress failed to rectify this imbalance.

We began to make up for this pattern of neglect with passage of the USA PATRIOT Act last month. That law authorized a tripling of the number of Border Patrol officers, INS Inspectors, and Customs agents in the States that share a border with Canada. It also authorized $50 million each to the INS and Customs to improve the technology used in monitoring the border and to purchase additional equipment. This law provides the basis for improving our security, but we must now ensure that these proposals are funded. This stimulus bill provides the first step.

Senator BYRD proposes an additional $327 million for U.S. Customs—$31 million to be used for new staffing which could result in as many as 350 new agents. Coupled with the 285 new agents for the northern border funded in the Treasury Postal Appropriations bill earlier this year, we are on the way to addressing the shortfalls felt by the Customs Service in the north.

This bill also appropriates over $700 million for INS to improve INS facilities and border infrastructure to help better secure our country. While I had hoped more money and attention would have been dedicated to the staffing shortfalls, I am confident we can expand these initiatives in the supplemental appropriations bill scheduled to move after the Thanksgiving holiday. We will need to show continued vigilance on this issue. For too long, we have ignored the needs of the northern border and been complacent about our security. We no longer can afford such complacency.

The proposal would also include $600 million for additional FEMA firefighting grants. This money would allow state and local communities to expand and improve their firefighting programs. Over 50 percent of the funding would go to volunteer fire departments in rural communities.

Again, I thank the Chairman of the Finance Committee and the Chairman of the Appropriations Committee, for bringing forward this important legislation. America's national security must not be left behind as Congress considers an economic stimulus package.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. TORRICELLI. Madam President, in the legislation before the Senate on economic recovery, we are, of course, focused on those who have lost their jobs, those businesses and unions that are in distress, and our various communities.

But there are some American families for whom September 11 is not a memory; it is a crisis in their lives that they wake up with every morning. I am speaking about the families of those who perished—the 5,000 husbands and wives and thousands of children for whom September 11 will be a day they will live with for the rest of their lives.

Nearly 600 of the dead were from my State of New Jersey. Senator CORZINE and I have begun meeting with the husbands and wives of those deceased. It is an experience I wish every Senator could share. It becomes so common to speculate on whether September 11 has changed America forever. I don't know. But I know that when I meet with these widows and widowers, America has forever changed for them.

We debate the economic consequences for our country. I want you to consider the economic consequences for them, what the morning was like, not of September 11 but of September 12, when a husband or a wife was gone. It could have been a young family in a new home, with a new baby. Families wanted to mourn, but there wasn't a lot of time because in 2 weeks a mortgage payment was due, in 3 months a tuition payment was due, that weekend there were groceries to buy, and there were no more paychecks. For them, it is a crisis that never goes away.

In the legislation before the Senate, there may be things Senators like and there may be things they do not like. There may be points of controversy. I trust there is one thing upon which we can all agree. I am very grateful that, on a unanimous and bipartisan basis, Members of the Senate accepted, under Senator BAUCUS's leadership, an amendment I offered that will change the tax status of families who lost a family member on September 11 at the World Trade Center, the Pentagon, or through the anthrax attacks in recent weeks.

The amendment I offered is based on an aspect of current American law. If, under the statutes of our country, a member of the military is lost in an engagement abroad, or a civilian employee is killed by a terrorist act abroad, they will incur no tax liability to the U.S. Government for that year. When that provision was written, I have no doubt it did not occur to Members of the Congress that victims would not be people in the service abroad but would be civilians at home; that the front lines would not be in Latin America, Africa, or Asia but in New York, New Jersey, or Virginia. But that is the world in which we live. The laws must be changed accordingly.

The Finance Committee, therefore, has put before the Senate a provision that changes the tax laws to relieve the liability of these tragic families.

First, income tax liability for this year and last year is waived. No further payments will be paid and refunds will be received when appropriate.

Second, we recognize that many of those who worked at the World Trade Center or even in the Pentagon were not salaried employees of considerable means but may have been performing janitorial services or were service employees or worked in the restaurant at the World Trade Center. With modest means, their families face great obligations to plan their futures. They may not have paid Federal income tax. Therefore, the second provision waives FICA taxes or payroll taxes that were paid and may be owing for these families.

Third, many of the families of the deceased are now in the process of examining the wills of the dead that say what is available for children, wives, or husbands. Under the Finance Committee legislation, there is estate tax relief for the first $3 million in assets from Federal and State estate taxes. There is $8.5 million of Federal estate tax relief.

It is generous, but it is appropriate. Whatever money is to be left for many of these families is all the income they will know for the rest of their lives. It is theirs. That is what the deceased husbands or wives would have wanted. It is for their children and for their futures, not the Government.

Fourth, the bill provides help for those who were fortunate enough to survive the attacks, but for those thousands who had injuries current law excludes disability benefits from income if a U.S. employee is injured in a terrorist attack outside the United States. This legislation will extend the same benefit to those citizens of the United States injured in a terrorist attack and receiving disability benefits.

Fifth, there is no better statement about America than the hundreds of millions of dollars donated to private charities since September 11, but there is the question of the tax liability of families who receive some of this assistance from employers, friends, family, or charities. Under the provision of the bill, we have made it far easier for charitable organizations to make payments to victims and their families and for companies to establish private foundations to help the survivors with short- and long-term needs.

Indeed, any payment from an employer to a victim or family for personal, living, family, or funeral expenses will be tax exempt.

It clarifies that payments made by airlines, as well as Federal, State, and local governments as a result of the attacks are also not to be taxed.

The Senate may debate much of this legislation. As one Senator who represents hundreds of these victims and their families, much may be negotiable. Some things may be excluded, but one thing must stand. When this year is concluded, no American who found a member of their family on the front line of the war against terrorism should be held liable for taxation of the U.S. Government for charitable, governmental, family, or other assistance. What last dollars these family members may have earned for their wives or husbands or children surely by justice must be their own. On this provision, we should all insist.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Madam President, I inquire of the time remaining. I understand there are several of us who want to speak.

The PRESIDING OFFICER. There is 12 minutes remaining before controlled time begins.

Mr. MURKOWSKI. I wonder if I may speak for 3½ minutes.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Madam President, I inquire, under the agreement, how much time was I allocated?

The PRESIDING OFFICER. There is no allocation of time for the Senator from Louisiana.

Ms. LANDRIEU. I ask unanimous consent that the Senator from Alaska have 3 minutes, that I have 7 minutes of the remaining time, and I see the

Senator from Delaware. How about 5, 5, and 5?

The PRESIDING OFFICER. That will exceed available time.

Mr. MURKOWSKI. I correct the Senator from Louisiana; I asked for 3½ minutes.

Ms. LANDRIEU. I ask unanimous consent for 3½ minutes for the Senator from Alaska, 4½ minutes for myself, and the remaining time for the Senator from Delaware.

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

The Senator from Alaska.

Mr. MURKOWSKI. Madam President, I thank my colleague for her cooperation. I will be brief. We are talking about a stimulus package, and I want to address a specific stimulus package that I think is most appropriate relative to the business at hand before this body.

As we all know, the question of stimulus means different things to different people. Senator CRAIG of Idaho offered an amendment, H.R. 4, on the stimulus bill today. I intend to pursue that and bring that matter up.

It is important to understand just what H.R. 4 does. It is the legislative portion of the President's comprehensive energy program that aims to secure America's energy future with new national energy strategies that reduce energy demand, increase energy supply, and enhance our energy infrastructure and our energy security. It is truly a stimulus bill.

It is supported by an extraordinary group of Americans: the veterans groups, the American Legion, Veterans of Foreign Wars, Vietnam Veterans. I could go on and on. It is supported by the Hispanic groups. It is supported by those over 60, America's labor community, senior citizens, small business, on and on.

Why is it so significant inasmuch as it is and should be a part of this bill? I challenge each Member of this body to identify a greater stimulus associated with the House bill, H.R. 4, which is now part of the stimulus package, in stimulating the economy with at least 250,000 direct jobs associated with the building and opening of ANWR. Furthermore, the revenue of about $3.6 billion going into the Federal Treasury from lease sales would go directly to offset some of the cost of our war on terrorism.

What would it cost the taxpayers? Not one red cent. As we look at the stimulus package objectively, let us recognize what it is. It is a spending package, but this portion is not. This would be funded by the private sector. The oil industry would bid on these leases in my State of Alaska, the revenue would flow to the Federal Government, and the employment would stimulate the economy and jobs.

There would be at least six new tankers built in U.S. shipyards that would be operated by U.S. crews, and it would fly under the American flag. This is hundreds of millions of dollars of expenditures that would be stimulated by opening up this area. Can we do it safely? Certainly.

The arguments against opening ANWR are the same that prevailed 27 years ago against opening Prudhoe Bay. We have the technology to do it. The American labor community supports it. It is the right thing to do to stimulate the economy, and we should not wait any longer. It is truly a stimulus. It belongs as part of this bill.

I hope my colleagues will reflect on a better stimulus they can identify that meets that criteria: It does not cost the taxpayer one red cent; 250,000 direct jobs; generation of about $3.6 billion directly into the revenue stream of this Nation.

My time is up. I thank my colleagues. I ask for their consideration. We will have a vote on this amendment.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Madam President, I am proud to support the Baucus-Byrd stimulus and economic recovery package and believe that it is exactly the right package at this time to defend, protect, and make our Nation stronger.

The preamble to our Constitution states that the purpose of our Federal Government is ''in Order. . .to provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity.''

The Framers of our Constitution, Madam President, as you know, were very deliberate; they were very exact; they were very careful in the wording of these documents that helped to create and sustain our Nation. For that reason, it strikes me as very important that the first priority of our Government is to provide for the common defense. I believe the Baucus-Byrd stimulus economic recovery package does exactly that. Let me explain.

We fund a military operation whose sole purpose is to protect American lives, our property, and our well-being. Our lives, our property, and our well-being are at risk because of the attack we are under.

This is a two-pronged war in which we are engaged: We are engaged in Afghanistan on the ground trying to find the people and groups responsible for the attack on the United States and our allies, and we on the homefront are trying to keep our Nation standing up under this attack.

I ask my colleagues: What would it matter or what difference would it make to a businessperson if his or her business were destroyed by a terrorist in a direct attack or if his or her business were destroyed due to the impact of a terrorist attack?

The business is lost just the same. We can come to this Chamber in a bipartisan spirit and support our military, and I do. The military is to protect our interest, our lives and our livelihood. There are thousands of families who have been directly hit by a terrorist on our shores. There have been thousands of businesses and millions of people in jeopardy because of that attack.

This Government, under the Constitution, and all that we know about our Government, has a responsibility to those individuals to help provide economic recovery. That simply is what this package does. This is not an entitlement. This is not a special interest. Our country exists to help us protect and defend ourselves, and that is what workers and businesses are trying to do. They have been attacked, and Government has a right to respond and respond in this way.

The package before us provides some very important help to keep these businesses open, to help people continue to receive a paycheck so they can pay down their mortgages. Think about this: Our Army, our Navy, our Air Force and Marines are assembled all over the world to keep Americans or keep foreign armies from taking homes away. Whether they come on to our shore and take our homes away by confiscating the building or whether homes are taken away because the homeowners inside cannot pay their mortgage, what difference does it make? The home is gone.

Senator BAUCUS has been working morning, noon, and night to come up with a package to help Americans pay their mortgage. We can ask Americans who live in Louisiana or Montana, what difference does it make if they do not have their house? So let us craft a stimulus package that helps businesses stay open, workers pay their mortgage, people be able to use their benefits.

This package that has been put together by Senator BAUCUS, Senator DASCHLE, Senator REID, and the Democrats recognizes the responsibility for common defense. It also recognizes it does not really make a difference how a person loses their home. The loss is the same, and let us fashion a package that helps them.

Give 75 percent of COBRA premiums for displaced workers. In Louisiana, these premiums cost $7,000. That represents 75 percent of the unemployment check. So if we do not provide health care, it is as if a foreign army came and took over a hospital and stood at the door with a machine gun and said, no, we know that you are dying and need surgery, but you are not going to have access to this hospital. If we do not give COBRA payments, it is the exact same. People cannot use the hospital. It is the same thing for unemployment.

So I want to strongly urge this package for Louisiana, for our Nation, and to say that for the nonproliferation issues it is a direct risk to our Nation if we do not invest in ridding this world of weapons of mass destruction.

I yield back my time.

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

The PRESIDING OFFICER. The Senator from Delaware.

Mr. CARPER. My colleagues have heard me say a number of times, reflecting back on the last 8 years when I served as Governor of Delaware, that we always had in place a litmus test that we applied when we considered proposed tax cuts. The litmus test was that those proposed tax cuts should be fair. They should stimulate the economy and create jobs. They should simplify the Tax Code. And they should be consistent with a balanced budget. We need a similar set of guiding principles as we debate the stimulus package that is before us, and as it turns out there is such a set of guiding principles.

The process of working out a bipartisan economic stimulus package began shortly after the attacks of September 11. The White House and congressional leaders from both parties met jointly and, in consultation with Chairman Greesnspan and former Treasury Secretary Robert Rubin, they agreed upon a bipartisan set of principles for an affective and responsible package. Those principles were agreed to jointly by the bipartisan leadership of the House and Senate budget committees, as well as by the Centrist Coalition here in the Senate.

I stated at the outset of this process that I would use these bipartisan principles as my guide as we considered economic stimulus legislation here in the Senate. I have conveyed that message to all of my constituents who have written me on this subject or who have talked to me about the issue at town hall meetings. I also conveyed the same message very early on to Chairman BAUCUS and both leaders.

Since this debate has, unfortunately, become much more partisan of late than it was in the beginning, it's helpful to look back at those bipartisan principles that we started with. Chairman BAUCUS deserves great credit for sticking to the spirit as well as the letter of those principles from beginning to end, even as he has come under great pressure from all sides.

First, the bipartisan principles stated that a stimulus package should accomplish three objectives: restore consumer demand; increase business investment; and help those most vulnerable in an economic downturn.

On the consumer side, the Baucus package provides, as the President has requested, rebate checks to the 45 million taxpayers who either did not get checks this fall or only got partial checks this fall.

On the business side, the Baucus package provides specific tax incentives to encourage businesses to invest again in America and to do so immediately. In particular, the Baucus package includes a provision the President requested to allow businesses, large and small, to recover immediately a greater portion of their investment costs.

In terms of assistance to those most affected by the current downturn, the Baucus plan provides help to those workers who have been laid off since September 11, in the way of an extension of unemployment insurance and an added hand in maintaining health coverage for themselves and their families. Additionally, the Baucus package provides assistance to the City of New York to help with that city's heroic efforts to recover and rebuild from the devastating events of September 11.

Second, the bipartisan budget committee principles stated that a stimulus package should equal approximately one percent of GDP, including the fiscal impact of all of the various actions taken by Congress since September 11. The size of the Baucus package, at $70 billion over the next 12 months, is slightly less than the $75 billion requested by the President. On the other hand, when combined with the other measures passed since September 11, it is slightly more than the one percent of GDP proposed by Chairman Greenspan and Secretary Rubin and agreed to by the bipartisan leadership of the budget committees.

Third, the bipartisan budget committee principles stated that measures included in a stimulus package should be limited in time, so as not to push up long-term interest rates and so as not to make permanent our recent reliance on the Social Security trust fund to make up for renewed on-budget deficits. The recommendation of the bipartisan leadership of the two budget committees was that all measures should sunset within one year. The sunsets in the Baucus package conform with that recommendation.

Fourth and finally, the bipartisan budget committee principles stated that to keep the nation on track to pay off the national debt over the next decade, outyear offsets should make up over time for the cost of near-term economic stimulus. And this is really where Chairman BAUCUS deserves great credit. The cost of his plan over the next decade—the effect it will have on long-term interest rates and on our ability to finance the retirement of the baby boom generation—is one-third less than the stimulative impact of his plan over the next 12 months.

This combination of significant short-term stimulus with relatively little long-term cost is precisely what the bipartisan leadership of the budget committees called for at the outset of this process, but it is easier said than done. Just consider that the package passed by our counterparts in the House is 60 percent more costly over the next decade than it is stimulative over the next 12 months, or that the alternative our friends on the other side of the aisle are offering here in the Senate is nearly 50 percent more costly over the next decade than it is stimulative over the next 12 months.

I regret that this process has become as partisan as it has. I have been very heartened since September 11 to see the President and Members of Congress from both parties working together in a bipartisan, bicameral fashion to craft commonsense solutions to the uncommon challenges facing our country. I believe deeply that the very best thing we could do right now to restore the confidence of consumers, investors, and business leaders alike would be to work together to pass a bipartisan economic stimulus package.

I believe there is still an opportunity to come together across party lines and between the two chambers to achieve a reasonable compromise that will serve the best interests of the country and extend the spirit of bipartisan cooperation here in the Congress. The only way we can hope to reach agreement on the fine details at the end of the day, however, is if we remain true throughout the process to the broad principles that we agreed to at the outset.

I believe that Chairman BAUCUS has kept faith with the bipartisan principles that were proposed by Chairman Greenspan and Secretary Rubin and were agreed to by the bipartisan leadership of the budget committees and by the Centrist Coalition. I believe that he has negotiated in good faith. For that reason, Chairman BAUCUS has my support. I hope he will have the support of all centrists here in the Senate, whether Democrat, Republican, or Independent.

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

Under the previous order, the Senator from Iowa is recognized.

Mr. GRASSLEY. Madam President, I believe I am recognized for 5 minutes?

The PRESIDING OFFICER. The Senator is correct.

Mr. GRASSLEY. Our leader also would have 5 minutes. I have talked to Senator LOTT, and he said since he spoke this afternoon perhaps Senator NICKLES would like to speak. So I hope Senator NICKLES or somebody else from our leadership can come and speak. If they do not, I will be glad to do it for them, but right now I will take 5 minutes.

Madam President, over the last several days, we have heard about how this process of getting to a stimulus package started with a set of principles that presumably both Republicans and Democrats on the budget process, as well as the finance process, have agreed to.

Democratic Senators have particularly been reminding us of this process of having a stimulus package agreed to with a whole set of principles. They have been reminding us of this, and they have particularly been reminding us as they criticize the House bill on the stimulus. They also used it to criticize a proposal I released a few weeks ago that represented the thinking of the Republican caucus.

As is often the case, not every principle fits everything they want to talk about, and so what one of the principal proponents of the bill that is before the Senate—and that is the Democratic caucus bill—has failed to mention is that none of the stimulus provisions should be industry specific.

It seems that adhering to principle is in the eye of the beholder because the bill that came out of the Finance Committee and is before us now as modified is laden with industry-specific provisions, contrary to one of the principles that has been talked about in the stimulus package that is agreed to.

We have specific measures in this bill before us targeted to Amtrak, to broad band, as well as specific agricultural crops and even bison, if one can believe it. We have an incredible expansion of the work opportunity tax credit. I have supported this tax credit which was meant to help welfare recipients find work, but in the Finance Committee bill before us this credit has been grotesquely distorted to give this tax credit to companies in New York investment firms and banks who hire millionaire stockbrokers and lawyers.

Can you believe that? Tax credits for millionaires; that is what the Democrat bill stands for.

Another principle Democrats have emphasized is these measures should be temporary, and they insist any tax measures cannot be more than 1 year long, but we have all kinds of spending measures in this mix that will have long-term impact. We also have a bond provision in the Democrat plan that the taxpayers will be paying for not 1 year but over 30 years. If that does not establish a double standard, I do not know what does.

We have a Washington Post editorial that is on a chart behind me. I am not going to go into detail about reading the whole article, but the headline is ''Meet Patriotic Pork.'' The editorial argues that Members are cloaking their underlying agenda under the name of patriotism and in the fight against terrorism. The editorial criticizes the House bill, which I also agree goes too far, but the editorial goes on to say that ''the Senators who larded this bill in committee ought to be ashamed of themselves.''

Madam President, that kind of says it in a nutshell. My objective is to work to make this bill a product of which we will not be ashamed; we will have a product of which neither Democrats nor Republicans will be ashamed. I know we will have a product of which the chairman of the committee, Senator BAUCUS, will not be ashamed. And I will be for it.

We need to get that process going. We need to do whatever it takes to make sure this bill will accomplish our goals, then, of helping the economy and the American people. Right now, it is obvious it does neither and our country deserves better. So this partisan, pork-ridden, lobbyist-written bill needs to be stopped, and we will stop it. Once this happens, then as things go in the Senate, reasonable heads will prevail, and we can sit down and work out a bipartisan compromise that meets the greatest needs of the Senators and we can vote for it.

I ask unanimous consent to have printed in the RECORD a statement of position of administration policy.

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

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, November 14, 2001.

Statement of Administration Policy
H.R. 3090—Economic Recovery and Assistance for American Workers Act of 2001

The Administration opposes passage of H.R. 3090 as reported by the Senate Finance Committee. The Administration believes that it is crucial for Congress to quickly pass a stimulus bill that will help get the economy going again following the terrorist attacks of September 11th. This bill in its present form will not accomplish this goal.

Instead of providing broad-based tax relief to restore economic growth, this bill is an assembly of provisions that do not provide immediate economic stimulus and are not appropriate to this bill. For instance, $5 billion is set aside for agricultural programs, including payments for bison meat, and more than $4 billion is directed to tax credit bonds for Amtrak.

Furthermore, some of the proposals in H.R. 3090 as reported by the Senate Finance Committee would require at least six months to one year to take effect due to their unprecedented nature, the need for new Federal regulations, and the requirement for new health insurance authorizations from State legislatures. Proposals that effectively start next summer and purportedly end next winter will neither provide immediate assistance for displaced workers nor rapid stimulus for the economy. Indeed, economic growth could suffer substantially as a result of these provisions. In contrast to the President's proposal to give prompt aid to displaced workers and provide broad-based tax relief that will speed their reemployment, this bill's unprecedented expansion of unemployment insurance and the new health care entitlements would likely increase unemployment by hundreds of thousands of workers next year.

These provisions have one feature in common however: each is likely to permanently expand the size and scope of the Federal government and its control over programs, such as unemployment insurance, that have always been under State purview.

The Administration also notes that the proposed expansion of the work opportunity tax credit is duplicative since the Administration has decided it will direct $700 million in Community Development Block Grant (CDBG) funds to New York to aid businesses affected by the terrorist attacks. The Administration's decision was the result of consultations with both New York State and city officials.

The Administration is opposed to efforts to attach additional discretionary spending to the bill. The Administration and Congress agreed to limit discretionary spending to $686 billion and to provide $40 billion for the emergency response to the terrorist attacks. These funds are more than adequate to meet foreseeable needs. This agreement should be upheld.

The Administration urges the Senate to work together across party lines to pass a responsible economic stimulus package that will provide an immediate boost to the economy. The President believes that the best way to retain and create jobs is through tax relief that improves incentives to work and invest while restoring consumer and business confidence. The President has set out the following four principles for achieving these goals:

Accelerating marginal income tax rate reductions to provide more money for consumers to spend and for entrepreneurs and small businesses to retain and create more jobs;

Giving relief to low and moderate income workers to put more money back in their pickets;

Providing partial expensing to encourage businesses to invest and make new purchases; and

Eliminating the corporate alternative minimum tax, which, if unchecked, imposes job-killing higher taxes during an economic downturn.

The President has also called for swift action to help dislocated workers, through extensions of unemployment benefits and health care assistance programs that can be implemented without delay.

Unlike the version of H.R. 3090 reported by the Senate Finance Committee, the President's framework would boost the economy, help displaced workers get back to work quickly, and create several hundred thousand more jobs. Accordingly, the Administration urges the Senate to reject the Finance Committee approach and instead to work in a bipartisan manner to craft an economic stimulus package that reflects the President's principles and encompasses provisions that will provide an immediate and effective stimulus to the Nation's economy.

PAY-AS-YOU-GO SCORING

Any law that would reduce receipts or increase direct spending is subject to the pay-as-you-go requirements of the Balanced Budget and Emergency Deficit Control Act. Accordingly, H.R. 3090, or any substitute amendment in lieu thereof that would reduce revenues or increase direct spending, will be subject to the pay-as-you-go requirements. OMB's scoring estimates are under development. The Administration will work with Congress to ensure that any unintended sequester of spending does not occur under current law or the enactment of any other proposals that meet the President's objectives.

Mr. GRASSLEY. Madam President, this so called stimulus package includes a lot of money for agriculture. Since I am the only working family farmer in the Senate, I think it's important that I point out the biggest problems with the agriculture spending we are considering.

The first problem that I see involves the section on commodity purchases. This section has been described by the chairman as a list of agriculture commodities which have experienced low prices in the 2000 or 2001 crop year. Due to what has been described as an ''economic shortfall'' experienced by these commodities the chairman would like to institute a short-term purchase program.

In the past, when I sat on the Agriculture Committee, we did provide short-term relief for specific commodities. But before we provided that relief and spent tax dollars we justified that spending by reviewing economic data which defined the problems specific commodities were experiencing.

I know that the Agriculture Subcommittee on Appropriations has also worked on similar assistance packages, and I would bet my farm on the fact that they also justify the cost by reviewing the loss.

My point is that if we are going to spend hundreds of millions of dollars on these commodities, doesn't the

other side need to at least show us the data that led them to include these commodities? I am the ranking member on the committee, and I have not heard from one farmer in America that this is needed. Let us start this discussion as any committee with jurisdiction over this issue would. Show us the average price of these commodities and what percentage of loss they have experienced. At least show us when and where the loss occurred.

While we are talking about where, where are these commodities located? Specifically, which regions of the country benefit from this section. We would have asked this question in the Agriculture Committee, why is no one asking it now? Where are these commodities being produced?

For instance, where is the majority of bison slaughtered? I did a little research and found that one cooperative in North Dakota processes over 60 percent of America's bison meat. In fact, this facility, is the world's first processing plant devoted exclusively to bison meat.

I am not trying to tell everyone that there might not be a need for us to purchase bison meat. Who knows, maybe the Senators from North Dakota can show us that there is a real need for bison to receive some sort of assistance. But, under this bill, even billionaires who dabble in bison ranching will get taxpayer assistance.

What I am trying to demonstrate is that this isn't the committee of jurisdiction for USDA programs and if the Democrats want to give the Finance Committee jurisdiction over USDA because the Agriculture Committee cannot handle its own workload, we should review this as the Agriculture Committee should, or as any committee should review an issue before spending American tax dollars.

The second problem I see is the re-establishment of the Natural Disaster Program. Under this program, producers are compensated if their crop losses are more than 35 percent of historic yields. We enacted this program last year to help farmers deal while we were getting the Agriculture Risk Protection Act up to speed. For those of you who do not remember, the Agriculture Risk Protection Act was the crop insurance bill we spent $8 billion taxpayer dollars on to avoid this specific scenario.

Congress allocated $8 billion dedicated to getting the government out of the disaster business by making crop insurance more affordable. The chairman would lilke to reinstitute a program that compensates producers if their yields fall off. Sounds a lot like crop insurance to me.

Why are we tyring to provide payments to producers who have chosen not to buy insurance? I can see why we did this in the past, but now that the law is in place the U.S. government is subsiding the cost of insurance on wheat at about 55 percent for the family farmer.

The message we will be sending is, ''there is no need to take care of your own risk, Uncle Sam will help you cover your losses. And in turn you punish the family farmers who bought insurance to manage their own risk.

I know that under this program there is a small premium for producers who carry insurance, but this program does not allow more than the worth of the crop. So, if the farmer has insurance that covers his loss, he does not get much out of this program.

It looks like to me we are questioning the policy established in the crop insurance law that the majority of us supported. Isn't this really a question that should be debated at length? Shouldn't the long-term ramifications of this decision at least be considered?

How do we tell farmers to follow the direction established in the crop insurance law and manage their own risk by purchasing affordable insurance tools while we are rewarding those that have chosen to save their money and take on more risk by not purchasing crop insurance?

If the Finance Committee is now the committee of jurisdiction for crop insurance, I think these questions should be addressed.

The third point I want to bring up is the $3 billion to clear the ''backlog'' of Rural Development loan and grant applications at USDA. I realize that this is now being deleted from the chairman's bill, but the Senate was subjected to this awful policy during the markup and up until today, so I think it is worth mentioning.

When I read that provision for the first time my first though was, ''How important is it to clear the backlog at Rural Development quickly?''

The reason I ask this question is due to the fact that the legislation required funds be made available only after the next fiscal year 2002 Ag. Appropriation funds had been exhausted.

Don't we usually provide enough funds based on the need and ability of USDA to process the applications during the next fiscal year?

Under the chairman's proposal, we would have had to first spend the fiscal year 2002 allocation before we used this new money. How many new jobs would this money have created in six months? Not many if we didn't run out of fiscal year 2002 funds until August or September.

It is sad that the press had to inform the other side how poor this idea was instead of the Republicans and Democrats working together because I guarantee you, if anyone on the Democratic side of the aisle had asked me I would have pointed this out immediately. This was terrible policy.

Just to let everyone know, I contacted USDA about the provision the Democrats pulled and they told me that if those funds had been made available USDA would have needed an extra $100 million in salaries and expenses to get all of the possible loans and grants out the door within a year.

My final point is that if this amendment had been successful we would have been asking a mission area of USDA to engage in the single largest expansion of any mission in years, and to do so without an undersecretary.

In summary, the Senate Agriculture Committee seems to be unable to manage its own business so I guess it is trying to ''pass the buck'' to the Finance Committee. These are not light-hearted issues and the impact of these provisions will affect both short and long term policy considerations and precedents.

Madam President, I'd like to take a few minutes to respond to remarks made earlier today by our distinguished majority leader. The majority leader criticized three of the four proposals in the Senate Republican Caucus' stimulus proposal.

The three proposals the majority leader criticized are: one, the acceleration of the marginal tax rate cuts from the bipartisan tax relief package enacted earlier this year; two, the repeal of the corporate alternative minimum tax; and three, the 30 percent bonus depreciation.

I would like to address his general criticisms of the proposals. Senator DASCHLE made the following points: one, the proposals were the same old ''leftover'' tax cut proposals; two, that Senate Republicans were using the September 11 events to push ''ideological'' measures; and three, that these proposals had been ''unanimously'' rejected by economists, editors, governors, and others.

I will respond to these general criticisms one by one.

On the first one, the ''leftover'' argument, I would like to point out that, with the exception of the marginal rate acceleration, none of these proposals were included in any tax cut bill considered by the House or Senate for this year or last year for that matter. As a matter of fact, bonus depreciation has not been on the table for nearly a decade. These proposals arose subsequent to September 11 as a response to the major economic problem of declining business investment. So let us not characterize these proposals as leftovers.

Let us go to the ''ideological'' point. Again, with the exception of the marginal rate acceleration, these proposals were not Republican agenda items. I ask: Does anyone recall signs at the Republican Convention with ''bonus depreciation'' or corporate AMT relief?

This charge was coupled with an allegation that Republican Senators were using the events of September 11 to advance these so-called ideological proposals. Of course, these proposals were specifically designed to respond to the economic downturn. Indeed, in a gesture of bipartisanship that has not been reciprocated, Republicans, led by the President, put on the table a proposal that certainly cannot be called a Republican priority, a supplemental rebate. In another gesture of bipartisanship, again with no reciprocation by

the Democratic Leadership, Republicans, led by President Bush, took off the table, an arguably stimulative proposal, capital gains tax cuts.

Actions speak louder than words.

I agree with one part of the majority leader's statement. That is, neither side should use the events of September 11 to advance ideological objectives.

I have pointed out two significant examples of Republicans acting in anti-ideological manner. Where in the Democratic caucus proposal, or Democratic leadership's actions, have we seen similar anti-ideological behavior?

Indeed, it appears that the events of September 11 are being used as another ''salami slice'' tactic to get to a Democratic ideological objective. That objective is a Government-run universal health care system. Just take a look at the new COBRA entitlement, labeled as temporary here.

Now, I would like to address the majority leader's third general criticism. That criticism is that economists and editors have unanimously rejected the Senate Republican caucus stimulus proposal.

I guess if you only include some economists that have served in Democratic administrations or some editors that identify themselves with the Democratic agenda, then I would agree with the majority leader. For instance, much is made of Joseph Stiglitz's criticisms. There is a lot of talk about his Nobel Prize, but you do not hear that he chaired the Council of Economic Advisors in the Clinton Administration. I guarantee there are Nobel Prize winners who worked in Republican administrations who would not agree with Joseph Stiglitz. In fact, they would have problems with the Democratic package.

As an example of the diversity of opinion, you only have to review the statements of Glen Hubbard, the current chair of the President's Council of Economic Advisors.

The charge that economists have ''unanimously'' rejected the Senate Republican caucus stimulus package is not borne out by the facts.

With respect to the charge that editors and opinion writers have ''unanimously'' rejected, I would like to print in the RECORD a couple of articles. One is an article by Kevin Hassett, who was a witness before the Senate Budget Committee. Another is an article from National Review. These are only two of many articles that show that there is support for elements of the Republican causus position. In addition, even the Governors' letter cited by the majority leader does not reject the Senate Republican caucus stimulus package. I also ask unanimous consent to print in the RECORD an editorial from the *Washington Post,* that is highly critical of the Finance Committee's stimulus bill, by pointing out that high-priced lobbyists help put the Democratic bill together.

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

[From the Asian Wall Street Journal, Nov. 7, 2001]

A SILVER LINING

(By Kevin A. Hassett)

The U.S. Federal Reserve's 50-basis-point rate cut Tuesday came in response to a flurry of extremely negative economic reports and increasingly widespread pessimism about the American economy. As the federal funds rate nears zero, many observers believe that there is little room for further significant interest rate reductions. With the economy still declining and the Fed out of ammunition, additional government stimulus must now be of the fiscal variety.

Corporate tax cuts are a natural fiscal stimulus candidate. The corporate sector has dropped the sharpest this year, and business investment has historically responded impressively to tax cuts. Yet U.S. Senate Democrats have staunchly opposed Republican efforts to provide corporate tax relief. ''I'm not even enamored any longer with the word stimulus,'' said Senate Majority Leader Tom Daschle last week, preferring instead to launch a giant government spending spree. Such measures reflect the emerging Democratic view that the ''Bush economy'' is nearing depression, and only a New Deal can save it.

But if you look closely, things aren't that bad. Marginal tax-rate cuts might well have difficulty stimulating business activity if there is significant excess capacity. But the data don't support such a negative view. Indeed, despite rumors to the contrary, the American economy was most likely not in a recession on Sept. 10. The monetary and fiscal stimulus adopted earlier in the year appears to have done its job quite well.

That positive news emerged last week when the U.S. Commerce Department reported that the gross domestic product declined 0.4 percent in the third quarter. Negative GDP growth is a strong sign of a recession, but analysis of the background data suggests that the number would have been comfortably positive absent the attack. First, before the attack, chain-store sales indicated that consumer spending in September was at about the same healthy level posted in August. Second, border closings created turmoil in the auto sector, where just-in-time inventory techniques led to significant production interruptions.

It is a simple adding-up exercise to correct for these two factors, and doing so leads to a surprising conclusion. If September consumption had continued at the pace registered at the start of the month and auto production had not jammed up, the economy would have dodged recession in the third quarter. GDP would have been more than a percentage point higher—safely nestled in positive territory.

Although that did not happen, it does put to rest the view that the terrorist attacks pushed an already devastated Bush economy into a steep downward spiral. The economy was doing better than expected, and this was likely because of well-timed economic policy. Consumer spending has been particularly strong in interest-sensitive sectors.

Another bit of positive news lurking in the third-quarter data confirms the view that business tax cuts in particular could be effective now. The government data available do not explicitly report third-quarter productivity, but it is possible to figure this out by using techniques that are also relied upon by Fed economists (and undoubtedly reported to board members Tuesday).

These calculations are striking. Even with the sharp declines in output that occurred at the end of the third quarter, productivity increased by more than two percentage points. As economic data watching goes, that remarkable observation is as good as it gets.

Historically, productivity has almost always declined sharply just before a recession and softened further during a recession. This ''procyclical productivity'' pattern is so reliable that an entire literature exists exploring its cause. The current consensus appears to be that productivity drops near recessions because firms are reluctant to lay off idle workers when demand shrinks, and the proportion of workers that are not productive increases sharply. Perhaps that describes the past, but it has not happened this time. High-tech investments have allowed firms to adjust on the fly and continue to squeeze more output out of fewer inputs.

In February, Fed Chairman Alan Greenspan marveled at the strong productivity numbers posted in late 2000 when the economy was softening. The increase was, he remarked in a Senate Banking Committee hearing, ''at a pace sufficiently impressive to provide strong support for the view that the rate of growth of structural productivity remains well above its pace of a decade ago.'' It's important to note that this high rate of productivity has continued over the past few quarters, even as the economy has softened.

Why is this so important? If productivity were declining, then firms would be faced with many more painful decisions in coming months. Capital investments that were intended to improve the bottom line would have failed. Should plants then be closed? As it is, it looks like the inventory and investment corrections that occurred in the 12 months before Sept. 11 had achieved their desired effects. The ''overhangs'' that presage sharp economic disruptions were not apparent in the data, and a healthy response to marginal tax-rate reductions is quite plausible.

But, of course, other factors are present. And they help to explain why, despite the good news, economic activity has dropped so sharply.

After years of highly mathematical research in dusty journals, many economists now believe that the root cause lies in the distinction between risk and ambiguity that was first described by University of Chicago economist Frank Knight in the 1920s. Knight argued that there is a difference between a circumstance with known probabilities—like a coin flip—and a situation with high ambiguity, where the probabilities of different outcomes are not known. Subsequently, researchers have confirmed Knight's observation both in theory and with observation.

There are profound differences in behavior when people face the two different types of uncertainty. Most important, when ambiguity is high, consumers and firms often act as if the worst possible outcome will occur for sure. Thus, after the terrorists attacked, the U.S. entered an ambiguous world with many horrible possibilities and no probabilities. Predictably, businesses and consumers assumed that a deep recession would occur with certainty. Their extremely cautious response to the assumption helped make the recession more likely.

So the core fundamentals of the economy remain surprisingly strong. If there is a recession, it will have been caused by the terrorist attacks. Therein lies both the hope and the challenge to policy makers. Absent a rapid and clearly visible victory in the war on terrorism, consumers and firms will only gradually return to normal, and a long and deep recession is possible. Yet the underlying strengths suggest that there is ample opportunity, and that corporate tax cuts could ignite further productivity enhancing investments. The stimulus bill that passed the U.S.

House of Representatives took a step in that direction. It's time that the Senate stop bickering and do the House one better.

[From the NRO Financial, Nov. 8, 2001]

THE NEW DANCE OF THE CRACKPOTS

(By John Hood)

In this indispensable guide to the New Deal, The Roosevelt Myth, journalist John T. Flynn wrote about the pivotal couple of years leading up to the 1936 presidential election. Roosevelt's early efforts had failed to bring the country out of depression, and so a bewildering array of left-wing politicians and journalists offered their own strategies for getting the economy moving again. It was, in Flynn's picturesque words, ''The Dance of the Crackpots.''

Its main result was to shove FDR further to the left. His administration created new credit and spending programs to steal the thunder of Huey Long and other radicals, and to induce an artificial inflationary spurt in activity just before the election—a winning political strategy that nonetheless resulted in another painful recession in 1937–'38.

As American battles international terrorism and a slowing economy, we are now witnessing a new Dance of the Crackpots. Denigrating President Bush's $1.3 trillion tax cut enacted by Congress earlier this year, critics are coming out of the woodwork to offer increasingly silly and outdated proposals to ''stimulate demand'' and ''escape the liquidity trap.'' While draped in New Economy language, these ideas are basically the same old Keynesian claptrap that the crackpots of the 1930s indulged in—although, unlike present-day advocates, the 1930s crackpots had the excuse that most of their pet ideas had yet to be proven false through experience.

On prominent exponent of the new (old) philosophy is Robert Rubin, Clinton's former Treasury Secretary. Advising the Congress on how to fashion a ''bipartisan'' stimulus package, Rubin recommended a focus on spending programs and tax credits directed to poor Americans. ''People at the bottom of the income scale spend all the money they earn,'' he reportedly told congressional leaders. ''If you give it to them, they're going to spend it. If you give it to me, it's not going to affect my spending patterns.''

Newsweek columnist Jonathan Alter made a similar point in a column criticizing supply-side tax cuts suggested by House Majority Leader Dick Armey of Texas. Armey ''claims to be an economist,'' Alter sneered. ''But he obviously never learned about a little concept familiar to every college freshmen called 'supply and demand.' Our supply—or capacity—is just fine right now; in fact, we've got too much of it. The problem is consumer demand. It's dangerously flat.''

According to Rubin and his journalistic echo chamber, government stimulus is needed because Americans aren't spending enough. This statement is absurd. To say that Americans aren't spending ''enough'' is to presuppose that there is some level of spending that is correct, and that government officials can know such a level. Furthermore, such a singular focus on broad abstractions like ''supply'' and ''demand'' leaves these hapless pump-primers without a connection to the real economy of individual goods and services exchanged by individual human beings.

It is simply nonsensical to talk about the economy in only aggregate terms. For example, there was a great deal of excess capacity in America's buggy-whip manufacturing sector in the early 20th century. Was that a sign of inadequate consumer spending? Of course not. It was a sign that Americans were changing their consumer patterns in response to changes in technology. When households reduce their spending on consumer goods, opting instead to pay down debt or accumulate savings, they aren't failing to buy ''enough'' stuff to keep the economy afloat. They are simply changing their preferences in favor of future consumption (perhaps of more expensive, more capital-intensive durable goods) and away from some goods currently being produced.

Contrary to the crackpot theories of Rubin, Alter, New York Times columnist Paul Krugman, and other neo-Keynesians, recessions don't signify ''too much supply and not enough demand.'' Recessions aren't creatures of human irrationality. They signify a mismatch between what companies are making and what their customer actually want at the time. Moreover, they often signify a mismatch of time preferences, as consumers signal (through more savings) that they are willing to finance new investment today in order to buy something they value more in the future. As long as capital markets are free to coordinate the interests of producers and consumers, the latter's increased savings will increase the pool of loanable funds and thus encourage entrepreneurs (with lower interest rates) to pursue new investments to satisfy consumer demands.

In other words, it is perfectly rational in a time of recession for the government to focus its fiscal policy on removing barriers to investment. These barriers include large inflationary or deflationary changes in money (because these destroy the ability of interest rates to communicate time preferences accurately to entrepreneurs) and excessive taxes on investment activities. The U.S. tax code retains a strong and counterproductive bias against savings and investment, so proposals to accelerate depreciation, reduce marginal tax rates on capital gains, and reduce double-taxation of corporate dividends are exactly the right medicine if the goal is to speed the recovery of the American economy.

The answer to ''excess capacity'' in buggy-whip manufacturing was not for the government to stimulate demand for buggy whips. It was to allow industry to make needed investments in automobile production. Similarly, American consumers are signaling that the current mix of investment is not generating what they want. So financial, physical, and human capital must be redirected to new uses. This necessary adjustment will happen more rapidly, and more successfully, if Washington will ignore the new Dance of the Crackpots and gets its fiscal act together.

[From The Washington Post, Nov. 13, 2001]

MEET PATRIOTIC PORK

In normal times, pork-barrel spending is offensive. When the nation is at war, it's considerably worse. But the patriotism felt by most citizens since the terrorist attacks has done nothing to restrain lobbyists' habit of putting special interests ahead of national interests. Indeed, some apparently can't tell the difference. Kenneth Kies of PricewaterhouseCoopers, who has been pushing tax breaks that would profit clients such as GE and IBM Corp., told The Post it would have been ''irresponsible'' and even unpatriotic for him to behave otherwise.

The provision that Mr. Kies advances would reduce taxes on corporations' overseas investment income. It's hard to see how this measure, which would encourage firms to keep money outside the country, would do anything to stimulate the American economy. Yet, Mr. Kies has sought to include it in the stimulus package being prepared in the Senate. Meanwhile, other lobbyists have pressed for equally egregious giveaways. The stimulus bill that passed through committee last week includes money for citrus growers and buffalo farmers and producing electricity from chicken waste. It includes a tax break on aviation fuel for crop-dusters. A wage credit designed to encourage firms to hire welfare recipients has been extended to businesses in lower Manhattan that hire anyone.

As it fights a war on terrorism, the United States also faces the threat of a global recession that could be the worst in years. Thousands of ordinary workers have already lost their jobs, and many thousands more may do so. The economic stimulus will succeed only if it pumps money into the bits of the economy where it will stimulate demand effectively. That means targeting it at business investment and at less well-off consumers, not tossing cash at random supplicants.

The senators who larded the bill in committee ought to feel ashamed of themselves, but they're not the only ones. It seems to us that lobbyists such as Mr. Kies and clients such as General Electric and IBM also bear some responsibility. Normally in Washington we assume that such corporations will grasp for whatever they can get; it's up to those in Congress to resist their more egregious graspings. But do the chairmen of GE and IBM really want to pursue their narrow self-interest at a time when everyone else is being asked to think of the common good—at a time of war? Imagine the stir it would cause, and the impact it could have, if just one of them said, ''Better spend the money on the troops. We'll be back when the war is over.'' It's not too late for them to show what patriotism might really mean.

Mr. GRASSLEY. Madam President, let us be accurate when we describe each side's proposals. Upon careful consideration, it is clear:

First, the Senate Republican Caucus stimulus proposal is not made up of ''leftover'' tax cuts;

Second, the Senate Republicans are not using September 11 as a device to advance ''ideological'' proposals; and

Third, the proposals in the Senate Republican Caucus stimulus package have not been ''unanimously'' rejected by economists, editors, and opinion makers.

Madam President, I wish to discuss what I consider to be a crucial component of this economic stimulus package: health insurance assistance for dislocated workers.

We all know about the high cost of health insurance. For dislocated workers, its even higher. That's because worker continuation or ''COBRA'' coverage is extremely expensive: coverage for a family can cost as much as $500 or $600 per month.

And workers who do not qualify for COBRA coverage—because they worked for State or local governments or in small businesses that are exempt—also face high health care costs.

So when it comes to providing health insurance assistance to dislocated workers, both sides in this debate are in agreement: People need help, and they need it now.

Where we disagree is on how we get there. I have endorsed a program that is already up and running, that has been tried and tested and tailored for

the very purpose of providing ready help—not red tape—in emergencies like this.

The Democrats, on the other hand, have endorsed the creation of a new Federal bureaucracy, consumed by red tape, that would take many months to get up and running.

First, let's talk about structure. For any program to work efficiently, it needs a backbone. The National Emergency Grant program has been in place since 1998. The Labor Department has been getting funds to States quickly and seamlessly for several years.

In fact, since September 11th, 3 States have already received funds totaling $37 million, 3 more States are on the verge of approval, and 13 additional State applications are expected. Clearly these numbers indicate the success the National Emergency Grant program has already achieved.

By comparison, the new COBRA subsidy program that the Democrats favor has no backbone at all. There is no structure currently in place at the Labor Department or any other Federal agency to administer this new benefit.

Next, let's take a look at process.

At the Federal level, the National Emergency Grant program requires nothing more than a new set of grant criteria allowing States to use funds for health insurance. The criteria is being drafted under the Labor Department's existing authority, and can be made effective immediately.

In contrast, the new COBRA subsidy program proposed by the Democrats requires the deployment of an entirely new Federal program, requiring Congressional authorization and a formal regulatory process under the Administrative Procedures Act before any benefits could be delivered.

Moreover, communications and oversight mechanisms would have to be established, and agencies would have to redirect resources to meet program goals.

At the State level, the National Emergency Grant program is familiar to governors and other State officials. The program relies on an existing, streamlined process that has been in place since 1998. All States have mechanisms in place to apply for grants and deliver benefits.

By comparison, the Democrat-endorsed new Federal subsidy program would impose new and costly mandates on States, which would have to authorize and set-up new systems and departments to comply with the program's rules before workers could start receiving benefits. In many instances, action at the State level would be frozen until State legislatures acted to authorize and fund the new mandates.

Finally, let's address the most important question, the one that this whole debate should turn on.

How long will this all take? How do the two approaches compare when it comes to getting workers health care assistance quickly?

The National Emergency Grant program can guarantee payments to States within 15 days of an application's approval. That speed is simply unsurpassed, and it's the chief reason I support using the grant program today.

The new Federal subsidy program, by contrast, would tie up funds in red tape until next summer. Under almost any scenario, financial assistance would not be available until federal regulations are issued, finalized and made effective, a process that could take 6 months, at a minimum.

The bottom line is the Democrats' proposal would not be able to get benefits to workers until it's too late. In addition to a lengthy process at the Federal level, States are faced with undue burdens of setting up new systems to coordinate with the Federal Government and finding new resources to do so.

The Democratic approach, while well-intentioned, reinvents the wheel. The National Emergency Grant program, by comparison, needs no re-invention. It is ready to go.

And so I urge my colleagues to opt for a system that's ready to go and to support the speedy delivery of funds to our dislocated workers through the National Emergency Grant program.

Mr. GRASSLEY. Madam President, I also wish to discuss a Medicaid provision in the Democrats' economic stimulus package that would provide for an expansion of the Medicaid program to a new group of individuals.

In order to fully evaluate the potential effectiveness of this proposal, it is important to take a look at State fiscal health.

The economic slow-down coupled with increased demands on health care safety net programs is creating major strains on State budgets.

Just this year, 44 States have revenues below original forecasts; 28 States have implemented or considered Medicaid cuts; 7 States have convened special legislative sessions to address budget shortfalls; and 11 States have determined a need for supplemental appropriations for Medicaid.

Today, Medicaid expenditures are 7.5 percent higher than they were in 1999, and on average account for 19.5 percent of State spending. Therefore, Medicaid is a primary target for State budget cutbacks during economic downturns.

States have reported a current cumulative revenue shortfall of $10 billion, and predict this number to continue to grow. Moreover, new and unprecedented State responsibilities for homeland security are exacerbating serious fiscal conditions.

Therefore, any new State Medicaid option, no matter how generous the Federal match, is not an attractive proposal to States.

States simply do not have the resources to take up a new option under the Medicaid program because States cannot absorb the State share of new Medicaid enrollees.

In fact, a spokesperson for the National Governor's Association recently stated that any proposal, including a Medicaid expansion, that requires State funding would have ''zero take-up.''

Aside from the budget constraints that prevent a Medicaid expansion from being a viable health care proposal for dislocated workers, Medicaid expansions are not a timely response to addressing emergencies.

In order to develop a new Medicaid eligibility category, States would have to develop a State plan amendment. This entails a planning period that includes: setting income levels and time frames; creating outreach materials and caseworker training; and obtaining approval from the legislature—assuming the legislature is still in session and many aren't—and finally, getting approval from CMS.

By the time this process runs its course, the 12 month window would likely be over. Even if the 12 month period isn't over, it wouldn't be an immediate benefit either to health coverage or as a fiscal stimulus.

A more immediate and expeditious approach to making health care coverage available to displaced workers would be through the National Emergency Grant program.

This program should be expanded to allow States the opportunity to cover health care premiums, including COBRA premiums, for displaced workers and their dependents.

The National Conference of State Legislatures agrees that flexible Federal funds would be the best approach to empowering States to effectively address State-specific needs of dislocated workers.

There are a number of ways that States could use National Emergency Grant funds to provide immediate health care access to dislocated workers and their families including using State employee health systems to unemployed individuals, utilizing community health centers, or contracting with insurers.

The National Emergency Grant program requires nothing more than a new set of grant criteria allowing States to use funds for health insurance. The NEG proposal is an expedient means of making health coverage available to dislocated workers and their families.

Mr. AKAKA. Madam President, I rise in support of the economic stimulus package reported by the Committee on Finance.

Following the terrorist attacks on September 11, the slowdown in our Nation's economy has been a matter of increasing concern. The ripple effect of the tragic events on September 11 has affected millions of Americans who are dealing with the economic repercussions. Hundreds of thousands of workers have lost their jobs, and consumer and business confidence has eroded during this time of uncertainty. The decrease in economic activity is affecting companies ranging from small businesses to corporations, not to mention entire industries such as the airline and tourism industries.

There is no doubt that an economic stimulus package would help to boost our Nation's weak economy. While the prospects for long-term growth remain strong, the terrorist attacks exacerbated weaknesses in many business sectors and diminished hopes for a quick revival of an already faltering economy and it now appears that the country will experience a period of economic weakness and rising unemployment before returning to a period of strong growth. A stimulus package that is well-defined and specifically targeted for maximum effectiveness can play an important role in promoting a rapid economic recovery.

As we all know, there are contrasting views among the members of Congress as to what components should be included in a stimulus package to maximize the stimulative effect on the economy. I believe that the economic stimulus package should encourage increased spending as soon as possible to rejuvenate the economy, assist people who are most vulnerable during the economic slowdown, and restore business and consumer confidence. However, it is important that fiscal discipline over the long-term be maintained in order to ensure economic growth in the future. As such, legislation to stimulate the economy should only be on a short-term basis so that the budget can return to surplus as the economy recovers.

Given the importance of taking prompt action to stimulate the economy which is on the brink of a recession, I commend the Senator from Montana for his efforts in reporting an economic stimulus package out of the Finance Committee that can be considered on the Senate floor. I support components of the legislation, including provisions aimed at addressing the needs of America's newly-unemployed workers. In addition to losing their health benefits, the unemployed have no income to pay out-of-pocket for their health care needs. Under the Consolidated Omnibus Budget Reconciliation Act of 1985, COBRA, employers with 20 or more employees must offer continued health insurance coverage to qualified employees and their families who lose health coverage when they lose their jobs. Unemployed workers are required to pay up to 102 percent of the full premium, which averages about $220 per month for an individual and $558 per month for a family. Only about 20 percent of eligible workers use their COBRA option because premiums are so expensive. The bill drafted by the distinguished Chairman of the Finance Committee will assist workers who are COBRA-eligible by providing a 75 percent COBRA subsidy for up to twelve months. This subsidy will help to ensure that many of the workers and their families who could not previously afford COBRA coverage will be able to retain their health insurance. States would be allowed to cover the remaining 25 percent of the COBRA premium for low-income COBRA-eligible individuals and their families.

While the subsidy for COBRA will help a number of Americans, many of the workers who will lose their jobs in the coming year will not be eligible for COBRA coverage. These workers face an even greater barrier to health care access and include individuals who worked for small businesses, were in the individual health insurance market, worked in companies that have gone bankrupt, and those who could not afford health insurance before they were laid off. The bill by the Senator from Montana would help these workers who are not COBRA-eligible by giving states the option to add a new eligibility category to Medicaid. This new category would allow states to cover laid-off workers who are not COBRA-eligible for up to 12 months.

Another critical component of the stimulus legislation is the temporary increase in the Federal Medical Assistance Percentage, FMAP, rate for States. The Federal Government currently pays between 50 percent and 83 percent of the cost of Medicaid in each state, depending on the state's per capita income in the three calendar years that are most recently available. On average, the Federal Government pays 57 percent. Medicaid matching rates for fiscal year 2002 are based on state per capita income data from 1997, 1998, and 1999—years in which the national economy was strong. Consequently, matching rates are slated to be reduced for 29 states in 2002. The reduction in FMAP rates has worsened an already bleak fiscal outlook for many states. In August, the Congressional Budget Office projected that Medicaid expenditures in 2002 would be nine percent higher in 2002 than in 2001, while states projected that their revenues would rise just 2.4 percent. Rising Medicaid expenditures have long been a serious concern to states. The repercussions of the terrorist attacks on September 11 are leading most analysts to expect even higher state Medicaid costs because the economic downturn will make more people eligible for Medicaid and lower state revenues. It is during difficult financial times that the Medicaid program becomes a primary target of State budget cuts. Yet, people need Medicaid during these times more than ever.

The FMAP increase proposed by the Finance Committee has three main components. First, States that would have received a lower FMAP rate would be ''held harmless'' and retain their fiscal year 2001 matching rate. Second, all States would receive a rate increase of 1.5 percent. Finally, States with higher than average unemployment rates over the previous three months would receive an additional 1.5 percent rate increase. To receive these FMAP increases, States would be required to maintain current eligibility levels. The temporary increase in the FMAP is an important component of our Nation's economic stimulus policy. Medicaid is the largest Federal grant-in-aid to states. Temporarily increasing the Federal matching rate could have broad positive ramifications for State budgets, the impact of which would be rapid and would not require additional Federal or State bureaucracy. These changes would provide much needed health care to people in need by providing states the resources to do so.

While Congress has taken certain actions to address the aftershocks of the terrorist attacks, we must also restore consumer confidence which has steadily declined since the attacks. In Hawaii, where we were just beginning to recover from our economic recession of 9 years, we find ourselves once again facing an economic downturn. The State Department of Labor is currently working on the unemployment rates for October 2001 and has indicated that the number of people filing unemployment claims will be substantially higher than those filing in September. This is disconcerting to me because in September 2001, tourism was down by 40 percent and more than 11,000 people who work in the industry were unemployed. More specifically, 8,803 people in Hawaii filed claims for partial or full unemployment benefits in the 15-day period from September 17, the Monday following the attacks, to Monday, October 1. On that Monday, the State Department of Labor estimated that 1,012 workers filed claims statewide for unemployment. Before the attacks, the state of Hawaii received on the average 1,400 claims a week. These statistics do not show what the cost has been to families in Hawaii where both parents are, or in many cases were, working in the travel or tourism-related industries. These families are finding that they do not have the money to pay for their mortgage, health insurance for themselves and their children, and basic necessities.

The economic stimulus legislation reported by the Finance Committee will help the people of Hawaii and the nation pay their mortgages, provide healthcare to their children, and put food on the table. It will provide 13 additional weeks of benefits to workers whose regular unemployment compensation has expired, require states to use the most recent earnings data to determine eligibility and benefits, provide coverage to part-time workers, and supplement the amount of benefits.

Some of my colleagues have argued that extending unemployment benefits and providing a health care subsidy will not stimulate the economy, I must strongly disagree. I believe, as many of my colleagues have stated during this debate, that this is exactly what our economy and the American people need to revitalize consumer confidence. As recent research has shown, the Unemployment Insurance system is eight times as effective as the entire tax system in mitigating the impact of a recession. In addition, the Unemployment Insurance system is able to target the very sector of society that needs the most economic stimulus. I

remind everyone that in every recession during the past 30 years, including the 1990–1991 recession under President George Bush, unemployment insurance benefits were extended.

It is clear that an economic stimulus package is needed to support our economy during these uncertain times and to promote a rapid recovery. We have seen the Federal Reserve Board cut interest rates ten times this year with limited economic effect. Congress has also taken actions to provide some of that stimulus through emergency spending for recovery efforts and to assist the airline industry. It is critical that Congress promptly pass an economic stimulus package that will rejuvenate our faltering economy while assisting households who have been especially hard hit by the downturn in the economy. An economic stimulus package that promotes economic activity and includes components to extend unemployment insurance benefits and health care subsidies will greatly assist in getting our country's economy moving again.

The PRESIDING OFFICER (Mr. DAYTON). Under the previous order, the Senator from Montana is recognized.

Mr. BAUCUS. Madam President, I thank my good friend from Iowa, Senator GRASSLEY, for his help on this bill.

The choice in the vote before us, about to occur in 15 minutes, is very simple. Do we want to proceed to help provide the stimulus to the American economy? Do we want to help provide health insurance benefits to people who have lost their health insurance because of their lost jobs? Do we want to provide an extension of unemployment benefits? Do we want to help New York City, which has been wrecked and devastated by the tragedy of September 11? Do we want to give disaster assistance to farmers and ranchers whose incomes are lower year by year.

Do we want to do these things or not? That is the sole question before us. That is all it comes down to.

I am astounded that we hear these arguments that this is not an emergency. I have been in this body for 20-some years, and we have voted for many items designated as emergencies that were far less of an emergency than what has happened to our country since September 11.

What were they? Let me tell you. First of all, the stand-alone bills we have passed in this body: Unemployment insurance, in 1993, $5.7 billion. That was designated an emergency, so we passed it.

IRS reform, if you can believe, $130 million—emergency. I don't know what the emergency was, but that is what Congress decided.

The airline bill this year, $17 billion over 10 years.

What were some other emergencies? We have had Hurricane Andrew. We had floods in various States, and we have designated those all as emergencies, this Senate did, and they were emergencies.

And there have been more emergency designations. The Los Angeles riots in 1992 was designated an emergency. We provided additional dollars to help Los Angeles recover from the riots in 1992. The terrorist bombing in Oklahoma City—we designated that as an emergency to help Oklahoma City, as we should have.

Peacekeeping in Bosnia—we designated additional dollars for our military, our Defense Department, because that was an emergency, fighting in Bosnia. That was designated an emergency, as well it should have been.

Other natural disasters, hurricanes and floods.

I, for the life of me, cannot understand this argument that we hear from the other side that what has happened to this country since September 11 is not an emergency, particularly in comparison to past events that were designated emergencies. There is a provision in the Budget Act which says if we go over the technical spending limits, it has to be an emergency to avoid a budget point of order. That is entirely up to the discretion of the Senate. In fact, the Congressional Budget Office, in this document, says:

> Emergency spending is generally whatever the Congress and the President deem it to be.

It is up to us to decide whether this is an emergency or not. We all know what has happened to New York City, what has happened to our economy—900,000 people out of work since this spring. That is the entire population of my State of Montana—900,000 people out of work. Most people who lose their health insurance do so because they have lost their jobs.

This is a super-emergency compared with the other events that this body has designated emergencies. Why is this not an emergency, too? Where are we? What are we thinking of? Hello? Wake up, Senate. Wake up and see what is happening to the country. Wake up and see what is happening in New York City.

If all of us in the Senate were to go to Ground Zero, we would know that is an emergency. Some have and some have not. All should.

The same occurs all across the country. Homes lost, people tossed out of work, farms and ranches going down the tubes because either they don't have crops, it is a disaster, a drought or a flood, or they are not getting their income. What is going on here? Of course it is an emergency.

Meanwhile, we have heard, and I am disappointed to have to say this, characterizations and mischaracterizations, representations and misrepresentations, of what is in the Senate bill. Senators, some of them, have taken easy shots, not getting to the heart of the matter. That is regrettable.

I will sum up in 10 seconds. This is clearly an emergency, and I urge Senators to vote to waive the point of order, stop the roadblock. Let's roll. Let's help America.

The PRESIDING OFFICER (Mr. DAYTON). The assistant Republican leader.

Mr. NICKLES. Mr. President, it is with regret I urge my colleagues to not support our friends and colleagues on the other side. I will just take issue with a few things that have been stated.

First, I compliment Senator GRASSLEY and Senator BAUCUS because they worked together earlier this year in a bipartisan way and we passed tax relief. It was done by a bipartisan vote in the Finance Committee, done by a bipartisan vote in the Senate, and by and large that bill became law. Senator BAUCUS and others alluded to the fact that we have already passed emergency legislation providing $40 billion to assist in the aftermath of the September 11 events. That was done in a bipartisan fashion.

When we provided airline relief, that was done in a bipartisan fashion. Unfortunately, the bill we have before us, the so-called stimulus bill, has not been done in a bipartisan fashion. The makeup of the Senate is so balanced that it cannot happen. Democrats cannot pass a Democrat-only bill. The Republicans cannot pass a Republican-only bill. So we are going to have to work together.

Regrettably, that has not yet happened. The result is in the bill that passed out of the Finance Committee, now modified by Senator BYRD's amendment, and modified by additional amendments made by the chairman or the Democratic leader, we have a bill that not only will not stimulate I think but may depress the economy. We have a bill that is not supported by both sides. We have a bill that obviously will not become law.

We have a statement by the administration that says:

> The administration opposes passage of H.R. 3990 as reported by the Senate Finance Committee.

The President said he doesn't like it. It is strongly opposed for lots of reasons. That is in direct contrast to the bipartisan work that many of us as leaders did, meeting with the President several times after the September 11 events to say let's work together. President Bush agreed to the $40 billion. We haven't even spent the $40 billion. I am looking at the list that has $15 billion of new spending. That is in direct contradiction of the agreement we made with the President, that we have in writing from the President, the agreement that said $686 billion and, oh, yes, we will do $40 billion of the emergency spending. We have not spent that $40 billion. Then they say we want another $15 billion.

I do not doubt many of those provisions requested in the $15 billion will be in the second $20 billion that is yet to be appropriated, yet to be allocated, in some cases yet to be requested.

The administration hasn't requested those. They are receiving input and requests from a lot of different agencies.

But they haven't requested it yet. Yet we are trying to say that is the deal from last month. Now we are coming up with a new deal. Last year's spending grew by over 14 percent. This year, we are going to spend about 8 percent. Now we have added $40 billion. Some people say, let us add $15 billion on top of it. We may well support those attempts.

But I wouldn't be a bit surprised if we could not put those in the $20 billion additional upon which we have already agreed.

Looking at the substance of this legislation, there is nothing in this legislation to really stimulate the economy. I was a businessman prior to coming to the Senate. I guess spending $35,000, which might be 1 percent of this bill, or maybe a smaller amount, might be useful; or 10 percent to appreciate for 1 year might move spending up a little bit. That is almost nothing.

Looking at all the other provisions in here, I was kind of shocked. Some of this is similar.

What is it about having a new sugar beet program? Sugar beet disaster program? What does that have to do with anything? What is stimulative about having the Federal Government buying apples, apricots, asparagus, bell peppers, bison meat, cranberries, dried plums, lemons, peaches, and onions? What is stimulative about that? Are we going to spend up to $3 billion doing that?

Then I look and I see other items. I see the Amtrak program that the Congressional Budget Office says is a crummy way to do it. We are going to do it through allowing a tax credit, and so on.

The Congressional Budget Office did an analysis in September of this year and said, in other words, that the tax credit funding mechanism would essentially be a new and more expensive way for the Federal Government to assist Amtrak. They say it would be a lot more expensive. We could just write them a check or allow them to use tax-exempt bonds. No. We came in with a whole new game that is a lot more expensive.

This bill is not stimulative. It won't help the economy. It is not bipartisan. We need to defeat this package and go back to work—Democrats and Republicans together—and pass a package that can be supported by Members on both sides of the aisle.

The PRESIDING OFFICER. Under the previous order, the majority leader is recognized.

Mr. DASCHLE. Mr. President, let me just pick up where my colleagues from Oklahoma left off.

We have been ready for weeks to work in a bipartisan fashion. No one has worked harder at reaching out to our Republican colleagues than the man sitting at my right, Senator BAUCUS, the manager of this bill. He has tried on several occasions not only with the Republican colleagues in the Senate but with those in the House, and every time he was told, no, we can't do that because we have to offer our own package.

Don't talk to us about bipartisan until you are ready to do it.

I must say this is a facade—this notion that somehow the only way to deal with whatever concerns the Senator from Oklahoma may have with regard to this bill is to raise a point of order on this bill. If they do like a particular provision, let them do what we do in the Senate. Let them offer an amendment. If you do not like a particular provision, offer an amendment.

Let there be no doubt that the vote we are about to take on this point of order which refuses to allow an emergency designation is a vote to kill homeland security for the remainder of this year. It is a vote to say no to our effort to protect our country from bioterrorism. It is a vote to say no to important security for airports, ports, highways, and tunnels. It is a vote to say no to additional help for law enforcement as we consider the vast array of issues we have to confront. It is a vote to say no adequate unemployment compensation for 7½ million unemployed workers. It is a vote to say no to helping these families keep their health insurance. It is a vote to say no to those 34 million workers out there who didn't get a nickel in a rebate last summer.

There is a lot riding on this bill. This isn't just a point of order and some parliamentary vote you can hide behind, this is a real vote. This is all we have to protect, for the remainder of this year, our opportunities to ensure that a meaningful economic recovery and homeland security package can be passed. That is it—this vote. I hope everybody understands that there isn't a second or a third chance here.

I don't know what will happen if we fail a pass this particular test. But I know this: it delays for a long period of time the help we can provide for all of those who are saying we don't have time any longer. We have to get on with protecting this country and the vast array of new challenges we face as a country. We have to provide this unemployment insurance for people whose benefits are running out and for those part-time workers are receiving no benefits at all.

I hope our Republican colleagues will understand that. I hope they will join all 51 members of this caucus who are prepared to say, yes, this is an emergency; yes, we need to move on; yes. We need to work together in a bipartisan way; yes, let's do it tonight.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the motion to waive section 205 of House Concurrent Resolution 290. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mr. GRAMM) and the Senator from Arizona (Mr. MCCAIN) are necessarily absent.

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

The yeas and nays resulted—yeas 51, nays 47, as follows:

[Rollcall Vote No. 337 Leg.]

YEAS—51

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

NAYS—47

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

NOT VOTING—2

Gramm	McCain

The PRESIDING OFFICER. On this vote the yeas are 51, the nays are 47.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and section 909 of the amendment containing the emergency designation is stricken.

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

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

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, the pending amendment No. 2125 would cause the aggregate level of revenues to fall below the level set out in the most recent agreed-to concurrent resolution of the budget. I raise a point of order under section 311(a)(2) of the Congressional Budget Act of 1974.

Mr. BAUCUS. Mr. President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable sections of that act for the purposes of the pending amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is this a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BAUCUS. Mr. President, very briefly, for the information of my colleagues, this second point of order challenges the amendment for going below the revenue floor and for going above the spending ceilings of the budget resolution.

The amendment does, in fact, violate the revenue floor and spending ceiling.

That is true. It is also true that the House bill, which will then come up, also violates the Budget Act for the same reasons, as does the bill offered by my good friend from Iowa, as does the White House proposal. They all do.

The reason is because we have an emergency here. There are problems with which we have to deal. That is why. I wish this waiver would pass, but I know it won't.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I yield the floor. Let's vote.

The PRESIDING OFFICER. The question is on agreeing to the motion. The yeas and nays are ordered and the clerk will call the roll.

Mr. NICKLES. I announce that the Senator from Texas (Mr. GRAMM) and the Senator from Arizona (Mr. MCCAIN) are necessarily absent.

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

The yeas and nays resulted—yeas 51, nays 47, as follows:

[Rollcall Vote No. 338 Leg.]

YEAS—51

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

NAYS—47

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

NOT VOTING—2

Gramm	McCain

The PRESIDING OFFICER. On this vote, the yeas are 51, the nays are 47.

Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

Mr. REID. I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FEINGOLD. Mr. President, I supported a motion to waive the Budget Act with respect to a point of order raised against the substitute amendment to H.R. 3090, even though there are a number of provisions in that amendment that are troubling.

Just a few weeks ago, this body voted to provide emergency funding to the nation's airlines. We recognize the special situation caused by the terrorist attacks of September 11, and understood that if we failed to act, the consequences for those firms, and for the economy as a whole, could well have been devastating.

At the time of that vote, I noted that we also needed to address the problems facing the workers in those firms. This legislation will do that, in part, and it will also provide assistance to other families who have been thrown out of work by the economic slowdown, and should provide the weakened economy with a boost.

Unfortunately, a number of special interests have taken advantage of this human and economic adversity to advance their own agenda. The measure that passed the other body is teeming with special interest tax breaks that do little or nothing for the economy as a whole in the short term, and seriously jeopardize our long term budget position. The substitute amendment before us is vastly superior in this respect. It provides far more benefit for our economy in the short term, while minimizing the long term impact.

Nevertheless, there are a number of special interest spending and tax provisions in the amendment that raise serious questions, such as provisions that provide money for citrus growers and buffalo farmers and tax breaks for electricity produced from chicken waste and aviation fuel for crop-dusters. A provision common to both the substitute amendment and the House-passed bill would reduce taxes on corporations' overseas investment income. As the Washington Post noted in a recent editorial: ''It's hard to see how this measure, which would encourage firms to keep money outside the country, would do anything to stimulate the American economy.''

The substitute amendment before us, even with its flaws, is far more fiscally responsible than the House bill, but as this legislation proceeds there is a real risk that it will continue to pick up still more special interest provisions. Indeed, the House version is largely a lobbyist's wish list. Unless this body is able to restrain itself, and resist efforts to advance special interest spending and tax breaks, the costs of a fiscal stimulus measure will outweigh any benefit it provides to our economy.

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to a period for morning business with Senators allowed to speak of a period not to exceed 10 minutes.

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

FARM POLICY THAT WORKS

Mrs. LINCOLN. Mr. President, I joined my colleague from Arkansas, Senator HUTCHINSON, to introduce a bill of the utmost importance to our farmers.

Since the passage of the Freedom to Farm bill in 1996, our farmers have toiled under clouds of uncertainty. Quite simply stated, our Nation needs a farm policy that works for working farmers.

That is why I and Senator HUTCHINSON, along with Senator HELMS of North Carolina, Senator MILLER of Georgia, and Senators BREAUX and LANDRIEU of Louisiana, are proud to offer a new alternative.

We offer a farm bill that will ensure a strong safety net for America's farmers and ranchers.

We offer a farm bill that will increase investment in conservation programs by 80 percent.

We offer a farm bill that provides more effective support for disadvantaged working families through nutrition programs.

We offer a farm bill that will increase and improve our Nation's agricultural trade programs, such as the Food Aid program that sends food to the neediest nations.

We offer a farm bill that will preserve and protect our Nation's forests and environment while investing in rural America.

For too many years, while the American economy at large was posting astonishing and unprecedented gains, our agricultural producers have not benefited from our prosperity.

It is not only our farmers who are suffering as a result of failed government policy. The institutions of small-town and rural America local banks and merchants, feed and supply stores, equipment dealers, even corner groceries and family-owned hardware stores are all caught in the web of financial collapse.

Here is a letter I received from a young farmer in northeast Arkansas just a few months ago. He says that his family's farm is nearing ''a point of no return,'' and that if the crisis continues, he will have to leave the land that his grandfather worked.

Here is a letter from a bank president in southeast Arkansas, who notes that when he moved to his community in 1969, a new John Deere combine sold for about $15,000. Today, a comparable model sells for $220,000. Fuel for that combine cost 15 cents per gallon in 1969, he writes; today, a gallon of diesel fuel costs $1.05. He goes on to note that while a farmer could expect to receive $3 for a bushel of rice 32 years ago, today he only gets $2.7 for the same bushel. The costs skyrocket, but the returns on these investments continue to fall.

Here is a letter from a young woman in east Arkansas who works a 600-acre rice and soybean farm with her husband and child. Her husband is so depressed that he needs counseling and

medication. She can't let her child participate in after-school sports because of the additional costs entailed. She writes that where she and her family once felt pride in their sense of independence and self-sufficiency, today they feel only shame at having to rely on loans and supplemental income payments to get by.

These stories are not unusual. In many rural areas, they are becoming the norm. We cannot afford to let our farmers continue suffering like this. They can't wait another year for us to pass a farm bill. Their problems are here today.

Our bill will address their problems. Our bill will restore to them a better economic future. Our bill will restore to them their hope, so that they can build a better future for their children.

I am proud to be a coauthor of this bill, and I am proud to say that I will take my stand to fight for its passage.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Mr. President, I rise today to speak about hate crimes legislation I introduced with Senator KENNEDY in March of this year. 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 terrible crime that occurred March 29, 1997 in Huntington Beach, CA. Michael Reign Caywood, 21, allegedly beat and robbed a gay man in his home. The assailant, who allegedly has ties to white supremacist groups, was charged with assault and residential robbery in connection with a hate crime.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation, we can change hearts and minds as well.

ADDITIONAL STATEMENTS

NOVARTIS PHARMACEUTICALS

• Mr. BROWNBACK. Mr. President, more than at any other time in my career we are a nation that is unified. We are a nation that, recognizing a common goal, is rallying with a knowledge that we will achieve a remarkdable thing. It is extraordinary to witness.

One of the things that has always made this nation great, is that when we witness that which is extraordinary, we try to emulate it. You see it one thousand times a day, from the magnitude of contributions that have flooded to relieve every heroic firefighter's family, to the full sized flags flying from the back of Topeka pickup trucks, to the once rare act offering a smile and a bid of good morning to a stranger on the street.

And these acts of unity have not been the lot of individuals alone, nor have they been reserved to a response to the tragedy of September 11. It is one of these acts of unity—one of these recognitions of a common goal—that brings me to the floor today.

Last week the Novartis Pharmaceuticals Corporation announced their new CareCard drug discount program to aid the needy elderly who lack prescription drug coverage. This new program will translate to a savings of 30 to 40 percent off of retail pharmaceutical prices for the seniors with the greatest need. For this remarkable thing, Novartis deserves our thanks.

Over the past several years, the issue of the increasing cost of prescription drugs for seniors has remained a dominant story. Nearly every American has read of seniors forced to chose between the food to sustain them, the rent to shelter them or the medicine to keep them well. Because our antiquated Medicare system includes only very limited prescription drug coverage, the neediest senior have to figure out a way to pay for their medication.

In the absence of Congressional action to fundamentally reform and modernized the Medicare system in a way that would include prescription drug coverage, companies, like Novartis, have acted. In the case of the CareCard program. Novartis is offering seniors age 65 or older, with an annual income of less than 300 percent of the Federal Poverty Level who do not currently have prescription drug coverage substantial discounts on their products. This program could translate to $10 million Americans who may now be able to afford the medicine they need.

All of this said, Mr. President, that we congratulate Novartis for stepping up and making these discounts available to seniors, should not serve as an excuse for Congress to continue not to act. That Novartis has done the right thing, is not reason for us to do nothing. Medicare is a 36 year old program that has not kept up with our health care economy. We must modernize Medicare. We must reform Medicare. We must make prescription drug coverage available for all seniors; and we must act soon.•

MESSAGES FROM THE HOUSE

At 10:57 a.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2330) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 2002, and for other purposes.

At 2:17 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 400. An act to authorize the Secretary of the Interior to establish the Ronald Reagan Boyhood Home National Historic Site, and for other purposes.

H.R. 2541. An act to enhance the authorities of special agents and provide limited authorities to uniformed officers responsible for the protection of domestic Department of State occupied facilities.

H.R. 2546. An act to amend title 49, United States Code, to prohibit States from requiring a license or fee on account of the fact that a motor vehicle is providing interstate pre-arranged ground transportation service, and for other purposes.

H.R. 2776. An act to designate buildings 315, 318, and 319 located at the Federal Aviation Administration's William J. Hughes Technical Center in Atlantic City, New Jersey, as the "Frank R. Lautenberg Aviation Security Complex."

H.R. 2828. An act to authorize payments to certain Klamath Project water distribution entities for amounts assessed by the entities for operation and maintenance of the Project's transferred works for 2001, to authorize refunds to such entities of amounts collected by the Bureau of Reclamation for reserved works for 2001, and for other purposes.

H.R. 2841. An act to designate the building located at 1 Federal Plaza in New York, New York, as the "James L. Watson United States Court of International Trade Building."

H.R. 2873. An act to extend and amend the program entitled Promoting Safe and Stable Families under title IV–B, subpart 2 of the Social Security Act, and to provide new authority to support programs for mentoring children of incarcerated parents; to amend the Foster Care Independent Living program under title IV–E of that Act to provide for educational and training vouchers for youths aging out of foster care, and for other purposes.

H.R. 2976. An act to provide for the issuance of a special entrance pass for free admission to any federally owned area which is operated and maintained by a Federal agency and used for outdoor recreation purposes to the survivors, victims' immediate families, and police, fire, rescue, recovery, and medical personnel directly affected by the September 11, 2001, terrorist hijackings and the attacks on the World Trade Center and the Pentagon, and for other purposes.

H.R. 2985. An act to amend the Federal Trade Commission Act to increase civil penalties for violations involving certain proscribed acts or practices that exploit popular reaction to an emergency or major disaster declared by the President, and to authorize the Federal Trade Commission to seek civil penalties for such violations in actions brought under section 13 of that Act.

H.R. 3060. An act to amend the Securities Exchange Act of 1934 to augment the emergency authority of the Securities and Exchange Commission.

H.R. 3240. An act to amend 38, United States Code, to restore certain education benefits of individuals being ordered to active duty as part of Operation Enduring Freedom.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 88. Concurrent resolution expressing the sense of the Congress that the President should issue a proclamation to recognize the contribution of the Lao-Hmong in defending freedom and democracy and supporting the goals of Lao-Hmong Recognition Day.

H. Con. Res. 254. Concurrent resolution encouraging the people of the United States to celebrate the 300th anniversary of William Penn's Charter of Privileges, the 250th anniversary of the Liberty Bell, and the 225th anniversary of the first public reading of the Declaration of Independence.

The message further announced that the House has agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2500) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 2002, and for other purposes.

MEASURES REFERRED

The following bills were read the first and the second times by unanimous consent, and referred as indicated:

H.R. 2541. An act to enhance the authorities of special agents and provide limited authorities to uniformed officers responsible for the protection of domestic Department of State occupied facilities; to the Committee on Foreign Relations.

H.R. 2546. An act to amend title 49, United States Code, to prohibit States from requiring a license or fee on account of the fact that a motor vehicle is providing interstate pre-arranged ground transportation service, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 2828. An act to authorize refunds of amounts collected from Klamath Project irrigation and drainage districts for operation and maintenance of the Project's transferred and reserved works for water year 2001, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 2841. An act to designate the building located at 1 Federal Plaza in New York, New York, as the ''James L. Watson United States Court of International Trade Building''; to the Committee on Environment and Public Works.

H.R. 2976. An act to provide for the issuance of a special entrance pass for free admission to any federally owned area which is operated and maintained by a Federal agency and used for outdoor recreation purposes to the survivors, victims' immediate families, and police, fire, rescue, recovery, and medical personnel directly affected by the September 11, 2001, terrorist hijackings and the attacks on the World Trade Center and the Pentagon, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 2985. An act to amend the Federal Trade Commission Act to increase civil penalties for violations involving certain proscribed acts or practices that exploit popular reaction to an emergency or major disaster declared by the President, and to authorize the Federal Trade Commission to seek civil penalties for such violations in actions brought under section 13 of that Act; to the Committee on Commerce, Science, and Transportation.

H.R. 3060. An act to amend the Securities Exchange Act of 1934 to augment the emergency authority of the Securities and Exchange Commission; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 3240. An act to amend 38, United States Code, to restore certain education benefits of individuals being ordered to active duty as part of Operation Enduring Freedom; to the Committee on Veterans' Affairs.

The following concurrent resolutions were read, and referred as indicated:

H. Con. Res. 88. Concurrent resolution expressing the sense of the Congress that the President should issue a proclamation recognizing a National Lao-Hmong Recognition Day; to the Committee on the Judiciary.

H. Con. Res. 254. Concurrent resolution encouraging the people of the United States to celebrate the 300th anniversary of William Penn's Charter of Privileges, the 250th anniversary of the Liberty Bell, and the 225th anniversary of the first public reading of the Declaration of Independence; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BYRD, from the Committee on Appropriations:

Special Report entitled ''Further Revised Allocations to Subcommittees of Budget Totals for Fiscal Year 2002'' (Rept. No. 107–98).

By Mr. BIDEN, from the Committee on Foreign Relations, without amendment and with a preamble:

S. Res. 174: A resolution expressing appreciation to the United Kingdom for its solidarity and leadership as an ally of the United States and reaffirming the special relationship between the two countries.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. BIDEN for the Committee on Foreign Relations.

*Raymond F. Burghardt, of Florida, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Republic of Vietnam.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: Raymond Francis Burghardt, Jr.

Post: Ambassador to the Socialist Republic of Vietnam.

Contributions, amount, date, donee:

1. Self: None.

2. Spouse: Susan Day Burghardt, none.

3. Children and Spouses: Helen D. Burghardt, none; Caroline D. Burghardt, none.

4. Parents: Raymond F. Burghardt Sr. and Marguerite S. Burghardt: $50, 1998, Republican Nat'l Committee; $100, 1997, Republican Nat'l Committee.

5. Grandparents (deceased).

6. Brothers and Spouses: none.

7. Sisters and Spouses: none.

*Ronald Weiser, of Michigan, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Slovak Republic.

Nominee: Ronald Weiser.

Post: Ambassador to the Slovak Republic.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Contributions, amount, date, donee.

1. Self: $1,000, 03/13/97, Friends of Senator D'Amato; $1,000, 04/04/97, Matt Fong, U.S. Senate Committee; $500, 09/05/97, Knollenberg for Congress Committee; $1,000, 10/07/97, Nick Smith for Congress; $250, 11/20/97, Kit Bond for Senate; $1,000, 12/03/97, Touma for Congress; $5,000, 12/30/97, Campaign for a New American Century-Fed A/C; $500, 01/08/98, Nick Smith for Congress Committee; $1,000, 02/04/98, Voinovich for Senate; $500, 05/06/98, Murkowski 1998; $250, 05/17/98, Nick Smith for Congress Committee; $1,000, 07/17/98, Hickey for US House of Representatives; $500, 07/23/98, Munsell for Congress; $300, 08/07/98, Voinovich for Senate; $500, 08/13/98, Palmer for US Congress; $1,000, 09/29/98, Hickey for US House of Representatives; $1,000, 10/06/98, Citizens for Kasich; $1,000, 03/31/99, Gov George W Bush Pres. Expl. Comm.; $500, 05/03/99, Ashcroft for Senate; $1,000, 05/06/99, Keep Our Majority Political Action Committee (KOMPAC); $2,000, 05/26/99, Rogers for Congress; $500, 07/06/99, KYL for Senate; $350, 07/27/99, Whitman for U.S. Senate; $1,000, 11/16/99, Bush for Presidents Compliance Committee; $1,000, 01/10/00, Chuck Yob for Congress; $1,000, 01/17/00, Chuck Yob for Congress; $300, 05/30/00, Cantor for Congress; $1,000, 08/14/00, Berry For Congress; $10,000, 08/14/00, NRSC Non-Federal Account; $250, 11/02/00, Nick Smith for Congress Committee.

2. Spouse: $1,000, 03/13/97, Friends of Senator D'Amato; $5,000, 01/17/98, Campaign For A New American Century; $250, 05/17/98, Nick Smith For Congress Committee; $1,000, 07/17/98, Hickey for US House of Representatives; $500, 08/26/98, Touma for Congress Committee; $1,000, 09/16/98, Hickey for US House of Representatives; $1,000, 03/31/99, Gov George W Bush Pres. Expl. Comm.; $1,000, 04/29/99, George Allen; $2,000, 06/25/99, Rogers For Congress; $2,000, 06/30/99, Abraham Senate 2000; $350, 07/30/99, Whitman for US Senate; $500, 10/06/99, Frist 2000 Inc.; $5,000, 12/29/99, Governors Leadership Fund; $250, 03/11/00, Friends for Slade Gorton; $2,000, 06/28/00, Chuck Yob for Congress; $1,000, 08/08/00, Friends of Carol Berry for Congress; $250, 11/02/00, Nick Smith For Congress Committee.

3. Children and Spouses: Elizabeth Weiser Caswell, $1,000, 3/31/99, Bush for President Inc.; $1,000, 5/12/99, Emily's List; $100, 6/1/99, Feinstein 2000; $500, 7/3/00, California Women Vote 2000; $500, 7/20/00, Emily's List; $500, 9/20/00, Emily's List; $100, 2000, Hillary Clinton (NY–US Senate); $100, 2000, Eleanor Jordan (KY–US House of Representatives); $100, 2000, Montana Women Vote!; $100, 9/1/00, Gore; $100, 2000, Bradley; $20, 2000, CA Democratic Party. Royal E. Caswell III, none. Marc Weiser, $1,000, 2/23/96, Alexander for President, Inc.; $1,000, 3/31/99, Bush for President Inc.; $500, 7/31/99, Nicholson for US Senate.

4. Parents: Robert Weiser, deceased; Meta Weiser, none.

5. Grandparents: Deceased.

6. Brothers and spouses: Richard Weiser, none; Abigail Weiser, none.

7. Sisters and Spouses: N/A.

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*J. Richard Blankenship, of Florida, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Commonwealth of The Bahamas.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: *James Richard Blankenship.*

Post: *Ambassador Commonwealth of the Bahamas.*

Contributions, amount, date, donee.

1. Self: $1,000, 2000, George W. Bush for President, Inc.; $5,000, 2,000, Republican Party of Florida Federal Account ($1,000 refunded July 26, 2001); $20,000, 2000, Republican National Committee.

2. Spouse: Kandra L. Blankenship, $1,000, 2000, George W. Bush for President, Inc.

3. Children and Spouses: None.

4. Parents: Dean Blankenship, $200, 1999, Republican National Committee; $440, 2000, Republican National Committee;; $1,000, 2000, George W. Bush for President, Inc.; $100, 2000, Republican National Committee; $100, 2001, Ann Blankenship, $1,000, 2000, George W. Bush for President, Inc. Christine M. Blankenship, and Helen D. Jones, none.

5. Grandparents: All deceased.

6. Brothers and Spouses: Dean B. Blankenship Jr., none; Jennifer Blankenship, none.

7. Sisters and Spouses: Lynne Driscoll and Phillip A. Driscoll, none; Deanna Regan and William Regan, none.

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*George L. Argyros, Sr., of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Spain, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to Andorra.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: George L. Argyros.

Post: Ambassador to Spain.

Contributions, amount, date, donee.

1. Self and Affiliates

State of California 1997: Arnel Development Company, $1,000, 5/16/97, The Lincoln Club of Orange County; Casa Madrid Investments, $200, 12/8/97, Mayor Tom Daly Officeholder; George L. Argyros, $1,000, 4/9/97, Riordan for Mayor, '97; $500, 5/16/97, Lincoln Club of Orange County; $1,000, 6/12/97, Curt Pringle for Controller; $250, 9/10/97, Jim Morrissey Office Holder Account; $200, 11/21/97, Mike Capizzi for Attorney General; Walnut Jeffrey Partnership, $250, 5/16/97, John B. Withers for Water Board.

State of California 1998: Arker, Inc., $2,500, 4/29/98, Mike Capizzi for Attorney General; $500, 5/12/98, Ken Maddox for Assembly; $249, 5/14/98; Friends of Craig Wilson; $1,000, 5/18/98, Anthony ''Tony'' Rackaukas for District Attorney; $999, 5/27/98, Friends of Cynthia Coad; $999, 5/27/98, John Hedges for Supervisor; $999, 5/27/98, Lou Lopez for Supervisor; $5,000, 5/29/98, Mike Capizzi for Attorney General; $10,000, 5/29/98, Friends of Curt Pringle; $25,000, 6/4/98, California Republican Party Team California Account; $2,500, 8/25/98, Bill Jones for Secretary of State; $250, 8/25/98; Citizens for Joanne Coontz; $10,000, 8/25/98, Curt Pringle for State Treasurer; $10,000, 8/25/98; Senate Republican Leadership Fund; $2,500, 8/25/98; Tim Leslie for Lieutenant Governor; $249, 9/28/98, Committee to Elect Linda Dixon; $10,000, 10/6/98, Bill Leonard for Assembly Committee; $249, 10/21/98, Claude Parrish; $999, 10/27/98, Friends of Cynthia Coad for Supervisor; $999, 10/27/98, Lou Lopez for Supervisor; $249, 10/27/98, Tod Ridgeway for Newport Beach City Council; $5,000, 10/28/98, Assembly Republican Leadership Fund; $25,000, 10/28/98, Lungren for Governor; $2,500, 10/30/98, Bill Jones for Secretary of State; $5,000, 10/30/98, Curt Pringle for State Treasurer; $300, 10/30/98, Savvas Roditis for City Council; $999 10/30/98, Zemel for Mayor; Arnel Development Company, $8,400, 2/19/98, Team NOEL '98; $1,500, 4/1/98, The Lincoln Club of Orange County; Arnel Management Co., $1,005, 10/21/98, RHIEPAC; $663, 10/21/98 RHIEPAC; $2,332, 10/21/98, RHIEPAC; George L. Argyros, $5,000, 9/28/98; Dave Stirling for Attorney General; $249, 9/29/98, Committee to Elect Len Miller; $628, 10/1/98, Jim Silvia, Orange County Supervisor.

State of California 1999: Anaheim Villager/Casa, Madrid/Hampton Pointe, $250, 5/12/99, Friends of Shirley McCracken; Arnel Development Company, $350, 10/29/99, Friends of Chuck Smith; Arnel Retail Group, Inc., $250, 3/24/99, Committee to Re-elect Mayor Pete Fajardo; $250, 3/29/99, Committee to elect Manuel ''Manny'' Ontal, Jr.; George L. Argyros, $1,000, 2/17/99, Retain Chief Justice George Committee; $1,000, 3/10/99, Friends of Tom Daly; $500, 10/5/99, Committee to Elect Don McKinney; $10,000, 10/13/99, Righeimer Assembly 2000; $1,000, 10/20/99, Maddox for Assembly; $2,500, 11/10/99, Friends of Senator Ross Johnson; $15,000, 11/23/99, Victory 2000/California Republican Party; $5,000, 11/23/99, Victory 2000/California Republican Party; $10,000, 11/27/99, San Francisco Republican Party of 1999; GLA Financial Corporation, $1,500, 3/1/99, The Lincoln Club of Orange County; $1,000, 5/26/99, Friends of Cynthia Coad for Supervisor; $1,000, 6/7/99, Friends of Mike Carona; $5,000, 7/14/99, Kathleen Connell Committee; $2,000, 7/28/99, Friends of Philip Angelides; $500, 8/3/99, Friends of Marilyn Brewer; $10,000, 8/18/99, Citizens for Dean Andal; Judie Argyros, $5,000, 12/1/99, Victory 2000/California Republican Party.

State of California 2000: Arker, Inc., $300, 9/29/00, Bill Borden for City Council; $249, 11/2/00, Friends of Heather K. Somers; $500, 9/29/00, Friends of Senator Ross Johnson; $300, 9/29/00, Gil Coeper for City Council; $300, 9/20/00, Committee to Re-elect Pamela Julien for H.B. City Council; Arnel Retail Group, Inc., $1,000, 4/6/00, Committee to Elect Daryl Sweeney; Cinnamon Creek Westminster, $300, 11/2/00, Friends of Frank Fry; Creekside Plaza Investment Co., $500, 9/29/00, Miguel Pulido for Mayor; George L. Argyros, $999, 10/26/00, Lynn Daucher for Assembly; GLA Financial Corporation, $500, 1/19/00, Committee to Elect James Cox; $5,000, 3/3/00, Kathleen Connell Committee; $5,000, 3/6/00, Friends of Philip Angelides; $2,000, 4/11/00, The Lincoln Club of Orange County State PAC; $75,000, 5/1/00, Republican National committee—California Account; $500, 5/8/00, Soboroff for Mayor; $2,000, 5/31/00, Friends of Bill Jones; $500, 6/14/00, Steve Cooley for District Attorney; $1,000, 6/14/00, The Society of the Plastics Industry PAC; $10,000, 12/19/00, Friends of Bill Jones; $1,000, 12/12/00, Kathleen Connell for Mayor; $250, 10/2/00, Ken Maddox for Assembly; $5,000, 10/17/00, Newport Beach Tomorrow; $500, 7/27/00, Scott Stiner for Orange City Council; Sutton Place Investment Co., $200, 11/2/00, Friends of Frank Fry.

State of California 2001: Arker, Inc., $2,000, 02/25/01, Lincoln Club—State PAC; Arnel Retail Group, Inc., $1,000, 02/13/01, Sweeney for Mayor; George L. Argyros, $500, 02/06/01, Friends of Chuck Smith; Sunbird Aviation Services (In-kind contribution), $3,319, 01/21/01, Friends of Bill Jones.

1997 Non-California and Federal: George L. Argyros, $500, 3/12/97, Susan Brooks for Congress; $1,000, 9/10/97, Matt Fong for U.S. Senate; $1,000, 9/10/97, Royce Campaign Committee; $10,000, 10/22/97, GOPAC; GLA Financial Corporation, $25,000, 11/3/97, National Republican Senatorial Committee; Judie Argyros, $1,000, 9/19/97, Matt Fong for U.S. Senate.

1998 Non-California and Federal: Arker, Inc., $5,000, 8/25/98, ASPAC Corporate Account; $1,000, 8/30/98, Kempthorne for Governor; Arnel Development Company, $500, 1/13/98, Jeb Bush for Governor; George L. Argyros, $4,500, 1/8/98, Republican Party of Florida; $1,000, 1/21/98, Congressman Joe Barton Committee; $1,000, 2/23/98, Friends of Lisa Hughes; $1,000, 3/25/98, The Mary Bono Committee; $1,000, 3/25/98, Committee to Re-elect Congressman Dana Rohrabacher; $10,000, 4/20/98, Governor George Bush Committee; $250, 6/15/98, Judge Jim Gray for Congress; $500, 6/15/98, Ken Calvert for Congress; $760, 8/5/98, Hull for Governor '98; $1,000, 8/5/98, Matt Fong, U.S. Senate; $2,000, 9/28/98, The Governor Thompson Committee; $250,000, 9/30/98, Republican National State Election Committee; $1,000, 10/27/98, McCain for Senate '98; $1,000, 10/27/98, Royce Campaign Committee; $1,000, 10/28/98, Committee to Re-elect Congressman Dana Rohrabacher; GLA Financial Corporation, $5,000, 8/14/98, Freedom & Free Enterprise Non-Federal PAC; Judie Argyros, $1,000, 8/12/98, Matt Fong, U.S. Senate; $1,000, 10/27/98, Committee to Re-elect Congressman Dana Rohrabacher.

1999 Non-California and Federal: George L. Argyros, $1,000, 3/10/99, Gov. George W. Bush Exploratory Committee, Inc.; $1,000, 3/10/99, Wilson for President Committee; $1,000, 3/24/99, American Renewal PAC; $1,000, 6/23/99, Committee to Re-elect Dana Rohrabacher; $1,000, 6/23/99, Gary Miller for Congress; $1,000, 8/16/99, McCain 2000; $1,000, 9/1/99, Royce Campaign Committee; $1,000, 11/23/99, Lieberman 2000; $1,000, 11/23/99, Mike Stoker for Congress; GLA Financial Corporation, $1,000, 6/28/99, Independent Womens Action Project; $5,000, 10/13/99, Friends of Pataki Committee; Judie Argyros, $1,000, 3/18/99, Gov. George W. Bush Exploratory Committee, Inc.; $1,000, 3/18/99, Wilson for President Committee.

2000 Non-California and Federal: George L. Argyros, $400, 6/22/00, CRNC Delegation; $500, 1/19/00, Rogan for Congress; $1,000, 4/11/00, Friends of Dylan Glenn 2000; $1,000, 6/27/00, The Mary Bono Committee; $1,000, 9/15/00, Tom Campbell for U.S. Senate; $1,000, 9/20/00, Lazio 2000; $500, 10/26/00, Rogan for Congress; $5,000, 11/14/00, Bush-Cheney Recount Fund; $1,000, 11/23/00, Lieberman 2000; $1,000, 12/4/00; Bob Smith for U.S. Senate; GLA Financial Corporation, $5,000, 5/23/00, The 2000 Republican House-Senate; $10,000, 10/2/00, Small Business Survival Committee; Judie Argyros, $1,000, 3/7/00, Gary Miller for Congress; $1,000, 9/30/00, Lazio 2000; $1,000, 9/30/00, Tom Campbell for U.S. Senate.

2001 Non-California and Federal: George L. Argyros, $125,000, 1/5/01, RNSEC; GLA Financial Corporation, $50,000, 1/8/01, Presidential Inaugural Committee; HBI Financial, Inc., $50,000, 1/8/01, Presidential Inaugural Committee.

2. Spouse: Judie Argyros, $5,000, 12/1/99, Victory 2000 Calif. Rep. Party; $1,000, 9/19/97, Matt Fong for U.S. Senate; $2,500, 6/30/98, Building our Bases—PAC; $1,000, 8/12/98, Matt Fong for U.S. Senate; $1,000, 10/27/01, Committee To Re-elect Cong. Dana Rohrabacher; $1,000, 3/18/99, Gov. George W. Bush Exploratory Committee, Inc.; $1,000, 3/18/99, Wilson for President Comm.; $1,000, 3/7/00, Gary Miller for Congress; $1,000, 9/30/00, Lazio 2000; $1,000, 9/30/00, Tom Campbell for U.S. Senate.

3. Children and Spouses: George L. Argyros Jr., none; Melissa Mitchell, none; Brad Mitchell, none; Stephanie Gehl, none; Jeff Gehl, none.

4. Parents: Olga Argyros, none; Leon George Argyros, none.

5. Grandparents: N/A.

6. Brothers and Spouses: N/A.

7. Sisters and Spouses: Lenore Trigonis, none; Kim Trigonis, none; Selia Poulos, none; George Poulos, none.

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*Larry Miles Dinger, of Iowa, a Career Member of the Foreign Service, to be Ambassador to the Federated States of Micronesia.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: Larry Miles Dinger.

Post: Ambassador to the Federated States of Micronesia.

Contributions, amount, date, donee:

1. Self: None.

2. Spouse: Paula Gaffery Dinger, none.
3. Children and Spouses: Cristina Maria Dinger, none; James Thomas Dinger, none; William Lyle Dinger, none.
4. Parents: Lyle Dinger, deceased; Lauraine Dinger, none.
5. Grandparents: William and Estella Miles, deceased; William and Christina Dinger; deceased.
6. Brothers and Spouses: John and Michie Dinger, none; Glen and Elizabeth Dinger, none.
7. Sisters and Spouses: Jan and Daniel Duggan, none.

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*Darryl Norman Johnson, of Washington, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Thailand.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: Darryl N. Johnson.
Post: Ambassador to Thailand.
Contributions, amount, date, donee:
1. Self: None.
2. Spouse: Kathleen Forance, Johnson, $100, 2000, Democratic Natl. Committee.
3. Children and Spouses: Darawan Gideos and David Gideos, none; Lauren E. Johnson, none; Gregory Johnson and Ellen Richards, $100, $25, 2000 Gore/Leiberman; 1998, Carol Mosely Braun for Senate.
4. Parents: Laurell E. Johnson, (deceased); Norman B. Johnson, $50/yr Republican National Committee.
5. Grandparents: Deceased.
6. Brother and Spouses: Linn V. Johnson, none; Brian R. Johnson and Sue Johnson, $175, 2000, Paul McCarthy for Congress (6th District of Massachusetts.
7. Sisters and Spouses: N/A.

Lyons Brown, Jr., of Kentucky, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Austria.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Nominee: W.L. Lyons Brown, Jr.
Post: Ambassador to the Republic of Austria.
Contributions, amount, date, donee:
1. Self: $125, 1/8/01, Ky. Society of Washington—1 ticket to 2001 Inaugural Bluegrass Ball; $1,750, 1/8/01, RNSEC-Team 100 Gold Pass for 2001 Presidential Inaugural; $1,336, 1/8/01, Hotel Charges for Attending Presidential Inaugural; $100, 1/8/01, RBNSEC—1 ticket for 2001 Inaugural Parade; $125, 1/8/01, RNSEC—1 ticket for 2001 Inaugural Balls; $7,500, 3/17/01, Kentucky Victory 2002; $5,000, 11/13/00, Bush/Cheney Recount Fund; $80,000, 4/10/00, Republican National State Elections Committee; $20,000, 4/10/00, Republican National Committee; $1,000, 3/27/00, Anne Northup for Congress; $10,000, 12/14/99, 1999 State Victory Fund Committee; $1,000, 5/77/99, Gov. George W. Bush Presidential, Exploratory Committee; $1,000, 4/27/99, Anne Northup for Congress; $15,000, 4/23/99, Republican National Committee; $1,000, 4/23/99, McConnell Senate Committee '02 Primary; $1,000, 4/23/99, McConnell Senate Committee '02 General Election; $1,000, 3/30/99, Elizabeth Dole for President Exploratory Committee; $2,500, 7/16/98, Republican Party of Kentucy—Non-Federal Fund; $1,000, 6/25/98, Anne Northup for Congress; $1,000, 6/20/98, Citizens for Bunning; $15,000, 5/27/98, Republican National Committee; $1,000, 12/19/97, Anne Northup for Congress; $5,000, 10/16/97, Republican Party of Kentucky; $1,000, 9/26/97, Citizens for Bunning; $250, 7/18/97, Campaign America; $15,000, 5/2/97, Republican National Committee.
2. Spouse: Alice Cary Brown, $125, 1/8/01, Ky, Society of Washington—1 ticket to 2001 Inaugural Bluegrass Ball; $1,750, 1/8/01, RNSEC—Team 100 Gold Pass for 2001 Presidential Inaugural. $100, 1/8/01, RNSEC–1 ticket for 2001 Inaugural Parade; $125, 1/8/01, RNSEC–1 ticket for 2001 Inaugural Balls; $7,500, 3/17/01, Kentucky Victory 2002; $1,000, 6/21/99, Anne Northup for Congress; $1,000, 5/7/99, Gov. George W. Bush Presidential Exploratory Committee; $1,000, 3/30/99, Elizabeth Dole for President Exploratory Committee; $1,000, 3/8/99, McConnell Senate Committee '02 Primary; $1,000, 3/8/99, McConnell Senate Committee '02 General Election; $1,000 6/25/98, Anne Northup for Congress.
3. Children and Spouses: William Lee Lyons Brown III and Susanna S. Brown, none; Alice Cary Brown-Epstein and Stephen E. Epstein, none; Stuart Randolph Brown and Joanna Warburton Brown, none.
4. Parents: Mrs. W.L. Lyons Brown, $250, 10/23/00, Republican National Committee; $200, 10/13/00, National Republican Senatorial Committee; $200, 9/6/00, NRCC; $20,000 5/25/00, RNC Presidential Trust; $1,000, 6/14/99, Lincoln Chaffee U.S. Senate; $1,000 6/22/99 Bush for President Inc.; $1,000 4/7/99, McConnell Senate Committee '02 Primary; $1,000, 4/7/99, McConnell Senate Committee '02 General Election; $24,900, 11/23/99 1999 State Victory Fund Committee—$5,000 of which was designated for the Republican Party of KY.
5. Grandparents: Deceased.
6. Brothers and Spouses: Martin S. Brown, $500, 5/24/00, Gore 2000 Inc.; $1,000, 3/23/00, Friends of Roger Kahn Inc.; $250, 3/15/00, Frist 2000 Inc.; $1,000, 3/9/00, Gore 2000 Inc.; $1,000, 3/9/00, Gore 2000 Inc.; $1,000, 5/5/99, Friends of Roger Kahn Inc.; $1,000, 2/24/99, Alexander for President Inc.; $1,000, 11/13/98, Frist 2000 Inc. Elizabeth Brown: $1,000, 11/16/00, DNC; $1,000, 6/10/99, Alexander for President Inc.; $500, 5/24/00, Gore 2000 Inc.

Owsley Brown: $200, 2/23/00, Van Hilleary for Congress; $1,000, 1/13/00, Anne Northrup for Congress; $250, 8/17/00, Friends of Roger Kahn Inc.; $4,200, 9/30/00, Brown-Forman Corp. PAC; $1,000 6/17/99, Friends of Roger Kahn Inc.; $1,000, 6/30/99, Bush for President Inc.; $3,750, 7/12/99, Brown-Forman Corp. PAC; $500, 4/24/98, Rose for Congress; $250, 4/28/98, Greenwood for Congress; $3,500, 8/24/98, Brown-Forman Corp. PAC; $250, 10/2/97, Citizens for Bunning; $3,250, 7/25/97, Brown-Forman Corp. PAC.

Christina Brown: $1,000, 11/16/00, America Women Vote 2000; $2,500, 10/9/00, DNC-Non-Federal Individual; $1,000, 6/14/00, Eleanor Jordan for Congress; $1,000, 4/20/00, Eleanor Jordan for Congress; $1,000, 4/20/00, Eleanor Jordan for Congress; $250, 6/29/99, Forbes 2000 Inc., $1,000, 6/30/99, Elizabeth Dole for President Exploratory Committee Inc.; $1,000, 5/26/99, Bill Bradley for President Inc.; $1,000, 10/5/98, Gorman for Congress; $500, 5/8/98, Friends of Virginia Woodward for Congress; $500, 4/29/98, Friends of Jonathan Miller; $500, 6/19/97, Friends of Jonathan Miller.

7. Sisters and Spouses: Ina Brown Bond, $5,000, 1/14/00, Republican Party of KY; $500, 10/31/00, Brown-Forman Corp. PAC; $2,500, 7/24/00, KY State Democratic Central Executive Committee; $5,000, 5/31/00, RNC; $500, 3/10/00, Anne Northup for Congress; $500, 3/10/00, Anne Northup for Congress; $1,000, 6/30/99, Bush for President Inc.; $1,000, 8/17/99, Bush for President Inc.; $500, 7/29/99, Anne Northup for Congress; $250, 10/14/98, Anne Northup for Congress; $250, 3/31/98, Anne Northup for Congress; $1,000, 11/14/97, KY State Democratic Central Executive Committee; $1,000, 7/24/97, Anne Northup for Congress.

Allen M. Bond, III, $1,000, 6/30/99, Bush for President Inc.

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*William D. Montgomery, of Pennsylvania, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Federal Republic of Yugoslavia.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: William Dale Montgomery.
Post: Yugoslavia.
Contributions, amount, date, and donee:
1. Self: None.
2. Spouse: Lynne Germain Montgomery, none.
3. Children and Spouses: Alexander, Amelia, Katarina, none.
4. Parents: Deceased.
5. Grandparents: Deceased.
6. Brothers and Spouses: None.
7. Sisters and Spouses: Merrie Montgomery King, none; Cynthia Montgomery Wernerfelt and Birger Wernerfelt, none.

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*Melvin F. Sembler, of Florida, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Italy.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: Melvin F. Sembler.
Post: Ambassador—Italy.
Contributions, amount, date, donee:

1. Self: $350, 5/19/97, Citizens for Gilman; $1,000, 5/27/97, Missourians for Kit Bond; $1,000, 6/30/97, Friends of Charlie Crist; $1,000, 7/16/97, Coverdell Good Government Committee; $1,000, 9/30/97, Fossella for Congress; $1,000, 10/14/97, Souder for Congress; $1,000, 10/20/97, Friends of Connie Mack; $1,000, 11/11/97, D'Amato for Senate; $1,000, 12/23/97, Friends of Charlie Crist; $1,000, 1/9/98, Frist 2000; $1,000, 1/23/98, Darrell Issa for U.S. Senate; $1,000, 4/7/98, Abraham Senate 2000; $500, 4/37/98, Fox for Congress; $500, 4/27/98, Mike Bilirakis for Congress; $500, 4/27/98, Congressman Bill Young Campaign; $250, 5/14/98, American Renewal PAC; $1,000, 6/30/98, Citizens for Bunning; $1,000, 8/10/98, American Renewal PAC; $5,000, 9/2/98, Senate Victory 98; $1,000, 9/8/98, Housemann for Congress; $1,000, 9/8/9, Coverdell for Senate; $1,000, 9/14/98, Puerto Rico 21st Millennium PAC (NY); $1,000, 10/9/98, The National PAC; $1,000, 10/26/98, Friends of Newt Gingrich; $1,000, 12/30/98, Abraham Senate 2000; $500, 3/8/99, Int'l Council of Shopping Centers PAC; $1,000, 3/8/99, Gov. George W. Bush Presidential Exploratory Committee; $1,000, 3/10/99, Kyl for Senate; $1,000, 5/7/99, George Allen Exploratory Committee; $1,000, 5/7/99, Ashcroft 2000; $1,000, 5/7/99, McConnell Senate Committee; $1,000, 5/14/99, McCollum for Senate; $1,000, 6/11/99, American Renewal PAC; $1,000, 6/16/99, Whitman for U.S. Senate; $1,000, 8/2/99, Whitman for Senate; $1,000, 10/22/99, Friends of Scott McInnis; $1,000, 12/15/99, The National PAC; $1,000, 12/15/00, Issa for Congress; $1,000, 1/11/00, Adam Putnam for Congress; $1,000, 1/26/00, Bob Franks for U.S. Senate; $500, 2/22/00, Bilirakis for Congress; $1,000, 3/15/00, Friends of Giuliani; $1,000, 3/15/00, Weingarten for Congress; $1,000, 3/15/00, Bill Roth for Senate; $1,000, 4/12/00, Mike Rogers for Congress; $500, 6/19/00, Int'l Council of Shopping Centers PAC; $1,000, 6/19/00, Scott McInnis.

2. Spouse: Betty Sembler, $1,000, 6/2/97, The Hatch Election Committee; $250, 8/28/97, Fox for Congress; $50, 9/8/97, Republican National Committee; $250, 9/19/97, Nielson Congress '98; $250, 9/23/97 Citizens of Gilman; $2000, 10/17/97, Friends of Connie Mack; $1,000, 11/25/97, Souder for Congress 98 General Election; $1,000, 12/23/97, Friends of Charlie Crist; $100, 2/2/98, Bordonaro for Congress; $1,000, 2/2/98, Friends of Charlie Crist; $250, 2/20/98, Nielson for Congress 98; $1,000, 4/7/98, Abraham for Senate; $500, 4/27/98, Fox for Congress; $250, 5/22/98, American Renewal PAC; $500, 6/16/98, Heather Wilson for Congress (special election); $1,500, 6/18/98, Heather Wilson for Congress (special election); $100, 6/24/98, Fox for Congress; $500, 7/21/98, Souder for Congress; $500, 7/21/98, Friends of Scott McInnes; $500, 8/26/98, American Renewal PAC; $500, 9/17/98, Heather Wilson for Congress (special election); $569, 10/10/98, Citizens for Gilman; $1,000, 10/26/98, Friends of Newt Gingrich; $250, 12/2/98, John Isakson for Congress; $1,000, 1/6/99, Abraham Senate 2000; $250, 1/13/99, Georgians for Isakson; $1,000, 3/8/99, Governor George W. Bush Exploratory Committee; $1,000, 3/17/99, Friends of Connie Mack; $1,000, 4/7/99, Adam Smith PAC; $500, 6/11/99, Dewine for U.S. Senate; $500, 6/16/99, American Renewal PAC; $1,000, 6/30/99, Watts for Congress; $500, 8/3/99, Souder for Congress, Inc.; $1,000, 10/14/99, Jon Kyl for U.S. Senate; $1,000, 10/14/99, Bill McCollum for U.S. Senate; $1,000, 11/3/99, Anne Northrup for Congress; $1,000, 11/10/99, Friends of Scott McInnis; $1,000, 12/9/99, Bill McCollum for U.S. Senate; $1,000, 3/11/00, Bush for President; $100, 4/10/00, Dewine for U.S. Senate; $1,000, 4/12/00, Clay Shaw for Congress; $500, 5/5/00, Mike Rogers for Congress; $1,000, 5/18/00, Bush for President, Inc.; ($500), 7/31/01, Heather Wilson for Congress (special election—refund).

3. Children and Spouses: M. Steven Sembler, $500, 9/9/97, Mark Souder for Congress; $1,000, 3/12/99, George W. Bush Exploratory Committee; $1,000, 10/29/99, Jon Kyl for Senator. Diane Sembler, $500, 9/27/97, Souder for Congress, Inc.; $500, 3/31/99, Bush for President, Inc.; $1,000, 11/24/99, Jon Kyl for U.S. Senate; $1,000, 8/31/00, Bill McCollum for U.S. Senate; $1,000, 10/31/00, Bill McCollum for U.S. Senate. Brent Sembler, $1,000, 10/20/97, Souder for Congress; $1,000, 10/27/97, Friends of Connie Mack; $2,000, 11/24/97, Friends of Charlie Crist; $1,000, 4/8/98, Abraham Senate 2000; $1,000, 10/23/98, Newt Gingrich; $1,000, 4/4/99, George W. Bush for President; $500, 9/7/99, Republican Party of Florida Federal Campaign Account; $1,000, 11/23/99, Jon Kyl for U.S. Senate; $1,000, 12/9/99, Bill McCollum for U.S. Senate; $500, 2/28/00, Mike Bilirakis for Congress; $1,000, 8/30/00, Bill McCollum for U.S. Senate; $1,000 9/27/00, Adam Putnam for Congress; $5,000, 9/29/00, Republican Party of Florida Federal Campaign Account; $500, 3/19/00, Republican Party of Florida Federal Campaign Account. Debbie Sembler, $1,000, 12/16/97, Friends of Charlie Crist; $500, 5/15/99, Bill McCollum Campaign; $1,000, 11/8/99, Jon Kyl for U.S. Senate. Gregory Sembler; $500, 2/13/97, Friends of Connie Mack; $500, 9/16/98, Souder for Congress; $500, 10/17/97, Souder for Congress; $1,000, 4/6/98, Abraham Senate 2000; $1,000, 10/22/98, Friends of Newt Gingrich; $1,000, 5/10/99, George W. Bush Presidential Exploratory Committee; $500, 9/7/99, Republican Party of Florida Federal Campaign Account; $1,000, 11/18/99, Jon Kyl for U.S. Senate; $800, 12/8/99, Bill McCollum; $100, 2/25/00, Friends of Guiliani; $100, 4/11/00, Bill McCollum; $500, 5/19/00, Bill McCollum; $100, 7/13/00, Rick Lazio; $400, 8/30/00, Bill McCollum. Elizabeth Sembler, $500, 2/10/97, Friends of Connie Mack; $500, 2/10/97, Friends of Connie Mack; $500, 2/13/97, Friends of Connie Mack; $500, 10/24/97, Adam Smith; $500, 11/9/97, Friends of Connie Mack; $1,000, 3/25/99, Bush for President; $200, 11/13/99, Bill McCollum.

4. Parents: Deceased.

5. Grandparents: Deceased.

6. Brothers and spouses: Eugene Sembler (deceased).

7. Sisters and spouses: Sidney and Delores Krakower, none; Herschel and Norma Rich, none.

Stephan Michael Minikes, of the District of Columbia, to be U.S. Representative to the Organization for Security and Cooperation in Europe, with the rank of Ambassador.

(The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.)

Nominee: Stephan Michael Minikes.

Post: U.S. Representative to the Organization for Security and Cooperation in Europe, with the rank of Ambassador.

Contributions, amount, date, donee:

1 Self: $1,000, 1/22/97, Cong. Bud Shuster; $500, 3/4/97, Cong. Nancy Johnson; $425, 4/15/97, Reid & Priest PAC; $1,000, 4/16/97, Cong. John Murtha; $500, 5/15/97, Cong. Curt Weldon; $500, 5/20/97, Gov. Rob Andrews; $500, 6/12/97, Cong. Scott McInnis; $1,000, 6/24/97, Sen. Arlen Specter; $2,000, 7/29/97, Democratic Congressional Campaign Committee; $200, 8/20/97, Cong. Regula; $425, 8/27/97, Reid & Priest PAC; $500, 9/10/97, Cong. Joe McDade; $500, 11/13/97, Cong. Tom Foglietta; $500, 12/23/97, Cong. Rob Andrews; $1,000, 1/30/98, Cong. Bud Shuster; $500, 3/3/98, Cong. LaTourette; $457, 4/21/98, Reid & Priest PAC; $1,000, 5/1/98, Cong. John Murtha; $500, 5/14/98, Cong. Fattah; $500, 9/24/98, Sen. Leahy; $1,000, 10/8/98, National Republican Congressional Corporate Account—Cong. Weldon; $350, 10/9/98, Thelen Reid & Priest PAC; $250, 10/19/98, Cong. Bob Brady; $500, 3/23/99, Cong. LaTourette; $500, 3/23/99, Cong. Scott McInnis; $370, 3/31/99, Thelen Reid & Priest PAC; $1,000, 4/13/99, Cong. Pete Sessions; $1,000, 5/3/99, Cong. John Murtha; $1,000, 6/21/99, Gov. George W. Bush Presidential Exploratory Committee; $370 19/21/99, Thelen Reid & Priest PAC; $1,000, 10/21/99, Sen. Santorum; $1,000, 10/22/99, Governor's Leadership Fund (Gov. Engler/Michigan); $1,000, 11/16/99, GELAC Fund; $1,000, 2/9/00, Friends of Jim Oberstar; $1,000, 2/28/00, Cong. Pete Sessions; $1,000, 3/24/00, Cong. Scott McInnis; $355, 3/24/00, Thelen Reid & Priest PAC; $1,000, 5/24/00, Murtha for Congress; $1,000, 5/25/00, Bob Brady for Congress; $500, 6/28/00, Rogan for Congress; $1,000, 6/30/00, Dickey for Congress; $335, 7/27/00, Thelen Reid & Priest PAC; $1,000, 10/24/00, Victory 2000 (Alabama Rep. Shelby); $1,000, 10/25/00, Victory 2000 (Cheney event); $1,000, 10/28/00, Andrews for Congress; $1,000, 1/25/01, PETE Pac; $500, 4/3/01, Cantwell for Senate; $395, 5/3/01, Thelen Reid & Priest PAC; $7,500, 5/8/01, Presidential Gala Table; $15,000, 5/15/01, Republican National Finance Committee; $1,000, 6/8/01, Murtha for Congress; $1,000, 6/8/01, Weldon for Congress; $1,000, 6/8/01, Borski for Congress.

2. Spouse: Dianne C. Minikes, $100, 6/23/98, Committee to Re-elect Nancy Dacek; $1,000, 6/21/99, Gov. George W. Bush, Presidential Exploratory Committee; $1,000, 2/28/00, Pete Sessions for Cong. $1,000, 5/22/00, Weldon for Congress; $1,000, 5/22/00, Bush for President Compliance Committee; $20,000, 5/31/00, RNC Presidential Trust; $1,000, 6/22/00, Sandhill PAC (Sen. Hagel).

3. Children and Spouses: Alexandra C. Minikes, $1,000, 6/30/99, Gov. George W. Bush, Presidential Exploratory Committee.

4. Parents: Deceased.

5. Grandparents: Deceased.

6. Brothers and Spouses: N/A.

7. Sisters and Spouses: N/A.

* Cynthia Shepard Perry, of Texas, to be United States Director of the African Development Bank for a term of five years.

* Jose A. Fourquet, of New Jersey, to be United States Executive Director of the Inter-American Development Bank for a term of three years.

* Charles Lawrence Greenwood, Jr., of Florida, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, for the rank of Ambassador during his tenure of service as Coordinator for Asia Pacific Economic Cooperation (APEC).

* Ernest L. Johnson, of Louisiana, to be an Alternate Representative of the United States of America to the Fifty-sixth Session of the General Assembly of the United Nations.

* William J. Hybl, of Colorado, to be Representative of the United States of America to the Fifty-sixth Session of the General Assembly of the United Nations.

* Nancy Cain Marcus, of Texas, to be an Alternative Representative of the United States of America to the Fifty-sixth Session of the General Assembly of the United Nations.

* Constance Berry Newman, of Illinois, to be an Assistant Administrator of the United States Agency for International Development.

* Christopher Bancroft Burnham, of Connecticut, to be Chief Financial Officer, Department of State.

* Robert M. Beecroft, of Maryland, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, for the rank of Ambassador during his tenure of service as Head of Mission, Organization for Security and Cooperation in Europe (OSCE), Bosnia and Herzegovina.

* Charles Lester Pritchard, of Virginia, for the rank of Ambassador during his tenure of service as Special Envoy for Negotiations with the Democratic People's Republic of Korea (DPRK) and United States Representative to the Korean Peninsula Energy Development Organization (KEDO).

* John Marshall, of Virginia, to be an Assistant Administrator of the United States Agency for International Development.

* Christopher Bancroft Burnham, of Connecticut, to be an Assistant Secretary of State (Resource Management).

Mr. BIDEN. Mr. President, for the Committee on Foreign Relations I report favorably the following nomination lists in the Foreign Service which were printed in the RECORDS on the dates indicated, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar that these nominations lie at the Secretary's desk for the information of Senators.

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

Foreign Service nomination of Terence J. Donovan.

Foreign Service nominations beginning Keith E. Brown and ending Olivier C. Carduner, which nominations were received by the Senate and appeared in the Congressional Record on October 16, 2001.

By Mr. LIEBERMAN for the Committee on Governmental Affairs.

Odessa F. Vincent, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years.

*Nomination was reported with 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.

(Nominations without an asterisk were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. CORZINE:

S. 1682. A bill to designate buildings 315, 318, and 319 located at the William J. Hughes Technical Center of the Federal Aviation Administration in Atlantic City, New Jersey, as the ''Frank R. Lautenberg Aviation Security Complex''; to the Committee on Commerce, Science, and Transportation.

By Mr. HARKIN:

S. 1683. A bill to amend the Emergency Food Assistance Act of 1983 to permit States to use administrative funds to pay costs relating to the processing, transporting, and distributing to eligible recipient agencies of donated wild game; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DORGAN (for himself, Mr. CRAIG, Mr. BAUCUS, Mr. GRASSLEY, Mr. BAYH, Mr. BENNETT, Mr. CARPER, Ms. COLLINS, Mr. CRAPO, Mr. ENSIGN, Mr. HOLLINGS, Mr. HUTCHINSON, Mr. INHOFE, Mr. KYL, Mrs. LINCOLN, Mr. MURKOWSKI, Mrs. MURRAY, Mr. SMITH of Oregon, and Mr. FRIST):

S. 1684. A bill to provide a 1-year extension of the date for compliance by certain covered entities with the administrative simplification standards for electronic transactions and code sets issued in accordance with the Health Insurance Portability and Accountability Act of 1996; to the Committee on Finance.

By Mr. DODD (for himself, Mr. DEWINE, and Ms. COLLINS):

S. 1685. A bill to meet the needs of children when preparing for and responding to acts of terrorism; to the Committee on Health, Education, Labor, and Pensions.

By Mr. KENNEDY (for himself, Mr. KERRY, Mr. REID, Mr. WELLSTONE, and Mrs. CLINTON):

S. 1686. A bill to amend title XVIII of the Social Security Act to provide for patient protection by limiting the number of mandatory overtime hours a nurse may be required to work in certain providers of services to which payments are made under the medicare program; to the Committee on Finance.

By Mr. HELMS:

S. 1687. A bill to extend the temporary suspension of duty with respect to Diclofop; to the Committee on Finance.

By Mr. HELMS:

S. 1688. A bill to extend the temporary suspension of duty with respect to Thidiazuron; to the Committee on Finance.

By Mr. HELMS:

S. 1689. A bill to extend the temporary suspension of duty with respect to Deltamethrin; to the Committee on Finance.

By Mr. HELMS:

S. 1690. A bill to extend the temporary suspension of duty with respect to Phenmedipham; to the Committee on Finance.

By Mr. HELMS:

S. 1691. A bill to extend the temporary suspension of duty with respect to Desmedipham; to the Committee on Finance.

By Mr. HELMS:

S. 1692. A bill to extend the temporary suspension of duty with respect to Ethofumesate; to the Committee on Finance.

By Mr. HELMS:

S. 1693. A bill to extend the temporary suspension of duty with respect to Tralomethrin; to the Committee on Finance.

By Mr. HELMS:

S. 1694. A bill to suspend temporarily the duty on buctril; to the Committee on Finance.

By Mr. HELMS:

S. 1695. A bill to suspend temporarily the duty on bronate; to the Committee on Finance.

By Mr. HELMS:

S. 1696. A bill to suspend temporarily the duty on asulox; to the Committee on Finance.

By Mr. HELMS:

S. 1697. A bill to suspend temporarily the duty on cyclanilide; to the Committee on Finance.

By Mr. HELMS:

S. 1698. A bill to suspend temporarily the duty on iprodione; to the Committee on Finance.

By Mr. HELMS:

S. 1699. A bill to suspend temporarily the duty on foramsulfuron; to the Committee on Finance.

By Mr. HELMS:

S. 1700. A bill to suspend temporarily the duty on acetamiprid; to the Committee on Finance.

By Mr. HELMS:

S. 1701. A bill to suspend temporarily the duty on fosetyl-A1; to the Committee on Finance.

By Mr. HELMS:

S. 1702. A bill to suspend temporarily the duty on endosulfan; to the Committee on Finance.

By Mr. HELMS:

S. 1703. A bill to suspend temporarily the duty on ethoprop; to the Committee on Finance.

By Mr. WELLSTONE (for himself, Mr. DAYTON, and Mr. HARKIN):

S. 1704. A bill to amend the Clayton Act to make the antitrust laws applicable to the elimination or relocation of major league baseball franchises; to the Committee on the Judiciary.

By Mr. HATCH (for himself, Mr. SCHUMER, and Mr. SPECTER):

S.J. Res. 29. A joint resolution amending title 36, United States Code, to designate September 11 as Patriot Day; to the Committee on the Judiciary.

ADDITIONAL COSPONSORS

S. 198

At the request of Mr. CRAIG, the name of the Senator from Nevada (Mr. ENSIGN) was added as a cosponsor of S. 198, a bill to require the Secretary of the Interior to establish a program to provide assistance through States to eligible weed management entities to control or eradicate harmful, nonnative weeds on public and private land.

S. 673

At the request of Mr. HAGEL, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 673, a bill to establish within the executive branch of the Government an interagency committee to review and coordinate United States nonproliferation efforts in the independent states of the former Soviet Union.

S. 948

At the request of Mr. LOTT, the name of the Senator from Nevada (Mr. REID) was added as a cosponsor of S. 948, a bill to amend title 23, United States Code, to require the Secretary of Transportation to carry out a grant program for providing financial assistance for local rail line relocation projects, and for other purposes.

S. 1020

At the request of Mr. HARKIN, the name of the Senator from Kentucky (Mr. BUNNING) was added as a cosponsor of S. 1020, a bill to amend title XVIII of the Social Security Act to improve the provision of items and services provided to medicare beneficiaries residing in rural areas.

S. 1058

At the request of Mr. HUTCHINSON, the names of the Senator from Nebraska (Mr. HAGEL), the Senator from Missouri (Mr. BOND), and the Senator from Minnesota (Mr. WELLSTONE) were added as cosponsors of S. 1058, a bill to amend the Internal Revenue Code of 1986 to provide tax relief for farmers and the producers of biodiesel, and for other purposes.

S. 1201

At the request of Mr. HATCH, the name of the Senator from Tennessee (Mr. FRIST) was added as a cosponsor of S. 1201, a bill to amend the Internal Revenue Code of 1986 to provide for S corporation reform, and for other purposes.

S. 1271

At the request of Mr. VOINOVICH, the names of the Senator from Kentucky (Mr. BUNNING), the Senator from Georgia (Mr. CLELAND), the Senator from Delaware (Mr. CARPER), and the Senator from Connecticut (Mr. LIEBERMAN) were added as cosponsors of S. 1271, a bill to amend chapter 35 of title 44, United states Code, for the purpose of facilitating compliance by small business concerns with certain Federal paperwork requirements, to establish a task force to examine the feasibility of streamlining paperwork requirements applicable to small business concerns, and for other purposes.

S. 1317

At the request of Mr. SCHUMER, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 1317, a bill to amend title XVIII of the Social Security Act to provide for equitable reimbursement rates under the medicare program to Medicare+Choice organizations.

S. 1500

At the request of Mr. KYL, the names of the Senator from Georgia (Mr. CLELAND) and the Senator from New Mexico (Mr. DOMENICI) were added as cosponsors of S. 1500, a bill to amend the Internal Revenue Code of 1986 to provide tax and other incentives to maintain a vibrant travel and tourism industry, to keep working people working, and to stimulate economic growth, and for other purposes.

S. 1503

At the request of Mr. ROCKEFELLER, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 1503 , a bill to extend and amend the Promoting Safe and Stable Families Program under subpart 2 of part B of title IV of the Social

Security Act , to provide the Secretary of Health and Human Services with new authority to support programs mentoring children of incarcerated parents, to amend the Foster Care Independent Living Program under part E of title IV of the Social Security Act to provide for educational and training vouchers for youths aging out of foster care, and for other purposes.

S. 1518

At the request of Mr. BOND, the name of the Senator from West Virginia (Mr. ROCKEFELLER) was added as a cosponsor of S. 1518, a bill to improve procedures with respect to the admission to, and departure from, the United States of aliens.

S. 1661

At the request of Mrs. FEINSTEIN, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1661, a bill to set up a certification system for research facilities that possess dangerous biological agents and toxins, and for other purposes.

S. 1671

At the request of Mr. GRASSLEY, the name of the Senator from Kansas (Mr. BROWNBACK) was added as a cosponsor of S. 1671, a bill to amend the Trade Act of 1974 to provide for duty-free treatment under the Generalized System of Preferences (GSP) for certain hand-knotted or hand-woven carpets and leather gloves.

S. 1673

At the request of Mr. HUTCHINSON, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. 1673, a bill to provide for the continuation of agricultural programs through fiscal year 2011.

S. 1675

At the request of Mr. BROWNBACK, the name of the Senator from Arizona (Mr. KYL) was added as a cosponsor of S. 1675, a bill to authorize the President to reduce or suspend duties on textiles and textile products made in Pakistan until December 31, 2004.

S. CON. RES. 44

At the request of Mr. FITZGERALD, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S.Con.Res. 44, a concurrent resolution expressing the sense of the Congress regarding National Pearl Harbor Remembrance Day.

S. CON. RES. 79

At the request of Mr. THURMOND, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S.Con.Res. 79, a concurrent resolution expressing the sense of Congress that public schools may display the words ''God Bless America'' as an expression of support for the Nation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CORZINE:

S. 1682. A bill to designate buildings 315, 318, and 319 located at the William J. Hughes Technical Center of the Federal Aviation Administration in Atlantic City, New Jersey, as the ''Frank R. Lautenberg Aviation Security Complex''; to the Committee on Commerce, Science, and Transportation.

Mr. CORZINE. Mr. President, today I am introducing legislation to honor one of the finest Senators to represent my State of New Jersey, Frank R. Lautenberg. My bill would designate specific buildings located at the Federal Aviation Administration's William J. Hughes Technical Center in Atlantic City, New Jersey as the ''Frank R. Lautenberg Aviation Security Complex.''

Designating these buildings as the Frank R. Lautenberg Aviation Security Complex would be an appropriate tribute to Senator Lautenberg. No one has been a greater champion for transportation interests in the United States Senate. Senator Lautenberg consistently made transportation a top priority and served for many years as Chairman of the Transportation Appropriations Subcommittee, as well as serving on the Environment and Public Works Committee. Over the years, he accumulated a long list of related accomplishments.

For example, he authored legislation to ban smoking on all flights within the United States, which provides relief from secondhand smoke to thousands of air travelers annually. He was a staunch defender of Amtrak, successfully led efforts to protect its funding in the face of those who oppose our national passenger rail system, and developed landmark legislation to authorize the issuance of bonds to support high speed rail. He also wrote the law that increases the legal drinking age from 18 to 21, which has been credited with saving countless lives on our nation's highways.

I also would note that Senator Lautenberg played an important role in supporting the Technical Center in Atlantic City, so it is especially appropriate that he be honored at the Center.

Senator Lautenberg always worked hard to steer Federal funds to New Jersey for both road and rail projects, and had considerable success. These projects have been immensely important in easing traffic congestion in New Jersey, our Nation's most densely populated State. As a member of the committees that will reauthorize the transportation bill, the Environment and Public Works and Banking Committees, I hope to continue Senator Lautenberg's legacy in this area. In particular, I am hoping to work for funding of a new commuter rail tunnel across the Hudson River that would link New Jersey and Midtown Manhattan.

Beyond his many successes in the area of transportation, Frank Lautenberg had many other accomplishments during his 18-year career in the Senate. He authored legislation barring people convicted of domestic violence from owning a gun. He wrote the Right-to-Know Act, which requires companies to disclose the chemicals they produce and store. He wrote the Public and Assisted Housing Drug Elimination Act, which has made a huge difference in improving the lives of residents of public housing. Also, as the Ranking Member of the Senate Budget Committee, he played a major role in debates over fiscal policy, and in the development of the Balanced Budget Act of 1997, which helped lead to our first budget surpluses after a long history of deficits.

Designating these buildings as the Frank R. Lautenberg Aviation Security Complex is a small but important way we can pay tribute to a man who has contributed so much to our State and our Nation. I personally am honored to serve as his successor in the Senate, and I hope that the Congress will act quickly on this important legislation.

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. 1682

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF FRANK R. LAUTENBERG AVIATION SECURITY COMPLEX.

Buildings 315, 318, and 319 located at the William J. Hughes Technical Center of the Federal Aviation Administration in Atlantic City, New Jersey, shall be known and designated as the ''Frank R. Lautenberg Aviation Security Complex''.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the buildings referred to in section 1 shall be deemed to be a reference to the Frank R. Lautenberg Aviation Security Complex.

By Mr. HARKIN:

S. 1683. A bill to amend the Emergency Food Assistance Act of 1983 to permit States to use administrative funds to pay costs relating to the processing, transporting, and distributing to eligible recipient agencies of donated wild game; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. HARKIN. Mr. President, since September 11 we have all seen the generous spirit of volunteerism in our communities. Americans have given blood, donated to soup kitchens and clothing drives, all in record numbers. Although this tragedy has heightened the levels of giving, Americans were helping each other through the tough times long before September 11. I rise today to recognize one type of program that is helping to feed families caught up in the economic downturn.

Take Tim Powers. Tim lives in Lisbon, IA. During the week, he works hard at Whitetails Unlimited. but on the weekends, Tim runs a game donation program. First, Tim negotiates with local butchers for reduced rates on the meat processing. Then, he

reaches out to local hunting groups and lets them know they can donate their extra game to Iowa's soup kitchens. It is a great way to help those in need, it's all volunteer, and it makes sense. Similar programs have popped up across America, like Hunters for the Hungry, Farmers and Hunters Feeding the Hungry, and Sportsmen Against Hunger.

Tim Powers and these organizations remind us all that hunting isn't simply a sport. It takes me back to my childhood in Cumming, IA. I was one of six kids and my father was a coal miner, so there were some hard times. Often, hunting helped to decide how well my family would eat. Believe me, that will motivate you to become a good shot. And we hunted just about anything that moved, not just deer but ducks, pheasants, and rabbits.

But when we did have more than enough to feed the family, we shared it with the neighbors. It was the right thing to do. And today, Tim Powers and others are keeping that type of community spirit alive.

These efforts are desperately needed. Buying meat is expensive and food banks are already stretched too thin. In 1997 alone, more than 26 million Americans sought emergency food assistance. And the Department of Agriculture reports that during between 1996 and 1998 approximately 10 million U.S. households did not have access to enough food to meet their basic needs.

Game donation programs can make a difference in the fight against hunger. One of the only problems, however, is the cost of the meat processing. Tim Powers convinced his employer, Whitetails Unlimited, that this program needs their support. Once a year they sponsor a dinner to fundraise for him, last year he raised enough money to process about 50 deer. That is a miracle for the soup kitchens in Linn County and it can happen in other places as well. There are thousands of hunters who would like to do so much more, but the funds for processing always fall short.

Time and again, hunters have shown that we enjoy the activity and we're happy to go out of our way if that activity also serves to provide meat for those who are less fortunate. The only catch is the cost of processing. I hear it again and again, local programs spring up but can't raise enough funds to sustain the cost of processing. With game donation programs in a community everybody wins. The meat goes from hunters in the area to needy families within the State, there is nothing more basic than a community taking care of its own. We need to do whatever we can to help sustain these local programs.

That is why I am introducing the Hunters Help the Hungry Act. This legislation would authorize states to use administrative funds from the Emergency Food Assistance Program, TEFAP, to pay for the processing costs of donated wild game. TEFAP is a USDA food distribution program through which commodity foods are made available to the States. Food is then provided to food banks, soup kitchens, and food pantries for distribution to the public.

In addition, my legislation would increase the authorization of TEFAP administrative funds from $50 million to $70 million. This increase is intended to cover the potential cost of game donation programs in every State, however, the legislation gives States the flexibility to use those funds for their current TEFAP programs, if they so choose.

I want to stress this point: States would not be required to use any of the additional funds for the hunting-donation programs. My bill would simply provide them with the option and the flexibility to use a portion of their TEFAP administrative funds to process donated game. The remainder of the funds would cover traditionally allowable expenses like transportation and storage costs, and gleaning and other activities.

In addition, the USDA Secretary would have the ability to place a cap on the percentage of administrative funds that could be used to process game meat. As always, the TEFAP program will continue to be primarily focused on commodities. My legislation would simply give States the flexibility to support local game donation programs as a part of their anti-hunger efforts.

This legislation is rooted in basic common sense and traditional American values, values that America's hunters understand. Too often our hunters are only mentioned on the Senate floor when it comes time to debate a crime bill. Instead, my legislation thanks America's hunters and supports the good they do in our communities. I think it just makes sense, and I hope that my colleagues will support it.

By Mr. DODD (for himself, Mr. DEWINE, and Ms. COLLINS):

S. 1685. A bill to meet the needs of children when preparing for and responding to acts of terrorism; to the Committee on Health, Education, Labor, and Pensions.

Mr. DODD. Mr. President, I am pleased to join with my colleague from Ohio, Senator DEWINE, and my colleague from Maine, Senator COLLINS, in introducing legislation today to strengthen our Nation's ability to protect children during times of terrorism and bioterrorism.

It's a terrible thing that we have to be here to talk about how to protect children from terrorism. But, as all of us know only too well, the terrorist incidents of September 11 have changed the world for all of us. In order to ensure that the needs of children are not overlooked as a national terrorism response package is drafted, we are introducing this legislation today specifically geared toward the needs of children. Our bill would: strengthen emergency and rescue services for children; ensure that all needed medicines in the case of bioterrorist attack can be safely used for children; ensure that the mental health needs of children directly affected by terrorist and bioterrorist attacks are addressed; and, enable the Secretary of HHS to determine and respond to other unique needs that children may have related to terrorism.

Shockingly, not all ambulances, hospitals and emergency personnel are prepared to handle children's emergencies, let alone emergencies related to terrorism. In fact, fewer than half of all hospitals with emergency departments have the equipment necessary to stabilize seriously injured children.

Our bill will expand the Emergency Medical Services for Children Grant Program administered by the Department of Health and Human Services. Those first on the ground need to be prepared to deal with the specific needs of children in any type of terrorist or bioterrorist attack.

Children are especially vulnerable to the chemical and biological agents that could be deployed in a terrorist attack. Nerve gas agents, such as Sarin gas for example, are denser than water and concentrate lower to the ground, in the breathing zone of children. And the more permeable skin of newborns and children puts them at risk of greater exposure to toxins that may be absorbed.

It is crucial to secure information on dosage, possible side effects and the effectiveness of various agents in our children. Just a few weeks ago, the Senate unanimously passed the reauthorization of a law I authored with Senator DEWINE to address the appalling lack of pediatric information about the drugs we used for our kids. The law, which has been an unparalleled success, provides a market incentive for drug companies to test their products for use in kids and to create kid-friendly drug formulations.

Our re-authorization of this law will ensure that all approved drugs that are identified as important for children will get studied, either by the manufacturer or by a third party with pediatric clinical expertise. These third party studies will be paid for using private dollars from an NIH Foundation or using the $20 million authorized in the bill for this purpose.

Today, we are asking the Secretary to do the same for medicines that can be used to protect our kids in a bioterrorist attack. Our proposal authorizes funding to ensure that the products that are important for children will get studied by manufacturers and by qualified third parties to determine how a child's body breaks down and absorbs the medicine, potential risks, and effectiveness.

Without adequate information about how a drug works in kids of different ages and sizes, children are more likely to be under- or over-dosed or to experience dangerous side effects. By instructing the Secretary to contract our

needed studies, we can ensure that we get vital information on the medicines needed most for our kids.

Since September 11 our children have been faced with images and emotions that are difficult for them to understand and deal with. They have seen airplanes crashing into places where people work, they have seen people fleeing from collapsing buildings, they have family members searching and grieving for missing loved ones, they have heard about people being poisoned and dying from the mail. All of this is beyond belief. These are very complicated and stressful times for all of us, but especially for children.

Children sense the anxiety and tension in adults around them. And, like adults, children experience the same feelings of helplessness and lack of control that disaster-related stress can bring about. Unlike adults, however, children have little experience to help them place their current situation into perspective.

Our proposal authorizes the Secretary of Health and Human Services to provide immediate emergency mental health and substance abuse prevention and treatment services to those children residing in communities directly affected by terrorism. This new authority will double the amount of emergency funding for mental health services and ensure that children's mental health needs are specifically addressed. This new initiative will provide approximately $17.5 million in emergency funds for children's mental health services.

To deal with other unique needs of children, we provide the Secretary of Health and Human Services with broad authority to allocate emergency crisis response grants. Such grants could be made at the Secretary's discretion to schools, child care centers, Head Start centers, or other entities dealing with children to assist in developing evacuation plans, in training personnel to understand children's needs related to terrorism, and how to communicate effectively with children and parents about terrorism. Millions of children spend more than half their waking hours with teachers and other caregivers. These professionals must be able to understand what children are going through and be prepared to help them get through it. As we've seen over the last few weeks, in practice, this is not always as easy to do as it sounds.

The President has asked that all Americans get back to normal. It is our responsibility to provide our children affected by these tragic events with the best tools and resources to get back to normal.

I ask unanimous consent that a summary of our legislation and the text of the bill be printed in the RECORD.

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

S. 1685

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 ''Kids and Terrorism Preparedness Act''.

SEC. 2. EMERGENCY MEDICAL AND RESCUE SERVICES FOR CHILDREN.

(a) IN GENERAL.—Section 1910(a) of the Public Health Service Act (42 U.S.C. 300w–9(a)) is amended—

(1) by striking ''may make grants to States or accredited schools of medicine in States to support a program of demonstration projects for the expansion and improvement of emergency medical services for children'' and inserting ''may make grants to, or enter into contracts with, States, local government entities, Indian tribes, accredited schools of medicine, and nonprofit children's hospitals to improve emergency medical services for children who need treatment for trauma or critical care'';

(2) by inserting before the first period the following: '', including injury prevention activities and data collection'';

(3) by striking ''3-year'' and inserting ''4-year''; and

(4) by striking ''4th'' and inserting ''5th''.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated $45,000,000 to carry out section 1910 of the Public Health Service Act (42 U.S.C. 300w–9).

SEC. 3. APPROPRIATE MEDICINES FOR CHILDREN IN THE FACE OF BIOTERRORISM.

(a) MEETINGS.—The Secretary of Health and Human Services, in consultation with Commissioner of the Food and Drug Administration, the Director of the National Institutes of Health, and the heads of other appropriate Federal entities, shall convene meetings with drug manufacturers, biotechnology manufacturers, and medical device manufacturers to formulate a plan for the development of new, and enhancement of existing, countermeasures (including diagnostics, drugs, vaccines, biologics, and medical devices) that may be appropriate to prevent and treat children who are exposed to biological agents and chemical, radiological, or nuclear toxins.

(b) NOTICE OF PRODUCTS AND REFERRALS.—The Secretary of Health and Human Services shall give public notice of the products (including diagnostics, drugs, vaccines, biologics, and medical devices) that should be studied with respect to children, in response to bioterrorist threats.

(c) CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS.—The Secretary of Health and Human Services shall award contracts, grants, or cooperative agreements to manufacturers described in subsection (a), and other entities with the appropriate capacity and expertise, to conduct needed studies relating to children.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary to carry out this section for fiscal year 2002.

SEC. 4. CHILDREN'S MENTAL HEALTH.

Section 501(m) of the Public Health Service Act (42 U.S.C. 290aa(m)) is amended—

(1) in paragraph (1)—

(A) by striking ''2.5 percent'' and inserting ''5 percent''; and

(B) by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)'';

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(3) by inserting after paragraph (1), the following:

''(2) CONDITION.—A condition of paragraph (1) is that 2.5 percent of the funds subject to paragraph (1) may only be available for the provision of emergency mental health and substance abuse treatment and prevention services to children who are directly affected by terrorist acts.''.

SEC. 5. CRISIS RESPONSE GRANTS TO ADDRESS CHILDREN'S NEEDS.

Title III of the Public Health Service Act is amended by inserting after section 319G (42 U.S.C. 247d–7) the following:

''SEC. 319H. CRISIS RESPONSE GRANTS TO ADDRESS CHILDREN'S NEEDS.

''(a) IN GENERAL.—The Secretary may award grants to eligible entities described in subsection (b) to enable such entities to increase the coordination and development of bioterrorism preparedness efforts relating to the needs of children.

''(b) ELIGIBILITY.—To be an eligible entity under this subsection, an entity shall—

''(1) be a State, political subdivision of a State, a consortium of 2 or more States or political subdivisions of States, a public or private non-profit agency or organization, or other organization that serves children as determined appropriate by the Secretary; and

''(2) prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary may require.

''(c) USE OF FUNDS.—An entity shall use amounts received under a grant under this section to carry out activities for the coordination and development of bioterrorism preparedness efforts relating to the physical- and health-related needs of children.

''(d) FUNDING.—The Secretary may use amounts appropriated under the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107–38) to carry out this section.''.

KIDS AND TERRORISM PREPAREDNESS ACT OF 2001—SUMMARY

As America prepares to gird itself against terrorist threats, our children's parents, teachers, caretakers, and emergency response personnel must be given new tools and instruments to protect them. For example, they must be trained in emergency response and evacuation plans developed by local authorities to protect children during times of terrorist threats or incidents. Children must have appropriate medicines in the appropriate dosages to help protect them from chemical and biological agents that might be deployed in a terrorist attack. They must also have access to mental health services to address the emotional trauma that can accompany acts of terrorism.

EMERGENCY MEDICAL AND RESCUE SERVICES FOR CHILDREN

Increases federal support for EMS training to ensure that first responders (i.e., firefighters, police, paramedics, etc.) are trained and equipped to address the specific medical needs of children.

More than doubles the resources available through the Department of Health and Human Services Emergency Medical Services for Children program from $18.9 million per year to $45 million.

APPROPRIATE MEDICINES FOR CHILDREN IN THE FACE OF BIOTERRORISM

Authorizes funds to enable the Secretary of HHS, in consultation with the FDA, NIH, and the pharmaceutical, biotech, and device industries, to ensure that every medicine identified for potential use for kids in responding to bioterrorism can be studied to determine proper pediatric dosing and effectiveness. This is critical because children are simply not smaller versions of adults—their bodies react to drugs differently. Without adequate information about how a drug

works in kids of different ages and sizes, they are more likely to be under- or overdosed or to experience dangerous side effects.

CHILDREN'S MENTAL HEALTH

Establishes grants for Emergency Mental Health Services for Children that would ensure that children directly affected by terrorist acts would be able to receive a comprehensive array of community-based mental health services. With these grants, communities could develop integrated systems of care that coordinate services among multiple child-serving agencies in incorporating parental involvement at every stage of service delivery. These grants would be administered by the Center for Mental Health Services (CMHS), housed within the Substance Abuse and Mental Health Services Administration (SAMHSA). The Emergency Mental Health Services for Children grants would be funded at about $17.5 million per year—up to 2.5 percent of total SAMHSA appropriations.

CRISIS RESPONSE GRANTS ADDRESSING CHILDREN'S NEEDS

The Secretary may provide grants to eligible entities to increase the coordination and the development of bioterrorism preparedness efforts relating to the needs of children. Such grants would be provided at the discretion of the Secretary using information the Secretary identifies as being critical to meeting the physical and health-related needs of children. The Secretary may use funds from emergency appropriations made available earlier this year.

Mr. DEWINE. Mr. President, I rise today to join my friends and colleagues, Senator DODD and Senator COLLINS, to introduce the ''Kids and Terrorism Preparedness Act.'' I want to thank Senators DODD and COLLINS, for their commitment and dedication to protecting America's children. They are two of this Nation's strongest advocates on behalf of kids, and I have enjoyed working together with them on a variety of children's health and safety issues.

Most recently, just a few short weeks ago, Senator DODD and I were able to pass our Best Pharmaceuticals for Children Act, which is going to help make sure that children get the right kinds of medicines when they are sick and in the proper dosages.

As the father of eight and grandfather of six, I can tell you from firsthand experience that we can not treat children the same way we treat adults. This is true for prescribing medicines to protect children when they are sick. And, it is also true in implementing measures to protect our nation against terrorism, especially chemical and biological terrorism.

This is why it is so important that as we begin to re-assess how we respond to terrorist attacks, we think long and hard about the differences between adults and children. The bill we are introducing today goes a long way toward ensuring that the needs of kids are taken into consideration. It goes a long way toward making sure that those who respond to terrorist attacks are prepared to treat and deal with children and their unique needs.

We have to realize that children simply are not small adults. For example, children breathe faster than adults, which means they will inhale poisons and chemicals more quickly than adults.

Children lose body heat faster than adults and so if a child needed a decontamination shower as a result of a chemical attack, firefighters and emergency crews will need to take special precautions for children, like setting up heat lamps to keep them warm so they do not go into shock. It also means providing those kids with a safe, comfortable environment to ease their fears.

Children often can not swallow pills. We need to make sure that we have antibiotics or other medicines that are in forms, like liquids, that children can take.

And obviously, children are physically smaller than adults, they are lower to the ground, which can put them in the direct path of some agents, like chlorine or sarin gas, both of which are heavier than air and settle lower to the ground where children would be breathing.

I have talked to firefighters and pediatricians in Ohio, who have told me that they simply are under-prepared right now to treat children's needs. The reality is that today fewer than half of our Nation's hospitals with emergency departments have the necessary equipment to treat sick and injured kids. We need to change that, and soon.

The bill we are introducing today will help change things. First, our bill would increase the funding of the Emergency Medical Services for Children block grant from $17 million to $45 million. By doing so, we are helping the first responders, those at the local level, get the training they need to meet the special needs of children.

Furthermore, our bill gives the Secretary of the Department of Health and Human Services, HHS, the flexibility to provide $17.5 million in grants to eligible entities to address children's mental health needs and provide substance abuse prevention and treatment options for children in the event of a terrorist emergency.

The bill also allows the Secretary of HHS to provide grants to eligible entities to enable such entities to increase the coordination and the development of bio-terrorism preparedness efforts relating to the needs of special populations, including children. Such grants are provided at the discretion of the secretary using information the secretary identifies as being critical to meeting the physical and health-related needs of children.

In conclusion, children represent a huge portion, 30 percent, almost one-third, of our Nation's population. We have an obligation to protect them. And, our bill today, is a step toward doing just that. I urge my colleagues to join us in support of this legislative effort. It is a good bill and one that can make very real, very positive differences in the lives of America's children.

Ms. COLLINS. Mr. President, I am pleased to join with my colleagues, Senator DODD and Senator DEWINE in introducing the Kids and Terrorism Preparedness Act to strengthen our ability to protect our children as our Nation prepares for and responds to acts of terrorism.

Every generation has a defining event. Our parents will never forget the attack on Pearl Harbor, and the baby boomers will never forget the day President Kennedy was shot. This generation will always remember September 11 and the horrific images of the two airliners slamming into the twin towers of the World Trade Center.

These terrorist attacks have evolved into an ongoing crisis that has created some particularly difficult challenges for our Nation's children. Thousands of children lost a family member or loved one on September 11. Tens of thousands more are close to another child who suffered an immediate loss. Millions of other children across the country watched the repeated broadcasts of the fiery crashes, workers falling to their deaths, the terrible building collapses and the panic that followed. These images have enacted an emotional and psychological toll on all Americans, but children are particularly vulnerable. Moreover, the current anthrax scare has only added to the anxiety of children who now fear that their own houses may not be a sanctuary against a bioterrorist attack delivered through the mail.

As our Nation takes steps to plan and prepare for future attacks, it is critical that we consider the unique needs of children who are more susceptible to biological and chemical attacks. Since they are smaller than adults, they may get sick from smaller amounts of harmful substances. They have a higher respiratory rate than adults, which means that they would get relatively larger doses of an inhaled substance in the same period of time. Moreover, some dense chemical agents, like chlorine and sarin, accumulate close to the ground, right in the breathing zone of children.

The problem is compounded because our current tools to combat terrorism are now always sensitive to children's needs. For example, Cipro, which is being widely prescribed for people who have been exposed to anthrax, is generally not recommended for use by children because of concerns that it can impair bone and joint growth. It is clear that immediate steps must be taken to develop drugs and vaccines appropriate for children that can be used to respond to a bioterrorist threat or attack.

Children also need different sized medical equipment from adults. I am therefore extremely troubled that, at present, many ambulances and emergency departments do not have child-sized equipment and supplies, such as oxygen masks, IV-tubes and neck braces. We must therefore do more to support our Emergency Medical Services workers and ensure that they are trained and equipped to meet the specific medical needs of children.

The legislation we are introducing today will help us to meet these special needs of children as our nation prepares to defend itself against terrorist threats. For example, it more than doubles the resources available through the Department of Health and Human Services Emergency Medical Services for Children program to ensure that first responders, our firefighters, our police, and our paramedics, are trained and equipped to handle the special medical needs of children.

It also authorizes grants to enable the Secretary of Health and Human Services, in consultation with the Food and Drug Administration, the National Institutes of Health, and the pharmaceutical, biotech, and device industries, to formulate a plan for the development of new, and enhancement of existing, drugs, vaccines, diagnostics, and medical devices that may be appropriate to prevent and treat children who are exposed to a bioterrorist attack. This is critical because children are not simply smaller versions of adults, their bodies react to drugs differently.

To help meet the mental health needs of children in crisis, the legislation authorizes grants to be administered by the Center for Mental Health Services within the Substance Abuse and Mental Health Services Administration for emergency mental health prevention and treatment services for children who are directly affected by terrorist acts. To deal with other unique needs of children, our bill provides the Secretary of Health and Human Services with broad authority to allocate emergency crisis response grants. Such grants could be made at the Secretary's discretion to State and local governments or public or private non-profit organizations serving children to increase the coordination and the development of bioterrorism preparedness efforts relating to the needs of children.

These are difficult and dangerous times, but all is not bleak. We can take great comfort from the extraordinary resources with which America is blessed. Besides our spiritual muscle, we have a proof of economic, scientific, and material strength which we have only just begun to tap. The legislation we are introducing today will help to strengthen our response to the terrorist threat by ensuring that the special needs of children are not overlooked, and I urge all of my colleagues to join us as cosponsors.

By Mr. KENNEDY (for himself, Mr. KERRY, Mr. REID, Mr. WELLSTONE, and Mrs. CLINTON):

S. 1686. A bill to amend title XVIII of the Social Security Act to provide for patient protection by limiting the number of mandatory overtime hours a nurse may be required to work in certain providers of services to which payments are made under the Medicare Program; to the Committee on Finance.

Mr. KENNEDY. Mr. President, it is a privilege to join my colleagues, Senator KERRY, Senator REID, Senator WELLSTONE, and Senator CLINTON, in introducing the Safe Nursing and Patient Care Act.

Current Federal safety standards limit work hours for pilots, flight attendants, truck drivers, railroad engineers and other professionals, in order to protect the public safety. However, no similar limitation currently exists for the Nation's nurses, who care for many of our most vulnerable Americans.

The Safe Nursing and Patient Care Act will limit mandatory overtime for nurses in order to protect patient safety and improve working conditions for nurses. Across the country, the widespread practice of mandatory overtime means that over-worked nurses are often required to provide care in circumstances that are unacceptable. Restricting mandatory overtime will ensure that nurses are ready and able to provide the highest quality of care to their patients.

As Linda McMahon, an emergency room nurse at Brockton Hospital in Massachusetts said, ''After no supper break, no time to go to the bathroom, you're on your feet for a solid 8½ hours, and then they look at you and say you're going to work for another shift.''

Some hospitals are taking action to deal with this serious problem. Brockton Hospital in Brockton, MA, and St. Vincent Hospital in Worcester, MA both recently agreed to limit mandatory overtime as part of negotiations following successful strikes by nurses. These limits will protect patients and improve working conditions for nurses, and they will also have a significant role in the recruitment and retention of nurses in the future.

Job dissatisfaction and overtime hours are major factors in the current shortage of nurses. Nationally, the shortfall is expected to rise to 20 percent in the coming years. The goal of the Safe Nursing and Patient Care Act will play an important role in improving the quality of life for nurses, so that more persons will enter the nursing profession and remain in it.

The bill limits mandatory overtime to declared states of emergency. Clearly, there are times when other options are exhausted and hospitals need additional help, and the bill takes account of such needs. The bill requires health providers to inform nurses of these new rights, and nurses who report violations are guaranteed protection from workplace discrimination. In addition, the bill requires the Agency for Health Care Research and Quality to report to Congress on appropriate standards for the maximum numbers of hours a nurse may work in a wide variety of health settings without compromising patient care.

Improving working conditions for nurses is an essential part of our ongoing effort to reduce medical errors, improve patient outcomes, and encourage more Americans to become and remain nurses. The power of providers to force nurses to work beyond what is safe for themselves and their patients is one of the major disincentives to pursuing or continuing a career in nursing. The Safe Nursing and Patient Care Act is a significant step that Congress can take to support the Nation's nurses and I urge my colleagues to support it.

By Mr. WELLSTONE (for himself, Mr. DAYTON, and Mr. HARKIN):

S. 1704. A bill to amend the Clayton Act to make the antitrust laws applicable to the elimination or relocation of major league baseball franchises; to the Committee on the Judiciary.

Mr. WELLSTONE. Mr. President, today, along with Senators DAYTON and HARKIN, I am introducing the ''Fairness in Antitrust in National Sports, FANS, Act of 2001.'' The goal of this important legislation is to limit major league baseball's antitrust exemption as it relates to decisions to eliminate or relocate a major league baseball team.

This is an important piece of legislation, made necessary by major league baseball owners' unfortunate decision last week to eliminate two teams, with the prospect of at least two more eliminations to come. I am pleased to say that Representative JOHN CONYERS, along with a number of other Members, including the entire Minnesota delegation, will be introducing an identical measure in the House today as well.

I have said on other occasions that I think this so-called ''contraction'' decision by major league baseball is a betrayal by owners who have put their own profits before loyalty to fans and their communities.

I know that there are a number of efforts to respond to this decision by the owners. The bill we are introducing today is but one of those. I expect the bill to be referred to the Judiciary Committees in the House and Senate and our hope is that the Committees in both Houses will be able to organize prompt hearings.

Our country has tremendously urgent priorities. We have the war in Afghanistan, the war against terrorism, and our urgent need for economic stimulus legislation to keep our nation from plummeting even further into recession. Unfortunately, however, major league baseball owners did not give us a choice on timing. They have picked a particularly inauspicious time to announce their unilateral, short-sighted and self-serving decision, so we must respond. Because they have further announced their intention to name in the near future the particular teams they plan to eliminate, we have no choice but to urge quick consideration of this legislation.

As I noted, the bill would limit baseball's antitrust exemption as it relates to decisions to eliminate or relocate a

major league baseball team. The legislation subjects the owners to the antitrust laws when they unilaterally decide to eliminate or relocate a team.

In all other respects, the bill tracks the Curt Flood Act of 1997, which repealed the antitrust laws as they apply to the employment of major league baseball players. As with the Curt Flood Act, the bill is carefully crafted to ensure that it does not limit any prerogatives of the minor leagues.

We proceed from a pragmatic desire to achieve a broad base of support in Congress. With the help of the Administration, we could push this measure forward.

As Senator DAYTON and I noted last week in a letter to the President, achieving Congressional action on this legislation will be exceedingly difficult in view of other urgent legislative issues facing Congress and the Administration. We will need the President to weigh in on this and I once again call on him to do so.

Mr. President, we must act to hold major league baseball owners accountable for their decisions. I urge my colleagues to join us in co-sponsoring this measure.

AMENDMENTS SUBMITTED AND PROPOSED

SA 2122. Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table.

SA 2123. Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2124. Mr. CRAIG submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2125. Mr. BAUCUS proposed an amendment to the bill H.R. 3090, supra.

SA 2126. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2127. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2128. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2129. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2130. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2131. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2132. Mr. SMITH of Oregon submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2133. Mr. SMITH of Oregon submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2134. Mr. SMITH of Oregon submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2135. Mr. SMITH of New Hampshire (for himself, Mr. INHOFE, and Mr. THOMAS) submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2136. Mr. SPECTER submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2137. Mr. SPECTER (for himself and Mr. SANTORUM) submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2138. Mr. GRAHAM (for himself, Mrs. LINCOLN, and Mr. BINGAMAN) submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2139. Mr. GRAHAM (for himself and Mr. TORRICELLI) submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2140. Mr. KERRY (for himself, Mr. LIEBERMAN, and Mr. KENNEDY) submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2141. Ms. COLLINS (for herself and Mr. WARNER) submitted an amendment intended to be proposed by her to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2142. Mr. SMITH of New Hampshire (for himself and Mr. JEFFORDS) submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2143. Mr. SMITH of New Hampshire submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2144. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2145. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2146. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2147. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

SA 2148. Mr. JEFFORDS (for himself and Mr. SMITH of New Hampshire) submitted an amendment intended to be proposed by him to the bill H.R. 3090, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2122. Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ____. MODIFICATIONS TO SMALL ISSUE BOND PROVISIONS.

(a) INCREASE IN AMOUNT OF QUALIFIED SMALL ISSUE BONDS PERMITTED FOR FACILITIES TO BE USED BY RELATED PRINCIPAL USERS.—

(1) IN GENERAL.—Clause (i) of section 144(a)(4)(A) (relating to $10,000,000 limit in certain cases) is amended by striking ''$10,000,000'' and inserting ''$20,000,000''.

(2) COST-OF-LIVING ADJUSTMENT.—Section 144(a)(4) is amended by adding at the end the following:

''(G) COST-OF-LIVING ADJUSTMENT.—In the case of a taxable year beginning in a calendar year after 2002, the $20,000,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(3) CLERICAL AMENDMENT.—The heading of paragraph (4) of section 144(a) is amended by striking ''$10,000,000'' and inserting ''$20,000,000''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to—

(A) obligations issued after the date of the enactment of this Act, and

(B) capital expenditures made after such date with respect to obligations issued on or before such date.

(b) DEFINITION OF MANUFACTURING FACILITY.—

(1) IN GENERAL.—Section 144(a)(12)(C) (relating to definition of manufacturing facility) is amended to read as follows:

''(C) MANUFACTURING FACILITY.—For purposes of this paragraph, the term 'manufacturing facility' means any facility which is used in—

''(i) the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property),

''(ii) the manufacturing, development, or production of specifically developed software products or processes if—

''(I) it takes more than 6 months to develop or produce such products,

''(II) the development or production could not with due diligence be reasonably expected to occur in less than 6 months, and

''(III) the software product or process comprises programs, routines, and attendant documentation developed and maintained for use in computer and telecommunications technology, or

''(iii) the manufacturing, development, or production of specially developed biobased or bioenergy products or processes if—

''(I) it takes more than 6 months to develop or produce,

''(II) the development or production could not with due diligence be reasonably expected to occur in less than 6 months, and

''(III) the biobased or bioenergy product or process comprises products, processes, programs, routines, and attendant documentation developed and maintained for the utilization of biological materials in commercial or industrial products, for the utilization of renewable domestic agricultural or forestry materials in commercial or industrial products, or for the utilization of biomass materials.

''(D) RELATED FACILITIES.—For purposes of subparagraph (C), the term 'manufacturing facility' includes a facility which is directly and functionally related to a manufacturing facility (determined without regard to subparagraph (C)) if—

''(i) such facility, including an office facility and a research and development facility, is located on the same site as the manufacturing facility, and

''(ii) not more than 40 percent of the net proceeds of the issue are used to provide such facility,

but shall not include a facility used solely for research and development activities.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to obligations issued after the date of the enactment of this Act.

SA 2123. Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place in title IX, insert the following:

SEC. 9___. FEDERAL-AID HIGHWAY PROGRAMS.

(a) INCREASE IN OBLIGATION AUTHORITY.—

(1) IN GENERAL.—In addition to any obligation authority provided by any other law enacted before, on, or after the date of enactment of this Act, $5,000,000,000 in obligation authority shall be made available for fiscal year 2002 for obligation of funds apportioned under section 104(b) of title 23, United States Code.

(2) DISTRIBUTION OF OBLIGATION AUTHORITY.—The obligation authority made available by paragraph (1) shall be distributed—

(A) to each State in accordance with the percentage specified for the State in section 105(b) of title 23, United States Code; and

(B) subject to the redistribution of unused obligation authority using the method prescribed in section 1102(d) of the Transportation Equity Act for the 21st Century (23 U.S.C. 104 note; 112 Stat. 117).

(b) TEMPORARY INCREASE OF FEDERAL SHARE.—

(1) DEFINITION OF QUALIFYING PROJECT.—In this section, the term ''qualifying project'' means a construction project under title 23, United States Code, with respect to which a project agreement is executed during the period beginning October 1, 2001, and ending September 30, 2002.

(2) INCREASED FEDERAL SHARE.—Notwithstanding any other provision of law, the Federal share of the cost of a qualifying project shall be a percentage of the cost of the qualifying project specified by the State, up to 100 percent.

(3) REPAYMENT.—

(A) IN GENERAL.—A State that receives an increased Federal share under paragraph (2) with respect to 1 or more qualifying projects shall repay to the United States the total amount of the increased Federal share with respect to all such qualifying projects of the State not later than September 30, 2003.

(B) TREATMENT.—Each repayment by a State under subparagraph (A) shall be deposited in the Highway Trust Fund and credited to the appropriate apportionment accounts of the State.

SA 2124. Mr. CRAIG submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following and redesignate accordingly:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Securing America's Future Energy Act of 2001'' or the ''SAFE Act of 2001''.

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

Sec. 1. Short title and table of contents.
Sec. 2. Energy policy.

DIVISION A

Sec. 100. Short title.

TITLE I—ENERGY CONSERVATION

Subtitle A—Reauthorization of Federal Energy Conservation Programs

Sec. 101. Authorization of appropriations.

Subtitle B—Federal Leadership in Energy Conservation

Sec. 121. Federal facilities and national energy security.
Sec. 122. Enhancement and extension of authority relating to Federal energy savings performance contracts.
Sec. 123. Clarification and enhancement of authority to enter utility incentive programs for energy savings.
Sec. 124. Federal central air conditioner and heat pump efficiency.
Sec. 125. Advanced building efficiency testbed.
Sec. 126. Use of interval data in Federal buildings.
Sec. 127. Review of Energy Savings Performance Contract program.
Sec. 128. Capitol complex.

Subtitle C—State Programs

Sec. 131. Amendments to State energy programs.
Sec. 132. Reauthorization of energy conservation program for schools and hospitals.
Sec. 133. Amendments to Weatherization Assistance Program.
Sec. 134. LIHEAP.
Sec. 135. High performance public buildings.

Subtitle D—Energy Efficiency for Consumer Products

Sec. 141. Energy Star program.
Sec. 141A. Energy sun renewable and alternative energy program.
Sec. 142. Labeling of energy efficient appliances.
Sec. 143. Appliance standards.

Subtitle E—Energy Efficient Vehicles

Sec. 151. High occupancy vehicle exception.
Sec. 152. Railroad efficiency.
Sec. 153. Biodiesel fuel use credits.
Sec. 154. Mobile to stationary source trading.

Subtitle F—Other Provisions

Sec. 161. Review of regulations to eliminate barriers to emerging energy technology.
Sec. 162. Advanced idle elimination systems.
Sec. 163. Study of benefits and feasibility of oil bypass filtration technology.
Sec. 164. Gas flare study.
Sec. 165. Telecommuting study.

TITLE II—AUTOMOBILE FUEL ECONOMY

Sec. 201. Average fuel economy standards for nonpassenger automobiles.
Sec. 202. Consideration of prescribing different average fuel economy standards for nonpassenger automobiles.
Sec. 203. Dual fueled automobiles.
Sec. 204. Fuel economy of the Federal fleet of automobiles.
Sec. 205. Hybrid vehicles and alternative vehicles.
Sec. 206. Federal fleet petroleum-based non-alternative fuels.
Sec. 207. Study of feasibility and effects of reducing use of fuel for automobiles.

TITLE III—NUCLEAR ENERGY

Sec. 301. License period.
Sec. 302. Cost recovery from Government agencies.
Sec. 303. Depleted uranium hexafluoride.
Sec. 304. Nuclear Regulatory Commission meetings.
Sec. 305. Cooperative research and development and special demonstration projects for the uranium mining industry.
Sec. 306. Maintenance of a viable domestic uranium conversion industry.
Sec. 307. Paducah decontamination and decommissioning plan.
Sec. 308. Study to determine feasibility of developing commercial nuclear energy production facilities at existing Department of Energy sites.
Sec. 309. Prohibition of commercial sales of uranium by the United States until 2009.

TITLE IV—HYDROELECTRIC ENERGY

Sec. 401. Alternative conditions and fishways.
Sec. 402. FERC data on hydroelectric licensing.

TITLE V—FUELS

Sec. 501. Tank draining during transition to summertime RFG.
Sec. 502. Gasoline blendstock requirements.
Sec. 503. Boutique fuels.
Sec. 504. Funding for MTBE contamination.

TITLE VI—RENEWABLE ENERGY

Sec. 601. Assessment of renewable energy resources.
Sec. 602. Renewable energy production incentive.
Sec. 603. Study of ethanol from solid waste loan guarantee program.
Sec. 604. Study of renewable fuel content.

TITLE VII—PIPELINES

Sec. 701. Prohibition on certain pipeline route.
Sec. 702. Historic pipelines.

TITLE VIII—MISCELLANEOUS PROVISIONS

Sec. 801. Waste reduction and use of alternatives.
Sec. 802. Annual report on United States energy independence.
Sec. 803. Study of aircraft emissions.

DIVISION B

Sec. 2001. Short title.
Sec. 2002. Findings.
Sec. 2003. Purposes.
Sec. 2004. Goals.
Sec. 2005. Definitions.
Sec. 2006. Authorizations.
Sec. 2007. Balance of funding priorities.

TITLE I—ENERGY CONSERVATION AND ENERGY EFFICIENCY

Subtitle A—Alternative Fuel Vehicles

Sec. 2101. Short title.
Sec. 2102. Definitions.
Sec. 2103. Pilot program.
Sec. 2104. Reports to Congress.
Sec. 2105. Authorization of appropriations.

Subtitle B—Distributed Power Hybrid Energy Systems

Sec. 2121. Findings.
Sec. 2122. Definitions.
Sec. 2123. Strategy.
Sec. 2124. High power density industry program.
Sec. 2125. Micro-cogeneration energy technology.
Sec. 2126. Program plan.
Sec. 2127. Report.
Sec. 2128. Voluntary consensus standards.

Subtitle C—Secondary Electric Vehicle Battery Use

Sec. 2131. Definitions.
Sec. 2132. Establishment of secondary electric vehicle battery use program.
Sec. 2133. Authorization of appropriations.

Subtitle D—Green School Buses

Sec. 2141. Short title.
Sec. 2142. Establishment of pilot program.
Sec. 2143. Fuel cell bus development and demonstration program.
Sec. 2144. Authorization of appropriations.

Subtitle E—Next Generation Lighting Initiative

Sec. 2151. Short title.
Sec. 2152. Definition.
Sec. 2153. Next Generation Lighting Initiative.
Sec. 2154. Study.
Sec. 2155. Grant program.

Subtitle F—Department of Energy Authorization of Appropriations
Sec. 2161. Authorization of appropriations.
Subtitle G—Environmental Protection Agency Office of Air and Radiation Authorization of Appropriations
Sec. 2171. Short title.
Sec. 2172. Authorization of appropriations.
Sec. 2173. Limits on use of funds.
Sec. 2174. Cost sharing.
Sec. 2175. Limitation on demonstration and commercial applications of energy technology.
Sec. 2176. Reprogramming.
Sec. 2177. Budget request format.
Sec. 2178. Other provisions.
Subtitle H—National Building Performance Initiative
Sec. 2181. National Building Performance Initiative.
TITLE II—RENEWABLE ENERGY
Subtitle A—Hydrogen
Sec. 2201. Short title.
Sec. 2202. Purposes.
Sec. 2203. Definitions.
Sec. 2204. Reports to Congress.
Sec. 2205. Hydrogen research and development.
Sec. 2206. Demonstrations.
Sec. 2207. Technology transfer.
Sec. 2208. Coordination and consultation.
Sec. 2209. Advisory Committee.
Sec. 2210. Authorization of appropriations.
Sec. 2211. Repeal.
Subtitle B—Bioenergy
Sec. 2221. Short title.
Sec. 2222. Findings.
Sec. 2223. Definitions.
Sec. 2224. Authorization.
Sec. 2225. Authorization of appropriations.
Subtitle C—Transmission Infrastructure Systems
Sec. 2241. Transmission infrastructure systems research, development, demonstration, and commercial application.
Sec. 2242. Program plan.
Sec. 2243. Report.
Subtitle D—Department of Energy Authorization of Appropriations
Sec. 2261. Authorization of appropriations.
TITLE III—NUCLEAR ENERGY
Subtitle A—University Nuclear Science and Engineering
Sec. 2301. Short title.
Sec. 2302. Findings.
Sec. 2303. Department of Energy program.
Sec. 2304. Authorization of appropriations.
Subtitle B—Advanced Fuel Recycling Technology Research and Development Program
Sec. 2321. Program.
Subtitle C—Department of Energy Authorization of Appropriations
Sec. 2341. Nuclear Energy Research Initiative.
Sec. 2342. Nuclear Energy Plant Optimization program.
Sec. 2343. Nuclear energy technologies.
Sec. 2344. Authorization of appropriations.
TITLE IV—FOSSIL ENERGY
Subtitle A—Coal
Sec. 2401. Coal and related technologies programs.
SUBTITLE B—OIL AND GAS
Sec. 2421. Petroleum-oil technology.
Sec. 2422. Natural gas.
Sec. 2423. Natural gas and oil deposits report.
Sec. 2424. Oil shale research.
Subtitle C—Ultra-Deepwater and Unconventional Drilling
Sec. 2441. Short title.
Sec. 2442. Definitions.
Sec. 2443. Ultra-deepwater program.
Sec. 2444. National Energy Technology Laboratory.
Sec. 2445. Advisory Committee.
Sec. 2446. Research Organization.
Sec. 2447. Grants.
Sec. 2448. Plan and funding.
Sec. 2449. Audit.
Sec. 2450. Fund.
Sec. 2451. Sunset.
Subtitle D—Fuel Cells
Sec. 2461. Fuel cells.
SUBTITLE E—DEPARTMENT OF ENERGY AUTHORIZATION OF APPROPRIATIONS
Sec. 2481. Authorization of appropriations.
TITLE V—SCIENCE
Subtitle A—Fusion Energy Sciences
Sec. 2501. Short title.
Sec. 2502. Findings.
Sec. 2503. Plan for fusion experiment.
Sec. 2504. Plan for fusion energy sciences program.
Sec. 2505. Authorization of appropriations.
Subtitle B—Spallation Neutron Source
Sec. 2521. Definition.
Sec. 2522. Authorization of appropriations.
Sec. 2523. Report.
Sec. 2524. Limitations.
Subtitle C—Facilities, Infrastructure, and User Facilities
Sec. 2541. Definition.
Sec. 2542. Facility and infrastructure support for nonmilitary energy laboratories.
Sec. 2543. User facilities.
Subtitle D—Advisory Panel on Office of Science
Sec. 2561. Establishment.
Sec. 2562. Report.
Subtitle E—Department of Energy Authorization of Appropriations
Sec. 2581. Authorization of appropriations.
TITLE VI—MISCELLANEOUS
Subtitle A—General Provisions for the Department of Energy
Sec. 2601. Research, development, demonstration, and commercial application of energy technology programs, projects, and activities.
Sec. 2602. Limits on use of funds.
Sec. 2603. Cost sharing.
Sec. 2604. Limitation on demonstration and commercial application of energy technology.
Sec. 2605. Reprogramming.
Subtitle B—Other Miscellaneous Provisions
Sec. 2611. Notice of reorganization.
Sec. 2612. Limits on general plant projects.
Sec. 2613. Limits on construction projects.
Sec. 2614. Authority for conceptual and construction design.
Sec. 2615. National Energy Policy Development Group mandated reports.
Sec. 2616. Periodic reviews and assessments.
DIVISION D
Sec. 4101. Capacity building for energy-efficient, affordable housing.
Sec. 4102. Increase of CDBG public services cap for energy conservation and efficiency activities.
Sec. 4103. FHA mortgage insurance incentives for energy efficient housing.
Sec. 4104. Public housing capital fund.
Sec. 4105. Grants for energy-conserving improvements for assisted housing.
Sec. 4106. North American Development Bank.
DIVISION E
Sec. 5000. Short title.
Sec. 5001. Findings.
Sec. 5002. Definitions.
Sec. 5003. Clean coal power initiative.
Sec. 5004. Cost and performance goals.
Sec. 5005. Authorization of appropriations.
Sec. 5006. Project criteria.
Sec. 5007. Study.
Sec. 5008. Clean coal centers of excellence.
DIVISION F
Sec. 6000. Short title.
TITLE I—GENERAL PROTECTIONS FOR ENERGY SUPPLY AND SECURITY
Sec. 6101. Study of existing rights-of-way on Federal lands to determine capability to support new pipelines or other transmission facilities.
Sec. 6102. Inventory of energy production potential of all Federal public lands.
Sec. 6103. Review of regulations to eliminate barriers to emerging energy technology.
Sec. 6104. Interagency agreement on environmental review of interstate natural gas pipeline projects.
Sec. 6105. Enhancing energy efficiency in management of Federal lands.
Sec. 6106. Efficient infrastructure development.
TITLE II—OIL AND GAS DEVELOPMENT
Subtitle A—Offshore Oil and Gas
Sec. 6201. Short title.
Sec. 6202. Lease sales in Western and Central Planning Area of the Gulf of Mexico.
Sec. 6203. Savings clause.
Sec. 6204. Analysis of Gulf of Mexico field size distribution, international competitiveness, and incentives for development.
Subtitle B—Improvements to Federal Oil and Gas Management
Sec. 6221. Short title.
Sec. 6222. Study of impediments to efficient lease operations.
Sec. 6223. Elimination of unwarranted denials and stays.
Sec. 6224. Limitations on cost recovery for applications.
Sec. 6225. Consultation with Secretary of Agriculture.
Subtitle C—Miscellaneous
Sec. 6231. Offshore subsalt development.
Sec. 6232. Program on oil and gas royalties in kind.
Sec. 6233. Marginal well production incentives.
Sec. 6234. Reimbursement for costs of NEPA analyses, documentation, and studies.
Sec. 6235. Encouragement of State and provincial prohibitions on offshore drilling in the Great Lakes.
TITLE III—GEOTHERMAL ENERGY DEVELOPMENT
Sec. 6301. Royalty reduction and relief.
Sec. 6302. Exemption from royalties for direct use of low temperature geothermal energy resources.
Sec. 6303. Amendments relating to leasing on Forest Service lands.
Sec. 6304. Deadline for determination on pending noncompetitive lease applications.
Sec. 6305. Opening of public lands under military jurisdiction.
Sec. 6306. Application of amendments.
Sec. 6307. Review and report to Congress.
Sec. 6308. Reimbursement for costs of NEPA analyses, documentation, and studies.
TITLE IV—HYDROPOWER
Sec. 6401. Study and report on increasing electric power production capability of existing facilities.

Sec. 6402. Installation of powerformer at Folsom power plant, California.
Sec. 6403. Study and implementation of increased operational efficiencies in hydroelectric power projects.
Sec. 6404. Shift of project loads to off-peak periods.

TITLE V—ARCTIC COASTAL PLAIN DOMESTIC ENERGY

Sec. 6501. Short title.
Sec. 6502. Definitions.
Sec. 6503. Leasing program for lands within the Coastal Plain.
Sec. 6504. Lease sales.
Sec. 6505. Grant of leases by the Secretary.
Sec. 6506. Lease terms and conditions.
Sec. 6507. Coastal Plain environmental protection.
Sec. 6508. Expedited judicial review.
Sec. 6509. Rights-of-way across the Coastal Plain.
Sec. 6510. Conveyance.
Sec. 6511. Local government impact aid and community service assistance.
Sec. 6512. Revenue allocation.

TITLE VI—CONSERVATION OF ENERGY BY THE DEPARTMENT OF THE INTERIOR

Sec. 6601. Energy conservation by the Department of the Interior.
Sec. 6602. Amendment to Buy Indian Act.

TITLE VII—COAL

Sec. 6701. Limitation on fees with respect to coal lease applications and document.
Sec. 6702. Mining plans.
Sec. 6703. Payment of advance royalties under coal leases.
Sec. 6704. Elimination of deadline for submission of coal lease operation and reclamation plan.

TITLE VIII—INSULAR AREAS ENERGY SECURITY

Sec. 6801. Insular areas energy security.

DIVISION G

Sec. 7101. Buy American.

SEC. 2. ENERGY POLICY.

It shall be the sense of the Congress that the United States should take all actions necessary in the areas of conservation, efficiency, alternative energy sources, technology development, and domestic production to reduce the United States dependence on foreign energy sources from 56 percent to 45 percent by January 1, 2012, and to reduce United States dependence on Iraqi energy sources from 700,000 barrels per day to 250,000 barrels per day by January 1, 2012.

DIVISION A

SEC. 100. SHORT TITLE.

This division may be cited as the ''Energy Advancement and Conservation Act of 2001''.

TITLE I—ENERGY CONSERVATION

Subtitle A—Reauthorization of Federal Energy Conservation Programs

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Section 660 of the Department of Energy Organization Act (42 U.S.C. 7270) is amended as follows:

(1) By inserting ''(a)'' before ''Appropriations''.

(2) By inserting at the end the following new subsection:

''(b) There are hereby authorized to be appropriated to the Department of Energy for fiscal year 2002, $950,000,000; for fiscal year 2003, $1,000,000,000; for fiscal year 2004, $1,050,000,000; for fiscal year 2005, $1,100,000,000; and for fiscal year 2006, $1,150,000,000, to carry out energy efficiency activities under the following laws, such sums to remain available until expended:

''(1) Energy Policy and Conservation Act, including section 256(d)(42 U.S.C. 6276(d)) (promote export of energy efficient products), sections 321 through 346 (42 U.S.C. 6291–6317) (appliances program).

''(2) Energy Conservation and Production Act, including sections 301 through 308 (42 U.S.C. 6831–6837) (energy conservation standards for new buildings).

''(3) National Energy Conservation Policy Act, including sections 541–551 (42 U.S.C. 8251–8259) (Federal Energy Management Program).

(4) Energy Policy Act of 1992, including sections 103 (42 U.S.C. 13458) (energy efficient lighting and building centers), 121 (42 U.S.C. 6292 note) (energy efficiency labeling for windows and window systems), 125 (42 U.S.C. 6292 note) (energy efficiency information for commercial office equipment), 126 (42 U.S.C. 6292 note) (energy efficiency information for luminaires), 131 (42 U.S.C. 6348) (energy efficiency in industrial facilities), and 132 (42 U.S.C. 6349) (process-oriented industrial energy efficiency).''.

Subtitle B—Federal Leadership in Energy Conservation

SEC. 121. FEDERAL FACILITIES AND NATIONAL ENERGY SECURITY.

(a) PURPOSE.—Section 542 of the National Energy Conservation Policy Act (42 U.S.C. 8252) is amended by inserting '', and generally to promote the production, supply, and marketing of energy efficiency products and services and the production, supply, and marketing of unconventional and renewable energy resources'' after ''by the Federal Government''.

(b) ENERGY MANAGEMENT REQUIREMENTS.—Section 543 of the National Energy Conservation Policy Act (42 U.S.C. 8253) is amended as follows:

(1) In subsection (a)(1), by striking ''during the fiscal year 1995'' and all that follows through the end and inserting ''during—

''(1) fiscal year 1995 is at least 10 percent;
''(2) fiscal year 2000 is at least 20 percent;
''(3) fiscal year 2005 is at least 30 percent;
''(4) fiscal year 2010 is at least 35 percent;
''(5) fiscal year 2015 is at least 40 percent; and
''(6) fiscal year 2020 is at least 45 percent,

less than the energy consumption per gross square foot of its Federal buildings in use during fiscal year 1985. To achieve the reductions required by this paragraph, an agency shall make maximum practicable use of energy efficiency products and services and unconventional and renewable energy resources, using guidelines issued by the Secretary under subsection (d) of this section.''.

(2) In subsection (d), by inserting ''Such guidelines shall include appropriate model technical standards for energy efficiency and unconventional and renewable energy resources products and services. Such standards shall reflect, to the extent practicable, evaluation of both currently marketed and potentially marketable products and services that could be used by agencies to improve energy efficiency and increase unconventional and renewable energy resources.'' after ''implementation of this part.''.

(3) By adding at the end the following new subsection:

''(e) STUDIES.—To assist in developing the guidelines issued by the Secretary under subsection (d) and in furtherance of the purposes of this section, the Secretary shall conduct studies to identify and encourage the production and marketing of energy efficiency products and services and unconventional and renewable energy resources. To conduct such studies, and to provide grants to accelerate the use of unconventional and renewable energy, there are authorized to be appropriated to the Secretary $20,000,000 for each of the fiscal years 2003 through 2010.''.

(c) DEFINITION.—Section 551 of the National Energy Conservation Policy Act (42 U.S.C. 8259) is amended as follows:

(1) By striking ''and'' at the end of paragraph (8).

(2) By striking the period at the end of paragraph (9) and inserting ''; and''.

(3) By adding at the end the following new paragraph:

''(10) the term ''unconventional and renewable energy resources'' includes renewable energy sources, hydrogen, fuel cells, cogeneration, combined heat and power, heat recovery (including by use of a Stirling heat engine), and distributed generation.''.

(d) EXCLUSIONS FROM REQUIREMENT.—The National Energy Conservation Policy Act (42 U.S.C. 7201 and following) is amended as follows:

(1) In section 543(a)—

(A) by striking ''(1) Subject to paragraph (2)'' and inserting ''Subject to subsection (c)''; and

(B) by striking ''(2) An agency'' and all that follows through ''such exclusion.''.

(2) By amending subsection (c) of such section 543 to read as follows:

''(c) EXCLUSIONS.—(1) A Federal building may be excluded from the requirements of subsections (a) and (b) only if—

''(A) the President declares the building to require exclusion for national security reasons; and

''(B) the agency responsible for the building has—

''(i) completed and submitted all federally required energy management reports; and

''(ii) achieved compliance with the energy efficiency requirements of this Act, the Energy Policy Act of 1992, Executive Orders, and other Federal law;

''(iii) implemented all practical, life cycle cost-effective projects in the excluded building.

''(2) The President shall only declare buildings described in paragraph (1)(A) to be excluded, not ancillary or nearby facilities that are not in themselves national security facilities.''.

(3) In section 548(b)(1)(A)—

(A) by striking ''copy of the''; and

(B) by striking ''sections 543(a)(2) and 543(c)(3)'' and inserting ''section 543(c)''.

(e) ACQUISITION REQUIREMENT.—Section 543(b) of such Act is amended—

(1) in paragraph (1), by striking ''(1) Not'' and inserting ''(1) Except as provided in paragraph (5), not''; and

(2) by adding at the end the following new paragraph:

''(5)(A)(i) Agencies shall select only Energy Star products when available when acquiring energy-using products. For product groups where Energy Star labels are not yet available, agencies shall select products that are in the upper 25 percent of energy efficiency as designated by FEMP. In the case of electric motors of 1 to 500 horsepower, agencies shall select only premium efficiency motors that meet a standard designated by the Secretary, and shall replace (not rewind) failed motors with motors meeting such standard. The Secretary shall designate such standard within 90 days of the enactment of paragraph, after considering recommendations by the National Electrical Manufacturers Association. The Secretary of Energy shall develop guidelines within 180 days after the enactment of this paragraph for exemptions to this section when equivalent products do not exist, are impractical, or do not meet the agency mission requirements.

''(ii) The Administrator of the General Services Administration and the Secretary of Defense (acting through the Defense Logistics Agency), with assistance from the Administrator of the Environmental Protection Agency and the Secretary of Energy, shall create clear catalogue listings that designate Energy Star products in both print and electronic formats. After any existing

federal inventories are exhausted, Administrator of the General Services Administration and the Secretary of Defense (acting through the Defense Logistics Agency) shall only replace inventories with energy-using products that are Energy Star, products that are rated in the top 25 percent of energy efficiency, or products that are exempted as designated by FEMP and defined in clause (i).

''(iii) Agencies shall incorporate energy-efficient criteria consistent with Energy Star and other FEMP designated energy efficiency levels into all guide specifications and project specifications developed for new construction and renovation, as well as into product specification language developed for Basic Ordering Agreements, Blanket Purchasing Agreements, Government Wide Acquisition Contracts, and all other purchasing procedures.

''(iv) The legislative branch shall be subject to this subparagraph to the same extent and in the same manner as are the Federal agencies referred to in section 521(1).

''(B) Not later than 6 months after the date of the enactment of this paragraph, the Secretary of Energy shall establish guidelines defining the circumstances under which an agency shall not be required to comply with subparagraph (A). Such circumstances may include the absence of Energy Star products, systems, or designs that serve the purpose of the agency, issues relating to the compatibility of a product, system, or design with existing buildings or equipment, and excessive cost compared to other available and appropriate products, systems, or designs.

''(C) Subparagraph (A) shall apply to agency acquisitions occurring on or after October 1, 2002.''.

(f) METERING.—Section 543 of such Act (42 U.S.C. 8254) is amended by adding at the end the following new subsection:

''(f) METERING.—(1) By October 1, 2004, all Federal buildings including buildings owned by the legislative branch and the Federal court system and other energy-using structures shall be metered or submetered in accordance with guidelines established by the Secretary under paragraph (2).

''(2) Not later than 6 months after the date of the enactment of this subsection, the Secretary, in consultation with the General Services Administration and representatives from the metering industry, energy services industry, national laboratories, colleges of higher education, and federal facilities energy managers, shall establish guidelines for agencies to carry out paragraph (1). Such guidelines shall take into consideration each of the following:

''(A) Cost.

''(B) Resources, including personnel, required to maintain, interpret, and report on data so that the meters are continually reviewed.

''(C) Energy management potential.

''(D) Energy savings.

''(E) Utility contract aggregation.

''(F) Savings from operations and maintenance.

''(3) A building shall be exempt from the requirement of this section to the extent that compliance is deemed impractical by the Secretary. A finding of impracticability shall be based on the same factors as identified in subsection (c) of this section.''.

(g) RETENTION OF ENERGY SAVINGS.—Section 546 of such Act (42 U.S.C. 8256) is amended by adding at the end the following new subsection:

''(e) RETENTION OF ENERGY SAVINGS.—An agency may retain any funds appropriated to that agency for energy expenditures, at buildings subject to the requirements of section 543(a) and (b), that are not made because of energy savings. Except as otherwise provided by law, such funds may be used only for energy efficiency or unconventional and renewable energy resources projects.''.

(h) REPORTS.—Section 548 of such Act (42 U.S.C. 8258) is amended as follows:

(1) In subsection (a)—

(A) by inserting ''in accordance with guidelines established by and'' after ''to the Secretary,'';

(B) by striking ''and'' at the end of paragraph (1);

(C) by striking the period at the end of paragraph (2) and inserting a semicolon; and

(D) by adding at the end the following new paragraph:

''(3) an energy emergency response plan developed by the agency.''.

(2) In subsection (b)—

(A) by striking ''and'' at the end of paragraph (3);

(B) by striking the period at the end of paragraph (4) and inserting ''; and''; and

(C) by adding at the end the following new paragraph:

''(5) all information transmitted to the Secretary under subsection (a).''.

(3) By amending subsection (c) to read as follows:

''(c) AGENCY REPORTS TO CONGRESS.—Each agency shall annually report to the Congress, as part of the agency's annual budget request, on all of the agency's activities implementing any Federal energy management requirement.''.

(i) INSPECTOR GENERAL ENERGY AUDITS.—Section 160(c) of the Energy Policy Act of 1992 (42 U.S.C. 8262f(c)) is amended by striking ''is encouraged to conduct periodic'' and inserting ''shall conduct periodic''.

(j) FEDERAL ENERGY MANAGEMENT REVIEWS.—Section 543 of the National Energy Conservation Policy Act (42 U.S.C. 8253) is amended by adding at the end the following:

''(g) PRIORITY RESPONSE REVIEWS.—Each agency shall—

''(1) not later than 9 months after the date of the enactment of this subsection, undertake a comprehensive review of all practicable measures for—

''(A) increasing energy and water conservation, and

''(B) using renewable energy sources; and

''(2) not later than 180 days after completing the review, develop plans to achieve not less than 50 percent of the potential efficiency and renewable savings identified in the review. The agency shall implement such measures as soon thereafter as is practicable, consistent with compliance with the requirements of this section.''.

SEC. 122. ENHANCEMENT AND EXTENSION OF AUTHORITY RELATING TO FEDERAL ENERGY SAVINGS PERFORMANCE CONTRACTS.

(a) EXPANSION OF DEFINITION OF ENERGY SAVINGS TO INCLUDE WATER.—

(1) ENERGY SAVINGS.—Section 804(2) of the National Energy Conservation Policy Act (42 U.S.C. 8287c(2)) is amended to read as follows:

''(2) The term ''energy savings'' means a reduction in the cost of energy or water, from a base cost established through a methodology set forth in the contract, used in an existing federally owned building or buildings or other federally owned facilities as a result of—

''(i) the lease or purchase of operating equipment, improvements, altered operation and maintenance, or technical services;

''(ii) the increased efficient use of existing energy sources by solar and ground source geothermal resources, cogeneration or heat recovery (including by the use of a Stirling heat engine), excluding any cogeneration process for other than a federally owned building or buildings or other federally owned facilities; or

''(iii) the increased efficient use of existing water sources.''.

(2) ENERGY SAVINGS CONTRACT.—Section 804(3) of the National Energy Conservation Policy Act (42 U.S.C. 8287c(3)) is amended to read as follows:

''(3) The terms ''energy savings contract'' and ''energy savings performance contract'' mean a contract which provides for the performance of services for the design, acquisition, installation, testing, operation, and, where appropriate, maintenance and repair, of an identified energy or water conservation measure or series of measures at one or more locations.''.

(3) ENERGY OR WATER CONSERVATION MEASURE.—Section 804(4) of the National Energy Conservation Policy Act (42 U.S.C. 8287c(4)) is amended to read as follows:

''(4) The term ''energy or water conservation measure'' means—

''(A) an energy conservation measure, as defined in section 551(4) (42 U.S.C. 8259(4)); or

''(B) a water conservation measure that improves water efficiency, is life cycle cost effective, and involves water conservation, water recycling or reuse, improvements in operation or maintenance efficiencies, retrofit activities, or other related activities, not at a Federal hydroelectric facility.''.

(4) CONFORMING AMENDMENT.—Section 801(a)(2)(C) of the National Energy Conservation Policy Act (42 U.S.C. 8287(a)(2)(C)) is amended by inserting ''or water'' after ''financing energy''.

(b) EXTENSION OF AUTHORITY.—Section 801(c) of the National Energy Conservation Policy Act (42 U.S.C. 8287(c)) is repealed.

(c) CONTRACTING AND AUDITING.—Section 801(a)(2) of the National Energy Conservation Policy Act (42 U.S.C. 8287(a)(2)) is amended by adding at the end the following new subparagraph:

''(E) A Federal agency shall engage in contracting and auditing to implement energy savings performance contracts as necessary and appropriate to ensure compliance with the requirements of this Act, particularly the energy efficiency requirements of section 543.''.

SEC. 123. CLARIFICATION AND ENHANCEMENT OF AUTHORITY TO ENTER UTILITY INCENTIVE PROGRAMS FOR ENERGY SAVINGS.

Section 546(c) of the National Energy Conservation Policy Act (42 U.S.C. 8256(c)) is amended as follows:

(1) In paragraph (3) by adding at the end the following: ''Such a utility incentive program may include a contract or contract term designed to provide for cost-effective electricity demand management, energy efficiency, or water conservation.''.

(2) By adding at the end of the following new paragraph:

''(6) Federal agencies are encouraged to participate in State or regional demand side reduction programs, including those operated by wholesale market institutions such as independent system operators, regional transmission organizations and other entities. The availability of such programs, and the savings resulting from such participation, should be included in the evaluation of energy options for Federal facilities.''.

SEC. 124. FEDERAL CENTRAL AIR CONDITIONER AND HEAT PUMP EFFICIENCY.

(a) REQUIREMENT.—Federal agencies shall be required to acquire central air conditioners and heat pumps that meet or exceed the standards established under subsection (b) or (c) in the case of all central air conditioners and heat pumps acquired after the date of the enactment of this Act.

(b) STANDARDS.—The standards referred to in subsection (a) are the following:

(1) For air-cooled air conditioners with cooling capacities of less than 65,000 Btu/hour, a Seasonal Energy Efficiency Ratio of 12.0.

(2) For air-source heat pumps with cooling capacities less than 65,000 Btu/hour, a Seasonal Energy Efficiency Ratio of 12 SEER, and a Heating Seasonal Performance Factor of 7.4.

(c) MODIFIED STANDARDS.—The Secretary of Energy may establish, after appropriate notice and comment, revised standards providing for reduced energy consumption or increased energy efficiency of central air conditioners and heat pumps acquired by the Federal Government, but may not establish standards less rigorous than those established by subsection (b).

(d) DEFINITIONS.—For purposes of this section, the terms ''Energy Efficiency Ratio'', ''Seasonal Energy Efficiency Ratio'', ''Heating Seasonal Performance Factor'', and ''Coefficient of Performance'' have the meanings used for those terms in Appendix M to Subpart B of Part 430 of title 10 of the Code of Federal Regulations, as in effect on May 24, 2001.

(e) EXEMPTIONS.—An agency shall be exempt from the requirements of this section with respect to air conditioner or heat pump purchases for particular uses where the agency head determines that purchase of a air conditioner or heat pump for such use would be impractical. A finding of impracticability shall be based on whether—

(1) the energy savings pay-back period for such purchase would be less than 10 years;

(2) space constraints or other technical factors would make compliance with this section cost-prohibitive; or

(3) in the case of the Departments of Defense and Energy, compliance with this section would be inconsistent with the proper discharge of national security functions.

SEC. 125. ADVANCED BUILDING EFFICIENCY TESTBED.

(a) ESTABLISHMENT.—The Secretary of Energy shall establish an Advanced Building Efficiency Testbed program for the development, testing, and demonstration of advanced engineering systems, components, and materials to enable innovations in building technologies. The program shall evaluate government and industry building efficiency concepts, and demonstrate the ability of next generation buildings to support individual and organizational productivity and health as well as flexibility and technological change to improve environmental sustainability.

(b) PARTICIPANTS.—The program established under subsection (a) shall be led by a university having demonstrated experience with the application of intelligent workplaces and advanced building systems in improving the quality of built environments. Such university shall also have the ability to combine the expertise from more than 12 academic fields, including electrical and computer engineering, computer science, architecture, urban design, and environmental and mechanical engineering. Such university shall partner with other universities and entities who have established programs and the capability of advancing innovative building efficiency technologies.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Energy to carry out this section $18,000,000 for fiscal year 2002, to remain available until expended, of which $6,000,000 shall be provided to the lead university described in subsection (b), and the remainder shall be provided equally to each of the other participants referred to in subsection (b).

SEC. 126. USE OF INTERVAL DATA IN FEDERAL BUILDINGS.

Section 543 of the National Energy Conservation Policy Act (42 U.S.C. 8253) is amended by adding at the end the following new subsection: ''(h) USE OF INTERVAL DATA IN FEDERAL BUILDINGS.—Not later than January 1, 2003, each agency shall utilize, to the maximum extent practicable, for the purposes of efficient use of energy and reduction in the cost of electricity consumed in its Federal buildings, interval consumption data that measure on a real time or daily basis consumption of electricity in its Federal buildings. To meet the requirements of this subsection each agency shall prepare and submit at the earliest opportunity pursuant to section 548(a) to the Secretary, a plan describing how the agency intends to meet such requirements, including how it will designate personnel primarily responsible for achieving such requirements, and otherwise implement this subsection.''.

SEC. 127. REVIEW OF ENERGY SAVINGS PERFORMANCE CONTRACT PROGRAM.

Within 180 days after the date of the enactment of this Act, the Secretary of Energy shall complete a review of the Energy Savings Performance Contract program to identify statutory, regulatory, and administrative obstacles that prevent Federal agencies from fully utilizing the program. In addition, this review shall identify all areas for increasing program flexibility and effectiveness, including audit and measurement verification requirements, accounting for energy use in determining savings, contracting requirements, and energy efficiency services covered. The Secretary shall report these findings to the Committee on Energy and Commerce of the House of Representatives and the Committee on Energy and Natural Resources of the Senate, and shall implement identified administrative and regulatory changes to increase program flexibility and effectiveness to the extent that such changes are consistent with statutory authority.

SEC. 128. CAPITOL COMPLEX.

(a) ENERGY INFRASTRUCTURE.—The Architect of the Capitol, building on the Master Plan Study completed in July 2000, shall commission a study to evaluate the energy infrastructure of the Capital Complex to determine how the infrastructure could be augmented to become more energy efficient, using unconventional and renewable energy resources, in a way that would enable the Complex to have reliable utility service in the event of power fluctuations, shortages, or outages.

(b) AUTHORIZATION.—There is authorized to be appropriated to the Architect of the Capitol to carry out this section, not more than $2,000,000 for fiscal years after the enactment of this Act.

Subtitle C—State Programs

SEC. 131. AMENDMENTS TO STATE ENERGY PROGRAMS.

(a) STATE ENERGY CONSERVATION PLANS.—Section 362 of the Energy Policy and Conservation Act (42 U.S.C. 6322) is amended by inserting at the end the following new subsection:

''(g) The Secretary shall, at least once every 3 years, invite the Governor of each State to review and, if necessary, revise the energy conservation plan of such State submitted under subsection (b) or (e). Such reviews should consider the energy conservation plans of other States within the region, and identify opportunities and actions carried out in pursuit of common energy conservation goals.''.

(b) STATE ENERGY EFFICIENCY GOALS.—Section 364 of the Energy Policy and Conservation Act (42 U.S.C. 6324) is amended by inserting ''Each State energy conservation plan with respect to which assistance is made available under this part on or after the date of the enactment of Energy Advancement and Conservation Act of 2001, shall contain a goal, consisting of an improvement of 25 percent or more in the efficiency of use of energy in the State concerned in the calendar year 2010 as compared to the calendar year 1990, and may contain interim goals.'' after ''contain interim goals.''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 365(f) of the Energy Policy and Conservation Act (42 U.S.C. 6325(f)) is amended by striking ''for fiscal years 1999 through 2003 such sums as may be necessary'' and inserting ''$75,000,000 for fiscal year 2002, $100,000,000 for fiscal years 2003 and 2004, $125,000,000 for fiscal year 2005''.

SEC. 132. REAUTHORIZATION OF ENERGY CONSERVATION PROGRAM FOR SCHOOLS AND HOSPITALS.

Section 397 of the Energy Policy and Conservation Act (42 U.S.C. 6371f) is amended by striking ''2003'' and inserting ''2010''.

SEC. 133. AMENDMENTS TO WEATHERIZATION ASSISTANCE PROGRAM.

Section 422 of the Energy Conservation and Production Act (42 U.S.C. 6872) is amended by striking ''for fiscal years 1999 through 2003 such sums as may be necessary'' and inserting ''$273,000,000 for fiscal year 2002, $325,000,000 for fiscal year 2003, $400,000,000 for fiscal year 2004, and $500,000,000 for fiscal year 2005''.

SEC. 134. LIHEAP.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 2602(b) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(b)) is amended by striking the first sentence and inserting the following: ''There are authorized to be appropriated to carry out the provisions of this title (other than section 2607A), $3,400,000,000 for each of fiscal years 2001 through 2005.''.

(b) GAO STUDY.—The Comptroller General of the United States shall conduct a study to determine—

(1) the extent to which Low-Income Home Energy Assistance (LIHEAP) and other government energy subsidies paid to consumers discourage or encourage energy conservation and energy efficiency investments when compared to structures of the same physical description and occupancy in compatible geographic locations;

(2) the extent to which education could increase the conservation of low-income households who opt to receive supplemental income instead of Low-Income Home Energy Assistance funds;

(3) the benefit in energy efficiency and energy savings that can be achieved through the annual maintenance of heating and cooling appliances in the homes of those receiving Low-Income Home Energy Assistance funds; and

(4) the loss of energy conservation that results from structural inadequacies in a structure that is unhealthy, not energy efficient, and environmentally unsound and that receives Low-Income Home Energy Assistance funds for weatherization.

SEC. 135. HIGH PERFORMANCE PUBLIC BUILDINGS.

(a) PROGRAM ESTABLISHMENT AND ADMINISTRATION.—

(1) ESTABLISHMENT.—There is established in the Department of Energy the High Performance Public Buildings Program (in this section referred to as the ''Program'').

(2) IN GENERAL.—The Secretary of Energy may, through the Program, make grants—

(A) to assist units of local government in the production, through construction or renovation of buildings and facilities they own and operate, of high performance public buildings and facilities that are healthful, productive, energy efficient, and environmentally sound;

(B) to State energy offices to administer the program of assistance to units of local government pursuant to this section; and

(C) to State energy offices to promote participation by units of local government in the Program.

(3) GRANTS TO ASSIST UNITS OF LOCAL GOVERNMENT.—Grants under paragraph (2)(A) for new public buildings shall be used to achieve energy efficiency performance that reduces energy use at least 30 percent below that of a public building 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. Grants under paragraph (2)(A) for existing public buildings shall be used to achieve energy efficiency performance that reduces energy use below the public building baseline consumption, assuming a 3–year, weather-normalized average for calculating such baseline. Grants under paragraph (2)(A) shall be made to units of local government that have—

(A) demonstrated a need for such grants in order to respond appropriately to increasing population or to make major investments in renovation of public buildings; and

(B) made a commitment to use the grant funds to develop high performance public buildings in accordance with a plan developed and approved pursuant to paragraph (5)(A).

(4) OTHER GRANTS.—

(A) GRANTS FOR ADMINISTRATION.—Grants under paragraph (2)(B) shall be used to evaluate compliance by units of local government with the requirements of this section, and in addition may be used for—

(i) distributing information and materials to clearly define and promote the development of high performance public buildings for both new and existing facilities;

(ii) organizing and conducting programs for local government personnel, architects, engineers, and others to advance the concepts of high performance public buildings;

(iii) obtaining technical services and assistance in planning and designing high performance public buildings; and

(iv) collecting and monitoring data and information pertaining to the high performance public building projects.

(B) GRANTS TO PROMOTE PARTICIPATION.—Grants under paragraph (2)(C) may be used for promotional and marketing activities, including facilitating private and public financing, promoting the use of energy service companies, working with public building users, and communities, and coordinating public benefit programs.

(5) IMPLEMENTATION.—

(A) PLANS.—A grant under paragraph (2)(A) shall be provided only to a unit of local government that, in consultation with its State office of energy, has developed a plan that the State energy office determines to be feasible and appropriate in order to achieve the purposes for which such grants are made.

(B) SUPPLEMENTING GRANT FUNDS.—State energy offices shall encourage qualifying units of local government to supplement their grant funds with funds from other sources in the implementation of their plans.

(b) ALLOCATION OF FUNDS.—

(1) IN GENERAL.—Except as provided in paragraph (3), funds appropriated to carry out this section shall be provided to State energy offices.

(2) PURPOSES.—Except as provided in paragraph (3), funds appropriated to carry out this section shall be allocated as follows:

(A) Seventy percent shall be used to make grants under subsection (a)(2)(A).

(B) Fifteen percent shall be used to make grants under subsection (a)(2)(B).

(C) Fifteen percent shall be used to make grants under subsection (a)(2)(C).

(3) OTHER FUNDS.—The Secretary of Energy may retain not to exceed $300,000 per year from amounts appropriated under subsection (c) to assist State energy offices in coordinating and implementing the Program. Such funds may be used to develop reference materials to further define the principles and criteria to achieve high performance public buildings.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Energy to carry out this section such sums as may be necessary for each of the fiscal years 2002 through 2010.

(d) REPORT TO CONGRESS.—The Secretary of Energy shall conduct a biennial review of State actions implementing this section, and the Secretary shall report to Congress on the results of such reviews. In conducting such reviews, the Secretary shall assess the effectiveness of the calculation procedures used by the States in establishing eligibility of units of local government for funding under this section, and may assess other aspects of the State program to determine whether they have been effectively implemented.

(e) DEFINITIONS.—For purposes of this section:

(1) HIGH PERFORMANCE PUBLIC BUILDING.—The term ''high performance public building'' means a public building which, in its design, construction, operation, and maintenance, maximizes use of unconventional and renewable energy resources and energy efficiency 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.

(2) RENEWABLE ENERGY.—The term ''renewable energy'' means energy produced by solar, wind, geothermal, hydroelectric, or biomass power.

(3) UNCONVENTIONAL AND RENEWABLE ENERGY RESOURCES.—The term ''unconventional and renewable energy resources'' means renewable energy, hydrogen, fuel cells, cogeneration, combined heat and power, heat recovery (including by use of a Stirling heat engine), and distributed generation.

Subtitle D—Energy Efficiency for Consumer Products

SEC. 141. ENERGY STAR PROGRAM.

(a) AMENDMENT.—The Energy Policy and Conservation Act (42 U.S.C. 6201 and following) is amended by inserting the following after section 324:

''SEC. 324A. ENERGY STAR PROGRAM.

''(a) IN GENERAL.—There is established at the Department of Energy and the Environmental Protection Agency a program to identify and promote energy-efficient products and buildings in order to reduce energy consumption, improve energy security, and reduce pollution through labeling of products and buildings that meet the highest energy efficiency standards. Responsibilities under the program shall be divided between the Department of Energy and the Environmental Protection Agency consistent with the terms of agreements between the two agencies. The Administrator and the Secretary shall—

''(1) promote Energy Star compliant technologies as the preferred technologies in the marketplace for achieving energy efficiency and to reduce pollution;

''(2) work to enhance public awareness of the Energy Star label; and

''(3) preserve the integrity of the Energy Star label.

For the purposes of carrying out this section, there is authorized to be appropriated for fiscal years 2002 through 2006 such sums as may be necessary, to remain available until expended.

''(b) STUDY OF CERTAIN PRODUCTS AND BUILDINGS.—Within 180 days after the date of the enactment of this section, the Secretary and the Administrator, consistent with the terms of agreements between the two agencies (including existing agreements with respect to which agency shall handle a particular product or building), shall determine whether the Energy Star label should be extended to additional products and buildings, including the following:

''(1) Air cleaners.

''(2) Ceiling fans.

''(3) Light commercial heating and cooling products.

''(4) Reach-in refrigerators and freezers.

''(5) Telephony.

''(6) Vending machines.

''(7) Residential water heaters.

''(8) Refrigerated beverage merchandisers.

''(9) Commercial ice makers.

''(10) School buildings.

''(11) Retail buildings.

''(12) Health care facilities.

''(13) Homes.

''(14) Hotels and other commercial lodging facilities.

''(15) Restaurants and other food service facilities.

''(16) Solar water heaters.

''(17) Building-integrated photovoltaic systems.

''(18) Reflective pigment coatings.

''(19) Windows.

''(20) Boilers.

''(21) Devices to extend the life of motor vehicle oil.

''(c) COOL ROOFING.—In determining whether the Energy Star label should be extended to roofing products, the Secretary and the Administrator shall work with the roofing products industry to determine the appropriate solar reflective index of roofing products.''.

(b) TABLE OF CONTENTS AMENDMENT.—The table of contents of the Energy Policy and Conservation Act is amended by inserting after the item relating to section 324 the following new item:

''Sec. 324A. Energy Star program.''.

SEC. 141A. ENERGY SUN RENEWABLE AND ALTERNATIVE ENERGY PROGRAM.

(a) AMENDMENT.—The Energy Policy and Conservation Act (42 U.S.C. 6201 and following) is amended by inserting the following after section 324A:

''SEC. 324B. ENERGY SUN RENEWABLE AND ALTERNATIVE ENERGY PROGRAM.

''(a) PROGRAM.—There is established at the Environmental Protection Agency and the Department of Energy a government-industry partnership program to identify and promote the purchase of renewable and alternative energy products, to recognize companies that purchase renewable and alternative energy products for the environmental and energy security benefits of such purchases, and to educate consumers about the environmental and energy security benefits of renewable and alternative energy. Responsibilities under the program shall be divided between the Environmental Protection Agency and the Department of Energy consistent with the terms of agreements between the two agencies. The Administrator of the Environmental Protection Agency and the Secretary of Energy—

''(1) establish an Energy Sun label for renewable and alternative energy products and technologies that the Administrator or the Secretary (consistent with the terms of agreements between the two agencies regarding responsibility for specific product categories) determine to have substantial environmental and energy security benefits and commercial marketability.

''(2) establish an Energy Sun Company program to recognize private companies that draw a substantial portion of their energy

from renewable and alternative sources that provide substantial environmental and energy security benefits, as determined by the Administrator or the Secretary.

''(3) promote Energy Sun compliant products and technologies as the preferred products and technologies in the marketplace for reducing pollution and achieving energy security; and

''(4) work to enhance public awareness and preserve the integrity of the Energy Sun label.

For the purposes of carrying out this section, there is authorized to be appropriated $10,000,000 for each of fiscal years 2002 through 2006.

''(b) STUDY OF CERTAIN PRODUCTS, TECHNOLOGIES, AND BUILDINGS.—Within 18 months after the enactment of this section, the Administrator and the Secretary, consistent with the terms of agreements between the two agencies, shall conduct a study to determine whether the Energy Sun label should be authorized for products, technologies, and buildings in the following categories:

''(1) Passive solar, solar thermal, concentrating solar energy, solar water heating, and related solar products and building technologies.

''(2) Solar photovoltaics and other solar electric power generation technologies.

''(3) Wind.

''(4) Geothermal.

''(5) Biomass.

''(6) Distributed energy (including, but not limited to, microturbines, combined heat and power, fuel cells, and stirling heat engines).

''(7) Green power or other renewables and alternative based electric power products (including green tag credit programs) sold to retail consumers of electricity.

''(8) Homes.

''(9) School buildings.

''(10) Retail buildings.

''(11) Health care facilities.

''(12) Hotels and other commercial lodging facilities.

''(13) Restaurants and other food service facilities.

''(14) Rest area facilities along interstate highways.

''(15) Sports stadia, arenas, and concert facilities.

''(16) Any other product, technology or building category, the accelerated recognition of which the Administrator or the Secretary determines to be necessary or appropriate for the achievement of the purposes of this section.

Nothing in this subsection shall be construed to limit the discretion of the Administrator or the Secretary under subsection (a)(1) to include in the Energy Sun program additional products, technologies, and buildings not listed in this subsection. Participation by private-sector entities in programs or studies authorized by this section shall be (A) voluntary, and (B) by permission of the Administrator or Secretary, on terms and conditions the Administrator or the Secretary (consistent with agreements between the agencies) deems necessary or appropriate to carry out the purposes and requirements of this section.

''(c) DEFINITION.—For the purposes of this section, the term ''renewable and alternative energy'' shall have the same meaning as the term ''unconventional and renewable energy resources'' in Section 551 of the National Energy Conservation Policy Act (42 U.S.C. 8259).''.

(b) TABLE OF CONTENTS AMENDMENT.—The table of contents of the Energy Policy and Conservation Act is amended by inserting after the item relating to section 324A the following new item:

''Sec. 324B. Energy Sun renewable and alternative energy program.''.

SEC. 142. LABELING OF ENERGY EFFICIENT APPLIANCES.

(a) STUDY.—Section 324(e) of the Energy Policy and Conservation Act (42 U.S.C. 6294(e)) is amended as follows:

(1) By inserting ''(1)'' before ''The Secretary, in consultation''.

(2) By redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively.

(3) By adding the following new paragraph at the end:

''(2) The Secretary shall make recommendations to the Commission within 180 days of the date of the enactment of this paragraph regarding labeling of consumer products that are not covered products in accordance with this section, where such labeling is likely to assist consumers in making purchasing decisions and is technologically and economically feasible.''.

(b) NONCOVERED PRODUCTS.—Section 324(a)(2) of the Energy Policy and Conservation Act (42 U.S.C. 6294(a)(2)) is amended by adding the following at the end:

''(F) Not later than 1 year after the date of the enactment of this subparagraph, the Commission shall initiate a rulemaking to prescribe labeling rules under this section applicable to consumer products that are not covered products if it determines that labeling of such products is likely to assist consumers in making purchasing decisions and is technologically and economically feasible.

''(G) Not later than 3 months after the date of the enactment of this subparagraph, the Commission shall initiate a rulemaking to consider the effectiveness of the current consumer products labeling program in assisting consumers in making purchasing decisions and improving energy efficiency and to consider changes to the label that would improve the effectiveness of the label. Such rulemaking shall be completed within 15 months of the date of the enactment of this subparagraph.''.

SEC. 143. APPLIANCE STANDARDS.

(a) STANDARDS FOR HOUSEHOLD APPLIANCES IN STANDBY MODE.—(1) Section 325 of the Energy Policy and Conservation Act (42 U.S.C. 6295) is amended by adding at the end the following:

''(u) STANDBY MODE ELECTRIC ENERGY CONSUMPTION BY HOUSEHOLD APPLIANCES.—

(1) In this subsection:

''(A) The term ''household appliance'' means any device that uses household electric current, operates in a standby mode, and is identified by the Secretary as a major consumer of electricity in standby mode, except digital televisions, digital set top boxes, digital video recorders, any product recognized under the Energy Star program, any product that was on the date of the enactment of this Act subject to an energy conservation standard under this section, and any product regarding which the Secretary finds that the expected additional cost to the consumer of purchasing such product as a result of complying with a standard established under this section is not economically justified within the meaning of subsection (o).

''(B) The term ''standby mode'' means a mode in which a household appliance consumes the least amount of electric energy that the household appliance is capable of consuming without being completely switched off (provided that, the amount of electric energy consumed in such mode is substantially less than the amount the household appliance would consume in its normal operational mode).

''(C) The term ''major consumer of electricity in standby mode'' means a product for which a standard prescribed under this section would result in substantial energy savings as compared to energy savings achieved or expected to be achieved by standards established by the Secretary under subsections (o) and (p) of this section for products that were, at the time of the enactment of this subsection, covered products under this section.

''(2)(A) Except as provided in subparagraph (B), a household appliance that is manufactured in, or imported for sale in, the United States on or after the date that is 2 years after the date of the enactment of this subsection shall not consume in standby mode more than 1 watt.

''(B) In the case of analog televisions, the Secretary shall prescribe, on or after the date that is 2 years after the date of the enactment of this subsection, in accordance with subsections (o) and (p) of section 325, an energy conservation standard that is technologically feasible and economically justified under section 325(o)(2)(A) (in lieu of the 1 watt standard under subparagraph (A)).

''(3)(A) A manufacturer or importer of a household appliance may submit to the Secretary an application for an exemption of the household appliance from the standard under paragraph (2).

''(B) The Secretary shall grant an exemption for a household appliance for which an application is made under subparagraph (A) if the applicant provides evidence showing that, and the Secretary determines that—

''(i) it is not technically feasible to modify the household appliance to enable the household appliance to meet the standard;

''(ii) the standard is incompatible with an energy efficiency standard applicable to the household appliance under another subsection; or

''(iii) the cost of electricity that a typical consumer would save in operating the household appliance meeting the standard would not equal the increase in the price of the household appliance that would be attributable to the modifications that would be necessary to enable the household appliance to meet the standard by the earlier of—

''(I) the date that is 7 years after the date of purchase of the household appliance; or

''(II) the end of the useful life of the household appliance.

''(C) If the Secretary determines that it is not technically feasible to modify a household appliance to meet the standard under paragraph (2), the Secretary shall establish a different standard for the household appliance in accordance with the criteria under subsection (l).

''(4)(A) Not later than 1 year after the date of the enactment of this subsection, the Secretary shall establish a test procedure for determining the amount of consumption of power by a household appliance operating in standby mode.

''(B) In establishing the test procedure, the Secretary shall consider—

''(i) international test procedures under development;

''(ii) test procedures used in connection with the Energy Star program; and

''(iii) test procedures used for measuring power consumption in standby mode in other countries.

''(5) FURTHER REDUCTION OF STANDBY POWER CONSUMPTION.—The Secretary shall provide technical assistance to manufacturers in achieving further reductions in standby mode electric energy consumption by household appliances.

''(v) STANDBY MODE ELECTRIC ENERGY CONSUMPTION BY DIGITAL TELEVISIONS, DIGITAL SET TOP BOXES, AND DIGITAL VIDEO RECORDERS.—The Secretary shall initiate on January 1, 2007 a rulemaking to prescribe, in accordance with subsections (o) and (p), an energy conservation standard of standby mode electric energy consumption by digital television sets, digital set top boxes, and digital

video recorders. The Secretary shall issue a final rule prescribing such standards not later than 18 months thereafter. In determining whether a standard under this section is technologically feasible and economically justified under section 325(o)(2)(A), the Secretary shall consider the potential effects on market penetration by digital products covered under this section, and shall consider any recommendations by the FCC regarding such effects.''.

(2) Section 325(o)(3) of the Energy Policy and Conservation Act (42 U.S.C. 6295(n)(1)) is amended by inserting at the end of the paragraph the following: ''Notwithstanding any provision of this part, the Secretary shall not amend a standard established under subsection (u) or (v) of this section.''.

(b) STANDARDS FOR NONCOVERED PRODUCTS.—Section 325(m) of the Energy Policy and Conservation Act (42 U.S.C. 6295(m)) is amended as follows:

(1) Inserting ''(1)'' before ''After''.

(2) Inserting the following at the end:

''(2) Not later than 1 year after the date of the enactment of the Energy Advancement and Conservation Act of 2001, the Secretary shall conduct a rulemaking to determine whether consumer products not classified as a covered product under section 322(a) (1) through (18) meet the criteria of section 322(b)(1) and is a major consumer of electricity. If the Secretary finds that a consumer product not classified as a covered product meets the criteria of section 322(b)(1), he shall prescribe, in accordance with subsections (o) and (p), an energy conservation standard for such consumer product, if such standard is reasonably probable to be technologically feasible and economically justified within the meaning of subsection (o)(2)(A). As used in this paragraph, the term ''major consumer of electricity'' means a product for which a standard prescribed under this section would result in substantial aggregate energy savings as compared to energy savings achieved or expected to be achieved by standards established by the Secretary under paragraphs (o) and (p) of this section for products that were, at the time of the enactment of this paragraph, covered products under this section.''.

(c) CONSUMER EDUCATION ON ENERGY EFFICIENCY BENEFITS OF AIR CONDITIONING, HEATING AND VENTILATION MAINTENANCE.—Section 337 of the Energy Policy and Conservation Act (42 U.S.C. 6307) is amended by adding the following new subsection after subsection (b):

''(c) HVAC MAINTENANCE.—For the purpose of ensuring that installed air conditioning and heating systems operate at their maximum rated efficiency levels, the Secretary shall, within 180 days of the date of the enactment of this subsection, develop and implement a public education campaign to educate homeowners and small business owners concerning the energy savings resulting from regularly scheduled maintenance of air conditioning, heating, and ventilating systems. In developing and implementing this campaign, the Secretary shall consider support by the Department of public education programs sponsored by trade and professional and energy efficiency organizations. The public service information shall provide sufficient information to allow consumers to make informed choices from among professional, licensed (where State or local licensing is required) contractors. There are authorized to be appropriated to carry out this subsection $5,000,000 for fiscal years 2002 and 2003 in addition to amounts otherwise appropriated in this part.''.

(d) EFFICIENCY STANDARDS FOR FURNACE FANS, CEILING FANS, AND COLD DRINK VENDING MACHINES.—

(1) DEFINITIONS.—Section 321 of the Energy Policy and Conservation Act (42 U.S.C. 6291) is amended by adding the following at the end thereof:

''(32) The term ''residential furnace fan'' means an electric fan installed as part of a furnace for purposes of circulating air through the system air filters, the heat exchangers or heating elements of the furnace, and the duct work.

''(33) The terms ''residential central air conditioner fan'' and ''heat pump circulation fan'' mean an electric fan installed as part of a central air conditioner or heat pump for purposes of circulating air through the system air filters, the heat exchangers of the air conditioner or heat pump, and the duct work.

''(34) The term ''suspended ceiling fan'' means a fan intended to be mounted to a ceiling outlet box, ceiling building structure, or to a vertical rod suspended from the ceiling, and which as blades which rotate below the ceiling and consists of an electric motor, fan blades (which rotate in a direction parallel to the floor), an optional lighting kit, and one or more electrical controls (integral or remote) governing fan speed and lighting operation.

''(35) The term ''refrigerated bottled or canned beverage vending machine'' means a machine that cools bottled or canned beverages and dispenses them upon payment.''.

(2) TESTING REQUIREMENTS.—Section 323 of the Energy Policy and Conservation Act (42 U.S.C. 6293) is amended by adding the following at the end thereof:

''(f) ADDITIONAL CONSUMER PRODUCTS.—The Secretary shall within 18 months after the date of the enactment of this subsection prescribe testing requirements for residential furnace fans, residential central air conditioner fans, heat pump circulation fans, suspended ceiling fans, and refrigerated bottled or canned beverage vending machines. Such testing requirements shall be based on existing test procedures used in industry to the extent practical and reasonable. In the case of residential furnace fans, residential central air conditioner fans, heat pump circulation fans, and suspended ceiling fans, such test procedures shall include efficiency at both maximum output and at an output no more than 50 percent of the maximum output.''.

(3) STANDARDS FOR ADDITIONAL CONSUMER PRODUCTS.—Section 325 of the Energy Policy and Conservation Act (42 U.S.C. 6295) is amended by adding the following at the end thereof:

''(w) RESIDENTIAL FURNACE FANS, CENTRAL AIR AND HEAT PUMP CIRCULATION FANS, SUSPENDED CEILING FANS, AND VENDING MACHINES.—

''(1) The Secretary shall, within 18 months after the date of the enactment of this subsection, assess the current and projected future market for residential furnace fans, residential central air conditioner and heat pump circulation fans, suspended ceiling fans, and refrigerated bottled or canned beverage vending machines. This assessment shall include an examination of the types of products sold, the number of products in use, annual sales of these products, energy used by these products sold, the number of products in use, annual sales of these products, energy used by these products, estimates of the potential energy savings from specific technical improvements to these products, and an examination of the cost-effectiveness of these improvements. Prior to the end of this time period, the Secretary shall hold an initial scoping workshop to discuss and receive input to plans for developing minimum efficiency standards for these products.

''(2) The Secretary shall within 24 months after the date on which testing requirements are prescribed by the Secretary pursuant to section 323(f), prescribe, by rule, energy conservation standards for residential furnace fans, residential central air conditioner and heat pump circulation fans, suspended ceiling fans, and refrigerated bottled or canned beverage vending machines. In establishing these standards, the Secretary shall use the criteria and procedures contained in subsections (l) and (m). Any standard prescribed under this section shall apply to products manufactured 36 months after the date such rule is published.''.

(4) LABELING.—Section 324(a) of the Energy Policy and Conservation Act (42 U.S.C. 6294(a)) is amended by adding the following at the end thereof:

''(5) The Secretary shall within 6 months after the date on which energy conservation standards are prescribed by the Secretary for covered products referred to in section 325(w), prescribe, by rule, labeling requirements for such products. These requirements shall take effect on the same date as the standards prescribed pursuant to section 325(w).''.

(5) COVERED PRODUCTS.—Section 322(a) of the Energy Policy and Conservation Act (42 U.S.C. 6292(a)) is amended by redesignating paragraph (19) as paragraph (20) and by inserting after paragraph (18) the following:

''(19) Beginning on the effective date for standards established pursuant to subsection (v) of section 325, each product referred to in such subsection (v).''.

Subtitle E—Energy Efficient Vehicles

SEC. 151. HIGH OCCUPANCY VEHICLE EXCEPTION.

(a) IN GENERAL.—Notwithstanding section 102(a)(1) of title 23, United States Code, a State may, for the purpose of promoting energy conservation, permit a vehicle with fewer than 2 occupants to operate in high occupancy vehicle lanes if such vehicle is a hybrid vehicle or is fueled by an alternative fuel.

(b) HYBRID VEHICLE DEFINED—In this section, the term ''hybrid vehicle'' means a motor vehicle-

(1) which draws propulsion energy from onboard sources of stored energy which are both—

(A) an internal combustion or heat engine using combustible fuel; and

(B) a rechargeable energy storage system;

(2) which, in the case of a passenger automobile or light truck—

(A) for 2002 and later model vehicles, has received a certificate of conformity under section 206 of the Clean Air Act (42 U.S.C. 7525) and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act (42 U.S.C. 7583(e)(2)) for that make and model year; and

(B) for 2004 and later model vehicles, has received a certificate that such vehicle meets the Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act (42 U.S.C. 7521(i)) for that make and model year vehicle; and

(3) which is made by a manufacturer.

(c) ALTERNATIVE FUEL DEFINED—In this section, the term ''alternative fuel'' has the meaning such term has under section 301(2) of the Energy Policy Act of 1992 (42 U.S.C. 13211(2)).

SEC. 152. RAILROAD EFFICIENCY.

(a) LOCOMOTIVE TECHNOLOGY DEMONSTRATION— The Secretary of Energy shall establish a public-private research partnership with railroad carriers, locomotive manufacturers, and a world-class research and test center dedicated to the advancement of railroad technology, efficiency, and safety that is owned by the Federal Railroad Administration and operated in the private sector,

for the development and demonstration of locomotive technologies that increase fuel economy and reduce emissions.

(b) AUTHORIZATION OF APPROPRIATIONS—There are authorized to be appropriated to the Secretary of Energy $25,000,000 for fiscal year 2002, $30,000,000 for fiscal year 2003, and $35,000,000 for fiscal year 2004 for carrying out this section.

SEC. 153. BIODIESEL FUEL USE CREDITS.

Section 312(c) of the Energy Policy Act of 1992 (42 U.S.C. 13220(c)) is amended—

(1) by striking ''NOT'' in the subsection heading; and

(2) by striking ''not''.

SEC. 154. MOBILE TO STATIONARY SOURCE TRADING.

Within 90 days after the enactment of this section, the Administrator of the Environmental Protection Agency is directed to commence a review of the Agency's policies regarding the use of mobile to stationary source trading of emission credits under the Clean Air Act to determine whether such trading can provide both nonattainment and attainment areas with additional flexibility in achieving and maintaining healthy air quality and increasing use of alternative fuel and advanced technology vehicles, thereby reducing United States dependence on foreign oil.

Subtitle F—Other Provisions

SEC. 161. REVIEW OF REGULATIONS TO ELIMINATE BARRIERS TO EMERGING ENERGY TECHNOLOGY.

(a) IN GENERAL—Each Federal agency shall carry out a review of its regulations and standards to determine those that act as a barrier to market entry for emerging energy-efficient technologies, including, but not limited to, fuel cells, combined heat and power, and distributed generation (including small-scale renewable energy).

(b) REPORT TO CONGRESS—No later than 18 months after the date of the enactment of this section, each agency shall provide a report to Congress and the President detailing all regulatory barriers to emerging energy-efficient technologies, along with actions the agency intends to take, or has taken, to remove such barriers.

(c) PERIODIC REVIEW—Each agency shall subsequently review its regulations and standards in the manner specified in this section no less frequently than every 5 years, and report their findings to Congress and the President. Such reviews shall include a detailed analysis of all agency actions taken to remove existing barriers to emerging energy technologies.

SEC. 162. ADVANCED IDLE ELIMINATION SYSTEMS.

(a) DEFINITIONS.—

(1) ADVANCED IDLE ELIMINATION SYSTEM.—The term ''advanced idle elimination system'' means a device or system of devices that is installed at a truck stop or other location (for example, a loading, unloading, or transfer facility) where vehicles (such as trucks, trains, buses, boats, automobiles, and recreational vehicles) are parked and that is designed to provide to the vehicle the services (such as heat, air conditioning, and electricity) that would otherwise require the operation of the auxiliary or drive train engine or both while the vehicle is stationary and parked.

(2) EXTENDED IDLING.—The term ''extended idling'' means the idling of a motor vehicle for a period greater than 60 minutes.

(b) RECOGNITION OF BENEFITS OF ADVANCED IDLE ELIMINATION SYSTEMS.—Within 90 days after the date of the enactment of this subsection, the Administrator of the Environmental Protection Agency is directed to commence a review of the Agency's mobile source air emissions models used under the Clean Air Act to determine whether such models accurately reflect the emissions resulting from extended idling of heavy-duty trucks and other vehicles and engines, and shall update those models as the Administrator deems appropriate. Additionally, within 90 days after the date of the enactment of this subsection, the Administrator shall commence a review as to the appropriate emissions reductions credit that should be allotted under the Clean Air Act for the use of advanced idle elimination systems, and whether such credits should be subject to an emissions trading system, and shall revise Agency regulations and guidance as the Administrator deems appropriate.

SEC. 163. STUDY OF BENEFITS AND FEASIBILITY OF OIL BYPASS FILTRATION TECHNOLOGY.

(a) STUDY.—The Secretary of Energy and the Administrator of the Environmental Protection Agency shall jointly conduct a study of oil bypass filtration technology in motor vehicle engines. The study shall analyze and quantify the potential benefits of such technology in terms of reduced demand for oil and the potential environmental benefits of the technology in terms of reduced waste and air pollution. The Secretary and the Administrator shall also examine the feasibility of using such technology in the Federal motor vehicle fleet.

(b) REPORT.—Not later than 6 months after the enactment of this Act, the Secretary of Energy and the Administrator of the Environmental Protection Agency shall jointly submit a report containing the results of the study conducted under subsection (a) to the Committee on Energy and Commerce of the United States House of Representatives and to the Committee on Energy and Natural Resources of the United States Senate.

SEC. 164. GAS FLARE STUDY.

(a) STUDY.—The Secretary of Energy shall conduct a study of the economic feasibility of installing small cogeneration facilities utilizing excess gas flares at petrochemical facilities to provide reduced electricity costs to customers living within 3 miles of the petrochemical facilities. The Secretary shall solicit public comment to assist in preparing the report required under subsection (b).

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary of Energy shall transmit a report to the Congress on the results of the study conducted under subsection (a).

SEC. 165. TELECOMMUTING STUDY.

(a) STUDY REQUIRED.—The Secretary, in consultation with Commission, and the NTIA, shall conduct a study of the energy conservation implications of the widespread adoption of telecommuting in the United States.

(b) REQUIRED SUBJECTS OF STUDY.—The study required by subsection (a) shall analyze the following subjects in relation to the energy saving potential of telecommuting:

(1) Reductions of energy use and energy costs in commuting and regular office heating, cooling, and other operations.

(2) Other energy reductions accomplished by telecommuting.

(3) Existing regulatory barriers that hamper telecommuting, including barriers to broadband telecommunications services deployment.

(4) Collateral benefits to the environment, family life, and other values.

(c) REPORT REQUIRED.—The Secretary shall submit to the President and the Congress a report on the study required by this section not later than 6 months after the date of the enactment of this Act. Such report shall include a description of the results of the analysis of each of the subject described in subsection (b).

(d) DEFINITIONS.—As used in this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of Energy.

(2) COMMISSION.—The term ''Commission'' means the Federal Communications Commission.

(3) NTIA.—The term ''NTIA'' means the National Telecommunications and Information Administration of the Department of Commerce.

(4) TELECOMMUTING.—The term ''telecommuting'' means the performance of work functions using communications technologies, thereby eliminating or substantially reducing the need to commute to and from traditional worksites.

TITLE II—AUTOMOBILE FUEL ECONOMY

SEC. 201. AVERAGE FUEL ECONOMY STANDARDS FOR NONPASSENGER AUTOMOBILES.—

Section 32902(a) of title 49, United States Code, is amended—

(1) by inserting ''(1)'' after ''NONPASSENGER AUTOMOBILES.—''; and

(2) by adding at the end the following:

''(2) The Secretary shall prescribe under paragraph (1) average fuel economy standards for automobiles (except passenger automobiles) manufactured in model years 2004 through 2010 that are calculated to ensure that the aggregate amount of gasoline projected to be used in those model years by automobiles to which the standards apply is at least 5 billion gallons less than the aggregate amount of gasoline that would be used in those model years by such automobiles if they achieved only the fuel economy required under the average fuel economy standard that applies under this subsection to automobiles (except passenger automobiles) manufactured in model year 2002.''.

SEC. 202. CONSIDERATION OF PRESCRIBING DIFFERENT AVERAGE FUEL ECONOMY STANDARDS FOR NONPASSENGER AUTOMOBILES.

(a) IN GENERAL.—The Secretary of Transportation shall, in prescribing average fuel economy standards under section 32902(a) of title 49, United States Code, for automobiles (except passenger automobiles) manufactured in model year 2004, consider the potential benefits of—

(1) establishing a weight-based system for automobiles, that is based on the inertia weight, curb weight, gross vehicle weight rating, or another appropriate measure of such automobiles; and

(2) prescribing different fuel economy standards for automobiles that are subject to the weight-based system.

(b) SPECIFIC CONSIDERATIONS.—In implementing this section the Secretary—

(1) shall consider any recommendations made in the National Academy of Sciences study completed pursuant to the Department of Transportation and Related Agencies Appropriations Act, 2000 (Public Law 106–346; 114 Stat. 2763 et seq.); and

(2) shall evaluate the merits of any weight-based system in terms of motor vehicle safety, energy conservation, and competitiveness of and employment in the United States automotive sector, and if a weight-based system is established by the Secretary a manufacturer may trade credits between or among the automobiles (except passenger automobiles) manufactured by the manufacturer.

SEC. 203. DUAL FUELED AUTOMOBILES.

(a) PURPOSES.—The purposes of this section are—

(1) to extend the manufacturing incentives for dual fueled automobiles, as set forth in subsections (b) and (d) of section 32905 of title 49, United States Code, through the 2008 model year; and

(2) to similarly extend the limitation on the maximum average fuel economy increase

for such automobiles, as set forth in subsection (a)(1) of section 32906 of title 49, United States Code.

(b) AMENDMENTS.—

(1) MANUFACTURING INCENTIVES.—Section 32905 of title 49, United States Code, is amended as follows:

(A) Subsections (b) and (d) are each amended by striking ''model years 1993–2004'' and inserting ''model years 1993–2008''.

(B) Subsection (f) is amended by striking ''Not later than December 31, 2001, the Secretary'' and inserting ''Not later than December 31, 2005, the Secretary''.

(C) Subsection (f)(1) is amended by striking ''model year 2004'' and inserting ''model year 2008''.

(D) Subsection (g) is amended by striking ''Not later than September 30, 2000'' and inserting ''Not later than September 30, 2004''.

(2) MAXIMUM FUEL ECONOMY INCREASE.—Subsection (a)(1) of section 32906 of title 49, United States Code, is amended as follows:

(A) Subparagraph (A) is amended by striking ''the model years 1993–2004'' and inserting ''model years 1993–2008''.

(B) Subparagraph (B) is amended by striking ''the model years 2005–2008'' and inserting ''model years 2009–2012''.

SEC. 204. FUEL ECONOMY OF THE FEDERAL FLEET OF AUTOMOBILES.

Section 32917 of title 49, United States Code, is amended to read as follows:

''SEC. 32917. STANDARDS FOR EXECUTIVE AGENCY AUTOMOBILES

''(a) BASELINE AVERAGE FUEL ECONOMY.—The head of each executive agency shall determine, for all automobiles in the agency's fleet of automobiles that were leased or bought as a new vehicle in fiscal year 1999, the average fuel economy for such automobiles. For the purposes of this section, the average fuel economy so determined shall be the baseline average fuel economy for the agency's fleet of automobiles.

''(b) INCREASE OF AVERAGE FUEL ECONOMY.—The head of an executive agency shall manage the procurement of automobiles for that agency in such a manner that—

''(1) not later than September 30, 2003, the average fuel economy of the new automobiles in the agency's fleet of automobiles is not less than 1 mile per gallon higher than the baseline average fuel economy determined under subsection (a) for that fleet; and

''(2) not later than September 30, 2005, the average fuel economy of the new automobiles in the agency's fleet of automobiles is not less than 3 miles per gallon higher than the baseline average fuel economy determined under subsection (a) for that fleet.

''(c) CALCULATION OF AVERAGE FUEL ECONOMY.—Average fuel economy shall be calculated for the purposes of this section in accordance with guidance which the Secretary of Transportation shall prescribe for the implementation of this section.

''(d) DEFINITIONS.—In this section:

''(1) The term ''automobile'' does not include any vehicle designed for combat-related missions, law enforcement work, or emergency rescue work.

''(2) The term ''executive agency'' has the meaning given that term in section 105 of title 5.

''(3) The term ''new automobile'', with respect to the fleet of automobiles of an executive agency, means an automobile that is leased for at least 60 consecutive days or bought, by or for the agency, after September 30, 1999.''.

SEC. 205. HYBRID VEHICLES AND ALTERNATIVE VEHICLES.

(a) IN GENERAL.—Section 303(b)(1) of the Energy Policy Act of 1992 is amended by adding the following at the end: ''Of the total number of vehicles acquired by a Federal fleet in fiscal years 2004 and 2005, at least 5 percent of the vehicles in addition to those covered by the preceding sentence shall be alternative fueled vehicles or hybrid vehicles and in fiscal year 2006 and thereafter at least 10 percent of the vehicles in addition to those covered by the preceding sentence shall be alternative fueled vehicles or hybrid vehicles.''.

(b) DEFINITION.—Section 301 of such Act is amended by striking ''and'' at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting ''; and'' and by adding at the end the following:

''(15) The term ''hybrid vehicle'' means a motor vehicle which draws propulsion energy from onboard sources of stored energy which are both—

''(A) an internal combustion or heat engine using combustible fuel; and

''(B) a rechargeable energy storage system.''.

SEC. 206. FEDERAL FLEET PETROLEUM-BASED NONALTERNATIVE FUELS.

(a) IN GENERAL.—Title III of the Energy Policy Act of 1992 (42 U.S.C. 13212 et seq.) is amended as follows:

(1) By adding at the end thereof the following:

''SEC. 313. CONSERVATION OF PETROLEUM-BASED FUELS BY THE FEDERAL GOVERNMENT FOR LIGHT-DUTY MOTOR VEHICLES.

''(a) PURPOSES.—The purposes of this section are to complement and supplement the requirements of section 303 of this Act that Federal fleets, as that term is defined in section 303(b)(3), acquire in the aggregate a minimum percentage of alternative fuel vehicles, to encourage the manufacture and sale or lease of such vehicles nationwide, and to achieve, in the aggregate, a reduction in the amount of the petroleum-based fuels (other than the alternative fuels defined in this title) used by new light-duty motor vehicles acquired by the Federal Government in model years 2004 through 2010 and thereafter.

''(b) IMPLEMENTATION.—In furtherance of such purposes, such Federal fleets in the aggregate shall reduce the purchase of petroleum-based nonalternative fuels for such fleets beginning October 1, 2003, through September 30, 2009, from the amount purchased for such fleets over a comparable period since enactment of this Act, as determined by the Secretary, through the annual purchase, in accordance with section 304, and the use of alternative fuels for the light-duty motor vehicles of such Federal fleets, so as to achieve levels which reflect total reliance by such fleets on the consumptive use of alternative fuels consistent with the provisions of section 303(b) of this Act. The Secretary shall, within 120 days after the enactment of this section, promulgate, in consultation with the Administrator of the General Services Administration and the Director of the Office of Management and Budget and such other heads of entities referenced in section 303 within the executive branch as such Director may designate, standards for the full and prompt implementation of this section by such entities. The Secretary shall monitor compliance with this section and such standards by all such fleets and shall report annually to the Congress, based on reports by the heads of such fleets, on the extent to which the requirements of this section and such standards are being achieved. The report shall include information on annual reductions achieved of petroleum-based fuels and the problems, if any, encountered in acquiring alternative fuels and in requiring their use.''.

(2) By amending section 304(b) of such Act to read as follows:

''(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary or, as appropriate, the head of each Federal fleet subject to the provisions of this section and section 313 of this Act, such sums as may be necessary to achieve the purposes of section 313(a) and the provisions of this section. Such sums shall remain available until expended.''.

(b) CLERICAL AMENDMENT.—The table of contents in section 1(b) of such Act is amended by adding at the end of the items relating to title III the following:

''Sec. 313. Conservation of petroleum-based fuels by the Federal Government for light-duty motor vehicles.''.

SEC. 207. STUDY OF FEASIBILITY AND EFFECTS OF REDUCING USE OF FUEL FOR AUTOMOBILES.

(a) IN GENERAL.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Transportation shall enter into an arrangement with the National Academy of Sciences under which the Academy shall study the feasibility and effects of reducing by model year 2010, by a significant percentage, the use of fuel for automobiles.

(b) SUBJECTS OF STUDY.—The study under this section shall include—

(1) examination of, and recommendation of alternatives to, the policy under current Federal law of establishing average fuel economy standards for automobiles and requiring each automobile manufacturer to comply with average fuel economy standards that apply to the automobiles it manufactures;

(2) examination of how automobile manufacturers could contribute toward achieving the reduction referred to in subsection (a);

(3) examination of the potential of fuel cell technology in motor vehicles in order to determine the extent to which such technology may contribute to achieving the reduction referred to in subsection (a); and

(4) examination of the effects of the reduction referred to in subsection (a) on—

(A) gasoline supplies;

(B) the automobile industry, including sales of automobiles manufactured in the United States;

(C) motor vehicle safety; and

(D) air quality.

(c) REPORT.—The Secretary shall require the National Academy of Sciences to submit to the Secretary and the Congress a report on the findings, conclusion, and recommendations of the study under this section by not later than 1 year after the date of the enactment of this Act.

TITLE III—NUCLEAR ENERGY

SEC. 301. LICENSE PERIOD.

Section 103 c. of the Atomic Energy Act of 1954 (42 U.S.C. 2133(c)) is amended—

(1) by striking ''(c). Each such'' and inserting the following:

''(c). LICENSE PERIOD.—

''(1) IN GENERAL.—Each such''; and

(2) by adding at the end the following:

''(2) COMBINED LICENSES.—In the case of a combined construction and operating license issued under section 185 b., the initial duration of the license may not exceed 40 years from the date on which the Commission finds, before operation of the facility, that the acceptance criteria required by section 185 b. are met.''.

SEC. 302. COST RECOVERY FROM GOVERNMENT AGENCIES.

Section 161 w. of the Atomic Energy Act of 1954 (42 U.S.C. 2201(w)) is amended—

(1) by striking ''for or is issued'' and all that follows through ''1702'' and inserting ''to the Commission for, or is issued by the Commission, a license or certificate'';

(2) by striking ''483a'' and inserting ''9701''; and

(3) by striking '', of applicants for, or holders of, such licenses or certificates''.

SEC. 303. DEPLETED URANIUM HEXAFLUORIDE.

Section 1(b) of Public Law 105–204 is amended by striking ''fiscal year 2002'' and inserting ''fiscal year 2005''.

SEC. 304. NUCLEAR REGULATORY COMMISSION MEETINGS.

If a quorum of the Nuclear Regulatory Commission gathers to discuss official Commission business the discussions shall be recorded, and the Commission shall notify the public of such discussions within 15 days after they occur. The Commission shall promptly make a transcript of the recording available to the public on request, except to the extent that public disclosure is exempted or prohibited by law. This section shall not apply to a meeting, within the meaning of that term under section 552b(a)(2) of title 5, United States Code.

SEC. 305. COOPERATIVE RESEARCH AND DEVELOPMENT AND SPECIAL DEMONSTRATION PROJECTS FOR THE URANIUM MINING INDUSTRY.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary $10,000,000 for each of fiscal years 2002, 2003, and 2004 for—

(1) cooperative, cost-shared, agreements between the Department of Energy and domestic uranium producers to identify, test, and develop improved in situ leaching mining technologies, including low-cost environmental restoration technologies that may be applied to sites after completion of in situ leaching operations; and

(2) funding for competitively selected demonstration projects with domestic uranium producers relating to—

(A) enhanced production with minimal environmental impacts;

(B) restoration of well fields; and

(C) decommissioning and decontamination activities.

(b) DOMESTIC URANIUM PRODUCER.—For purposes of this section, the term ''domestic uranium producer'' has the meaning given that term in section 1018(4) of the Energy Policy Act of 1992 (42 U.S.C. 2296b–7(4)), except that the term shall not include any producer that has not produced uranium from domestic reserves on or after July 30, 1998.

SEC. 306. MAINTENANCE OF A VIABLE DOMESTIC URANIUM CONVERSION INDUSTRY.

There are authorized to be appropriated to the Secretary $800,000 for contracting with the Nation's sole remaining uranium converter for the purpose of performing research and development to improve the environmental and economic performance of United States uranium conversion operations.

SEC. 307. PADUCAH DECONTAMINATION AND DECOMMISSIONING PLAN.

The Secretary of Energy shall prepare and submit a plan to Congress within 180 days after the date of the enactment of this Act that establishes scope, cost, schedule, sequence of activities, and contracting strategy for—

(1) the decontamination and decommissioning of the Department of Energy's surplus buildings and facilities at the Paducah Gaseous Diffusion Plant that have no future anticipated reuse; and

(2) the remediation of Department of Energy Material Storage Areas at the Paducah Gaseous Diffusion Plant.

Such plan shall inventory all surplus facilities and buildings, and identify and rank health and safety risks associated with such facilities and buildings. Such plan shall inventory all Department of Energy Material Storage Areas, and identify and rank health and safety risks associated with such Department of Energy Material Storage Areas. The Department of Energy shall incorporate these risk factors in designing the sequence and schedule for the plan. Such plan shall identify funding requirements that are in addition to the expected outlays included in the Department of Energy's Environmental Management Plan for the Paducah Gaseous Diffusion Plan.

SEC. 308. STUDY TO DETERMINE FEASIBILITY OF DEVELOPING COMMERCIAL NUCLEAR ENERGY PRODUCTION FACILITIES AT EXISTING DEPARTMENT OF ENERGY SITES.

(a) IN GENERAL.—The Secretary of Energy shall conduct a study to determine the feasibility of developing commercial nuclear energy production facilities at Department of Energy sites in existence on the date of the enactment of this Act, including—

(1) options for how and where nuclear power plants can be developed on existing Department of Energy sites;

(2) estimates on cost savings to the Federal Government that may be realized by locating new nuclear power plants on Federal sites;

(3) the feasibility of incorporating new technology into nuclear power plants located on Federal sites;

(4) potential improvements in the licensing and safety oversight procedures of nuclear power plants located on Federal sites;

(5) an assessment of the effects of nuclear waste management policies and projects as a result of locating nuclear power plants located on Federal sites; and

(6) any other factors that the Secretary believes would be relevant in making the determination.

(b) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall submit to Congress a report describing the results of the study under subsection (a).

SEC. 309. PROHIBITION OF COMMERCIAL SALES OF URANIUM BY THE UNITED STATES UNTIL 2009.

Section 3112 of the USEC Privatization Act (42 U.S.C. 2297h–10) is amended by adding at the end the following new subsection:

''(g) PROHIBITION ON SALES.—With the exception of sales pursuant to subsection (b)(2) (42 U.S.C.2297h–10(b)(2)), notwithstanding any other provision of law, the United States Government shall not sell or transfer any uranium (including natural uranium concentrates, natural uranium hexafluoride, enriched uranium, depleted uranium, or uranium in any other form) through March 23, 2009 (except sales or transfers for use by the Tennessee Valley Authority in relation to the Department of Energy's HEU or Tritium programs, or the Department or Energy research reactor sales program, or any depleted uranium hexaflouride to be transferred to a designated Department of Energy contractor in conjunction with the planned construction of the Depleted Uranium Hexaflouride conversion plants in Portsmouth, Ohio, and Paducah, Kentucky, to any natural uranium transferred to the U.S. Enrichment Corporation from the Department of Energy to replace contaminated uranium received from the Department of Energy when the U.S. Enrichment Corporation was privatized in July, 1998, or for emergency purposes in the event of a disruption in supply to end users in the United States). The aggregate of sales or transfers of uranium by the United States Government after March 23, 2009, shall not exceed 3,000,000 pounds U3O8 per calendar year.''.

TITLE IV—HYDROELECTRIC ENERGY

SEC. 401. ALTERNATIVE CONDITIONS AND FISHWAYS.

(a) ALTERNATIVE MANDATORY CONDITIONS.—Section 4 of the Federal Power Act (16 U.S.C. 797) is amended by adding at the end the following:

''(h)(1) Whenever any person applies for a license for any project works within any reservation of the United States, and the Secretary of the department under whose supervision such reservation falls deems a condition to such license to be necessary under the first proviso of subsection (e), the license applicant or any other party to the licensing proceeding may propose an alternative condition.

''(2) Notwithstanding the first proviso of subsection (e), the Secretary of the department under whose supervision the reservation falls shall accept the proposed alternative condition referred to in paragraph (1), and the Commission shall include in the license such alternative condition, if the Secretary of the appropriate department determines, based on substantial evidence provided by the party proposing such alternative condition, that the alternative condition—

''(A) provides no less protection for the reservation than provided by the condition deemed necessary by the Secretary; and

''(B) will either—

''(i) cost less to implement, or

''(ii) result in improved operation of the project works for electricity production,

as compared to the condition deemed necessary by the Secretary.

''(3) Within 1 year after the enactment of this subsection, each Secretary concerned shall, by rule, establish a process to expeditiously resolve conflicts arising under this subsection.''.

(b) ALTERNATIVE FISHWAYS.—Section 18 of the Federal Power Act (16 U.S.C. 811) is amended by—

(1) inserting ''(a)'' before the first sentence; and

(2) adding at the end the following:

''(b)(1) Whenever the Commission shall require a licensee to construct, maintain, or operate a fishway prescribed by the Secretary of the Interior or the Secretary of Commerce under this section, the licensee or any other party to the proceeding may propose an alternative to such prescription to construct, maintain, or operate a fishway.

''(2) Notwithstanding subsection (a), the Secretary of the Interior or the Secretary of Commerce, as appropriate, shall accept and prescribe, and the Commission shall require, the proposed alternative referred to in paragraph (1), if the Secretary of the appropriate department determines, based on substantial evidence provided by the party proposing such alternative, that the alternative—

''(A) will be no less effective than the fishway initially prescribed by the Secretary, and

''(B) will either—

''(i) cost less to implement, or

''(ii) result in improved operation of the project works for electricity production,

as compared to the fishway initially prescribed by the Secretary.

''(3) Within 1 year after the enactment of this subsection, the Secretary of the Interior and the Secretary of Commerce shall each, by rule, establish a process to expeditiously resolve conflicts arising under this subsection.''.

SEC. 402. FERC DATA ON HYDROELECTRIC LICENSING.

(a) DATA COLLECTION PROCEDURES.—The Federal Energy Regulatory Commission shall revise its procedures regarding the collection of data in connection with the Commission's consideration of hydroelectric licenses under the Federal Power Act. Such revised data collection procedures shall be designed to provide the Commission with complete and accurate information concerning the time and costs to parties involved in the licensing process. Such data shall be available for each significant stage in the licensing process and shall be designed

to identify projects with similar characteristics so that analyses can be made of the time and costs involved in licensing proceedings based upon the different characteristics of those proceedings.

(b) REPORTS.—Within 6 months after the date of the enactment of this Act, the Commission shall notify the Committee on Energy and Commerce of the United States House of Representatives and the Committee on Energy and Natural Resources of the United States Senate of the progress made by the Commission under subsection (a), and within 1 year after such date of the enactment, the Commission shall submit a report to such Committees specifying the measures taken by the Commission pursuant to subsection (a).

TITLE V—FUELS

SEC. 501. TANK DRAINING DURING TRANSITION TO SUMMERTIME RFG.

Not later than 60 days after the enactment of the Act, the Administrator of the Environmental Protection Agency shall commence a rulemaking to determine whether modifications to the regulations set forth in 40 CFR Section 80.78 and any associated regulations regarding the transition to high ozone season reformulated gasoline are necessary to ensure that the transition to high ozone season reformulated gasoline is conducted in a manner that minimizes disruptions to the general availability and affordability of gasoline, and maximizes flexibility with regard to the draining and inventory management of gasoline storage tanks located at refineries, terminals, wholesale and retail outlets, consistent with the goals of the Clean Air Act. The Administrator shall propose and take final action in such rulemaking to ensure that any modifications are effective and implemented at least 60 days prior to the beginning of the high ozone season for the year 2002.

SEC. 502. GASOLINE BLENDSTOCK REQUIREMENTS.

Not later than 60 days after the enactment of this Act, the Administrator of the Environmental Protection Agency shall commence a rulemaking to determine whether modifications to product transfer documentation, accounting, compliance calculation, and other requirements contained in the regulations of the Administrator set forth in section 80.102 of title 40 of the Code of Federal Regulations relating to gasoline blendstocks are necessary to facilitate the movement of gasoline and gasoline feedstocks among different regions throughout the country and to improve the ability of petroleum refiners and importers to respond to regional gasoline shortages and prevent unreasonable short-term price increases. The Administrator shall take into consideration the extent to which such requirements have been, or will be, rendered unnecessary or inefficient by reason of subsequent environmental safeguards that were not in effect at the time the regulations in section 80.102 of title 40 of the Code of Federal Regulations were promulgated. The Administrator shall propose and take final action in such rulemaking to ensure that any modifications are effective and implemented at least 60 days prior to the beginning of the high ozone season for the year 2002.

SEC. 503. BOUTIQUE FUELS.

(a) JOINT STUDY.—The Administrator of the Environmental Protection Agency and the Secretary of Energy shall jointly conduct a study of all Federal, State, and local requirements regarding motor vehicle fuels, including requirements relating to reformulated gasoline, volatility (Reid Vapor Pressure), oxygenated fuel, diesel fuel and other requirements that vary from State to State, region to region, or locality to locality. The study shall analyze—

(1) the effect of the variety of such requirements on the price of motor vehicle fuels to the consumer;

(2) the availability and affordability of motor vehicle fuels in different States and localities;

(3) the effect of Federal, State, and local regulations, including multiple fuel requirements, on domestic refineries and the fuel distribution system;

(4) the effect of such requirements on local, regional, and national air quality requirements and goals;

(5) the effect of such requirements on vehicle emissions;

(6) the feasibility of developing national or regional fuel specifications for the contiguous United States that would—

(A) enhance flexibility in the fuel distribution infrastructure and improve fuel fungibility;

(B) reduce price volatility and costs to consumers and producers;

(C) meet local, regional, and national air quality requirements and goals; and

(D) provide increased gasoline market liquidity;

(7) the extent to which the Environmental Protection Agency's Tier II requirements for conventional gasoline may achieve in future years the same or similar air quality results as State reformulated gasoline programs and State programs regarding gasoline volatility (RVP); and

(8) the feasibility of providing incentives to promote cleaner burning fuel.

(b) REPORT.—By December 31, 2001, the Administrator of the Environmental Protection Agency and the Secretary of Energy shall submit a report to the Congress containing the results of the study conducted under subsection (a). Such report shall contain recommendations for legislative and administrative actions that may be taken to simplify the national distribution system for motor vehicle fuel, make such system more cost-effective, and reduce the costs and increase the availability of motor vehicle fuel to the end user while meeting the requirements of the Clean Air Act. Such recommendations shall take into account the need to provide lead time for refinery and fuel distribution system modifications necessary to assure adequate fuel supply for all States.

SEC. 504. FUNDING FOR MTBE CONTAMINATION.

Notwithstanding any other provision of law, there is authorized to be appropriated to the Administrator of the Environmental Protection Agency from the Leaking Underground Storage Trust Fund not more than $200,000,000 to be used for taking such action, limited to assessment, corrective action, inspection of underground storage tank systems, and groundwater monitoring in connection with MTBE contamination, as the Administrator deems necessary to protect human health and the environment from releases of methyl tertiary butyl ether (MTBE) from underground storage tanks.

TITLE VI—RENEWABLE ENERGY

SEC. 601. ASSESSMENT OF RENEWABLE ENERGY RESOURCES.

(a) RESOURCE ASSESSMENT.—Not later than 1 year after the date of the enactment of this Act, and each year thereafter, the Secretary of Energy shall publish an assessment by the National Laboratories of all renewable energy resources available within the United States.

(b) CONTENTS OF REPORT.—The report published under subsection (a) shall contain each of the following:

(1) A detailed inventory describing the available amount and characteristics of solar, wind, biomass, geothermal, hydroelectric and other renewable energy sources.

(2) Such other information as the Secretary of Energy believes would be useful in developing such renewable energy resources, including descriptions of surrounding terrain, population and load centers, nearby energy infrastructure, location of energy and water resources, and available estimates of the costs needed to develop each resource.

SEC. 602. RENEWABLE ENERGY PRODUCTION INCENTIVE.

Section 1212 of the Energy Policy Act of 1992 (42 U.S.C. 13317) is amended as follows:

(1) In subsection (a) by striking ''and which satisfies'' and all that follows through ''Secretary shall establish.'' and inserting ''. The Secretary shall establish other procedures necessary for efficient administration of the program. The Secretary shall not establish any criteria or procedures that have the effect of assigning to proposals a higher or lower priority for eligibility or allocation of appropriated funds on the basis of the energy source proposed.''.

(2) In subsection (b)—

(A) by striking ''a State or any political'' and all that follows through ''nonprofit electrical cooperative'' and inserting ''an electricity-generating cooperative exempt from taxation under section 501(c)(12) or section 1381(a)(2)(C) of the Internal Revenue Code of 1986, a public utility described in section 115 of such Code, a State, Commonwealth, territory, or possession of the United States or the District of Columbia, or a political subdivision thereof, or an Indian tribal government or subdivision thereof,''; and

(B) By inserting ''landfill gas,'' after ''wind, biomass,''.

(3) In subsection (c) by striking ''during the 10-fiscal year period beginning with the first full fiscal year occurring after the enactment of this section'' and inserting ''before October 1, 2013''.

(4) In subsection (d) by inserting ''or in which the Secretary finds that all necessary Federal and State authorizations have been obtained to begin construction of the facility'' after ''eligible for such payments''.

(5) In subsection (e)(1) by inserting ''landfill gas,'' after ''wind, biomass,''.

(6) In subsection (f) by striking ''the expiration of'' and all that follows through ''of this section'' and inserting ''September 30, 2023''.

(7) In subsection (g)—

(A) by striking ''1993, 1994, and 1995'' and inserting ''2003 through 2023''; and

(B) by inserting ''Funds may be appropriated pursuant to this subsection to remain available until expended.'' after ''purposes of this section.''.

SEC. 603. STUDY OF ETHANOL FROM SOLID WASTE LOAN GUARANTEE PROGRAM.

The Secretary of Energy shall conduct a study of the feasibility of providing guarantees for loans by private banking and investment institutions for facilities for the processing and conversion of municipal solid waste and sewage sludge into fuel ethanol and other commercial byproducts, and not later than 90 days after the date of the enactment of this Act shall transmit to the Congress a report on the results of the study.

SEC. 604. STUDY OF RENEWABLE FUEL CONTENT.

(a) STUDY.—The Administrator of the Environmental Protection Agency and the Secretary of Energy shall jointly conduct a study of the feasibility of developing a requirement that motor vehicle fuel sold or introduced into commerce in the United States in calendar year 2002 or any calendar year thereafter by a refiner, blender, or importer shall, on a 6-month average basis, be comprised of a quantity of renewable fuel, measured in gasoline-equivalent gallons. As part of this study, the Administrator and Secretary shall evaluate the use of a banking

and trading credit system and the feasibility and desirability of requiring an increasing percentage of renewable fuel to be phased in over a 15-year period.

(b) REPORT TO CONGRESS.—Not later than 6 months after the date of the enactment of this Act, the Administrator and the Secretary shall transmit to the Congress a report on the results of the study conducted under this section.

TITLE VII—PIPELINES

SEC. 701. PROHIBITION ON CERTAIN PIPELINE ROUTE.

No license, permit, lease, right-of-way, authorization or other approval required under Federal law for the construction of any pipeline to transport natural gas from lands within the Prudhoe Bay oil and gas lease area may be granted for any pipeline that follows a route that traverses—

(1) the submerged lands (as defined by the Submerged Lands Act) beneath, or the adjacent shoreline of, the Beaufort Sea; and

(2) enters Canada at any point north of 68 degrees North latitude.

SEC. 702. HISTORIC PIPELINES.

Section 7 of the Natural Gas Act (15 U.S.C. 717(f)) is amended by adding at the end the following new subsection:

''(i) Notwithstanding the National Historic Preservation Act, a transportation facility shall not be eligible for inclusion on the National Register of Historic Places unless—

''(1) the Commission has permitted the abandonment of the transportation facility pursuant to subsection (b) of this section, or

''(2) the owner of the facility has given written consent to such eligibility.

Any transportation facility deemed eligible for inclusion on the National Register of Historic Places prior to the date of the enactment of this subsection shall no longer be eligible unless the owner of the facility gives written consent to such eligibility.''.

TITLE VIII—MISCELLANEOUS PROVISIONS

SEC. 801. WASTE REDUCTION AND USE OF ALTERNATIVES.

(a) GRANT AUTHORITY.—The Secretary of Energy is authorized to make a single grant to a qualified institution to examine and develop the feasibility of burning post-consumer carpet in cement kilns as an alternative energy source. The purposes of the grant shall include determining—

(1) how post-consumer carpet can be burned without disrupting kiln operations;

(2) the extent to which overall kiln emissions may be reduced; and

(3) how this process provides benefits to both cement kiln operations and carpet suppliers.

(b) QUALIFIED INSTITUTION.—For the purposes of subsection (a), a qualified institution is a research-intensive institution of higher learning with demonstrated expertise in the fields of fiber recycling and logistical modeling of carpet waste collection and preparation.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Energy for carrying out this section $275,000 for fiscal year 2002, to remain available until expended.

SEC. 802. ANNUAL REPORT ON UNITED STATES ENERGY INDEPENDENCE.

(a) REPORT.—The Secretary of Energy, in consultation with the heads of other relevant Federal agencies, shall include in each report under section 801(c) of the Department of Energy Organization Act a section which evaluates the progress the United States has made toward obtaining the goal of not more than 50 percent dependence on foreign oil sources by 2010.

(b) ALTERNATIVES.—The information required under this section to be included in the reports under section 801(c) of the Department of Energy Organization Act shall include a specification of what legislative or administrative actions must be implemented to meet this goal and set forth a range of options and alternatives with a cost/benefit analysis for each option or alternative together with an estimate of the contribution each option or alternative could make to reduce foreign oil imports. The Secretary shall solicit information from the public and request information from the Energy Information Agency and other agencies to develop the information required under this section. The information shall indicate, in detail, options and alternatives to—

(1) increase the use of renewable domestic energy sources, including conventional and nonconventional sources;

(2) conserve energy resources, including improving efficiencies and decreasing consumption; and

(3) increase domestic production and use of oil, natural gas, nuclear, and coal, including any actions necessary to provide access to, and transportation of, these energy resources.

SEC. 803. STUDY OF AIRCRAFT EMISSIONS.

The Secretary of Transportation and the Administrator of the Environmental Protection Agency shall jointly commence a study within 60 days after the enactment of this Act to investigate the impact of aircraft emissions on air quality in areas that are considered to be in nonattainment for the national ambient air quality standard for ozone. As part of this study, the Secretary and the Administrator shall focus on the impact of emissions by aircraft idling at airports and on the contribution of such emissions as a percentage of total emissions in the nonattainment area. Within 180 days of the commencement of the study, the Secretary and the Administrator shall submit a report to the Committees on Energy and Commerce and Transportation and Infrastructure of the United States House of Representatives and to the Committees on Environment and Public Works and Commerce, Science, and Transportation of the United States Senate containing the results of the study and recommendations with respect to a plan to maintain comprehensive data on aircraft emissions and methods by which such emissions may be reduced, without increasing individual aircraft noise, in order to assist in the attainment of the national ambient air quality standards.

DIVISION B

SEC. 2001. SHORT TITLE.

This division may be cited as the ''Comprehensive Energy Research and Technology Act of 2001''.

SEC. 2002. FINDINGS.

The Congress finds that—

(1) the Nation's prosperity and way of life are sustained by energy use;

(2) the growing imbalance between domestic energy production and consumption means that the Nation is becoming increasingly reliant on imported energy, which has the potential to undermine the Nation's economy, standard of living, and national security;

(3) energy conservation and energy efficiency help maximize the use of available energy resources, reduce energy shortages, lower the Nation's reliance on energy imports, mitigate the impacts of high energy prices, and help protect the environment and public health;

(4) development of a balanced portfolio of domestic energy supplies will ensure that future generations of Americans will have access to the energy they need;

(5) energy efficiency technologies, renewable and alternative energy technologies, and advanced energy systems technologies will help diversify the Nation's energy portfolio with few adverse environmental impacts and are vital to delivering clean energy to fuel the Nation's economic growth;

(6) development of reliable, affordable, and environmentally sound energy efficiency technologies, renewable and alternative energy technologies, and advanced energy systems technologies will require maintenance of a vibrant fundamental scientific knowledge base and continued scientific and technological innovations that can be accelerated by Federal funding, whereas commercial deployment of such systems and technologies are the responsibility of the private sector;

(7) Federal funding should focus on those programs, projects, and activities that are long-term, high-risk, noncommercial, and well-managed, and that provide the potential for scientific and technological advances; and

(8) public-private partnerships should be encouraged to leverage scarce taxpayer dollars.

SEC. 2003. PURPOSES.

The purposes of this division are to—

(1) protect and strengthen the Nation's economy, standard of living, and national security by reducing dependence on imported energy;

(2) meet future needs for energy services at the lowest total cost to the Nation, including environmental costs, giving balanced and comprehensive consideration to technologies that improve the efficiency of energy end uses and that enhance energy supply;

(3) reduce the air, water, and other environmental impacts (including emissions of greenhouse gases) of energy production, distribution, transportation, and use through the development of environmentally sustainable energy systems;

(4) consider the comparative environmental impacts of the energy saved or produced by specific programs, projects, or activities;

(5) maintain the technological competitiveness of the United States and stimulate economic growth through the development of advanced energy systems and technologies;

(6) foster international cooperation by developing international markets for domestically produced sustainable energy technologies, and by transferring environmentally sound, advanced energy systems and technologies to developing countries to promote sustainable development;

(7) provide sufficient funding of programs, projects, and activities that are performance-based and modeled as public-private partnerships, as appropriate; and

(8) enhance the contribution of a given program, project, or activity to fundamental scientific knowledge.

SEC. 2004. GOALS.

(a) IN GENERAL.—Subject to subsection (b), in order to achieve the purposes of this division under section 2003, the Secretary should conduct a balanced energy research, development, demonstration, and commercial application portfolio of programs guided by the following goals to meet the purposes of this division under section 2003.

(1) ENERGY CONSERVATION AND ENERGY EFFICIENCY—

(A) For the Building Technology, State and Community Sector, the program should develop technologies, housing components, designs, and production methods that will, by 2010—

(i) reduce the monthly energy cost of new housing by 20 percent, compared to the cost as of the date of the enactment of this Act;

(ii) cut the environmental impact and energy use of new housing by 50 percent, compared to the impact and use as of the date of the enactment of this Act; and

(iii) improve durability and reduce maintenance costs by 50 percent compared to the durability and costs as of the date of the enactment of this Act.

(B) For the Industry Sector, the program should, in cooperation with the affected industries, improve the energy intensity of the major energy-consuming industries by at least 25 percent by 2010, compared to the energy intensity as of the date of the enactment of this Act.

(C) For Power Technologies, the program should, in cooperation with the affected industries—

(i) develop a microturbine (40 to 300 kilowatt) that is more than 40 percent more efficient by 2006, and more than 50 percent more efficient by 2010, compared to the efficiency as of the date of the enactment of this Act; and

(ii) develop advanced materials for combustion systems that reduce emissions of nitrogen oxides by 30 to 50 percent while increasing efficiency 5 to 10 percent by 2007, compared to such emissions as of the date of the enactment of this Act.

(D) For the Transportation Sector, the program should, in cooperation with affected industries—

(i) develop a production prototype passenger automobile that has fuel economy equivalent to 80 miles per gallon of gasoline by 2004;

(ii) develop class 7 and 8 heavy duty trucks and buses with ultra low emissions and the ability to use an alternative fuel that has an average fuel economy equivalent to—

(I) 10 miles per gallon of gasoline by 2007; and

(II) 13 miles per gallon of gasoline by 2010;

(iii) develop a production prototype of a passenger automobile with zero equivalent emissions that has an average fuel economy of 100 miles per gallon of gasoline by 2010; and

(iv) improve, by 2010, the average fuel economy of trucks—

(I) in classes 1 and 2 by 300 percent; and

(II) in classes 3 through 6 by 200 percent, compared to the fuel economy as of the date of the enactment of this Act.

(2) RENEWABLE ENERGY.—

(A) For Hydrogen Research, to carry out the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990, as amended by subtitle A of title II of this division.

(B) For bioenergy:

(i) The program should reduce the cost of bioenergy relative to other energy sources to enable the United States to triple bioenergy use by 2010.

(ii) For biopower systems, the program should reduce the cost of such systems to enable commercialization of integrated power-generating technologies that employ gas turbines and fuel cells integrated with bioenergy gasifiers within 5 years after the date of the enactment of this Act.

(iii) For biofuels, the program should accelerate research, development, and demonstration on advanced enzymatic hydrolysis technology for making ethanol from cellulosic feedstock, with the goal that between 2010 and 2015 ethanol produced from energy crops would be fully competitive in terms of price with gasoline as a neat fuel, in either internal combustion engines or fuel cell vehicles.

(C) For Geothermal Technology Development, the program should focus on advanced concepts for the long term. The first priority should be high-grade enhanced geothermal systems; the second priority should be lower grade, hot dry rock, and geopressured systems; and the third priority should be support of field demonstrations of enhanced geothermal systems technology, including sites in lower grade areas to demonstrate the benefits of reservoir concepts to different conditions.

(D) For Hydropower, the program should provide a new generation of turbine technologies that will increase generating capacity and will be less damaging to fish and aquatic ecosystems.

(E) For Concentrating Solar Power, the program should strengthen ongoing research, development, and demonstration combining high-efficiency and high-temperature receivers with advanced thermal storage and power cycles, with the goal of making solar-only power (including baseload solar power) widely competitive with fossil fuel power by 2015. The program should limit or halt its research and development on power-tower and power-trough technologies because further refinements to these concepts will not further their deployment, and should assess the market prospects for solar dish/engine technologies to determine whether continued research and development is warranted.

(F) For Photovoltaic Energy Systems, the program should pursue research, development, and demonstration that will, by 2005, increase the efficiency of thin film modules from the current 7 percent to 11 percent in multi-million watt production; reduce the direct manufacturing cost of photovoltaic modules by 30 percent from the current $2.50 per watt to $1.75 per watt by 2005; and establish greater than a 20-year lifetime of photovoltaic systems by improving the reliability and lifetime of balance-of-system components and reducing recurring cost by 40 percent. The program's top priority should be the development of sound manufacturing technologies for thin-film modules, and the program should make a concerted effort to integrate fundamental research and basic engineering research.

(G) For Solar Building Technology Research, the program should complete research and development on new polymers and manufacturing processes to reduce the cost of solar water heating by 50 percent by 2004, compared to the cost as of the date of the enactment of this Act.

(H) For Wind Energy Systems, the program should reduce the cost of wind energy to three cents per kilowatt-hour at Class 6 (15 miles-per-hour annual average) wind sites by 2004, and 4 cents per kilowatt-hour in Class 4 (13 miles-per-hour annual average) wind sites by 2015, and further if required so that wind power can be widely competitive with fossil-fuel-based electricity in a restructured electric industry. Program research on advanced wind turbine technology should focus on turbulent flow studies, durable materials to extend turbine life, blade efficiency, and higher efficiency operation in low quality wind regimes.

(I) For Electric Energy Systems and Storage, including High Temperature Superconducting Research and Development, Energy Storage Systems, and Transmission Reliability, the program should develop high capacity superconducting transmission lines and generators, highly reliable energy storage systems, and distributed generating systems to accommodate multiple types of energy sources under common interconnect standards.

(J) For the International Renewable Energy and Renewable Energy Production Incentive programs, and Renewable Program Support, the program should encourage the commercial application of renewable energy technologies by developed and developing countries, State and local governmental entities and nonprofit electric cooperatives, and by the competitive domestic market.

(3) NUCLEAR ENERGY.—

(A) For university nuclear science and engineering, the program should carry out the provisions of subtitle A of title III of this division.

(B) For fuel cycle research, development, and demonstration, the program should carry out the provisions of subtitle B of title III of this division.

(C) For the Nuclear Energy Research Initiative, the program should accomplish the objectives of section 2341(b) of this Act.

(D) For the Nuclear Energy Plant Optimization Program, the program should accomplish the objectives of section 2342(b) of this Act.

(E) For Nuclear Energy Technologies, the program should carry out the provisions of section 2343 of this Act.

(F) For Advanced Radioisotope Power Systems, the program should ensure that the United States has adequate capability to power future satellite and space missions.

(4) FOSSIL ENERGY.—

(A) For core fossil energy research and development, the program should achieve the goals outlined by the Department's Vision 21 Program. This research should address fuel-flexible gasification and turbines, fuel cells, advanced-combustion systems, advanced fuels and chemicals, advanced modeling and systems analysis, materials and heat exchangers, environmental control technologies, gas-stream purification, gas-separation technology, and sequestration research and development focused on cost-effective novel concepts for capturing, reusing or storing, or otherwise mitigating carbon and other greenhouse gas emissions.

(B) For offshore oil and natural gas resources, the program should investigate and develop technologies to—

(i) extract methane hydrates in coastal waters of the United States, in accordance with the provisions of the Methane Hydrate Research and Development Act of 2000; and

(ii) develop natural gas and oil reserves in the ultra-deepwater of the Central and Western Gulf of Mexico. Research and development on ultra-deepwater resource recovery shall focus on improving the safety and efficiency of such recovery and of sub-sea production technology used for such recovery, while lowering costs.

(C) For transportation fuels, the program should support a comprehensive transportation fuels strategy to increase the price elasticity of oil supply and demand by focusing research on reducing the cost of producing transportation fuels from natural gas and indirect liquefaction of coal.

(5) SCIENCE.—The Secretary, through the Office of Science, should—

(A) develop and maintain a robust portfolio of fundamental scientific and energy research, including High Energy and Nuclear Physics, Biological and Environmental Research, Basic Energy Sciences (including Materials Sciences, Chemical Sciences, Engineering and Geosciences, and Energy Biosciences), Advanced Scientific Computing, Energy Research and Analysis, Multiprogram Energy Laboratories-Facilities Support, Fusion Energy Sciences, and Facilities and Infrastructure;

(B) maintain, upgrade, and expand, as appropriate, and in accordance with the provisions of this division, the scientific user facilities maintained by the Office of Science, and ensure that they are an integral part of the Department's mission for exploring the frontiers of fundamental energy sciences; and

(C) ensure that its fundamental energy sciences programs, where appropriate, help inform the applied research and development programs of the Department.

(b) REVIEW AND ASSESSMENT.—The Secretary shall perform an assessment that establishes measurable cost and performance-based goals, or that modifies the goals under

subsection (a), as appropriate, for 2005, 2010, 2015, and 2020 for each of the programs authorized by this division that would enable each such program to meet the purposes of this division under section 2003. Such assessment shall be based on the latest scientific and technical knowledge, and shall also take into consideration, as appropriate, the comparative environmental impacts (including emissions of greenhouse gases) of the energy saved or produced by specific programs.

(c) CONSULTATION.—In establishing the measurable cost and performance-based goals under subsection (b), the Secretary shall consult with the private sector, institutions of higher learning, national laboratories, environmental organizations, professional and technical societies, and any other persons as the Secretary considers appropriate.

(d) SCHEDULE.—The Secretary shall—

(1) issue and publish in the Federal Register a set of draft measurable cost and performance-based goals for the programs authorized by this division for public comment—

(A) in the case of a program established before the date of the enactment of this Act, not later than 120 days after the date of the enactment of this Act; and

(B) in the case of a program not established before the date of the enactment of this Act, not later than 120 days after the date of establishment of the program;

(2) not later than 60 days after the date of publication under paragraph (1), after taking into consideration any public comments received, transmit to the Congress and publish in the Federal Register the final measurable cost and performance-based goals; and

(3) update all such cost and performance-based goals on a biennial basis.

SEC. 2005. DEFINITIONS.

For purposes of this division, except as otherwise provided—

(1) the term ''Administrator'' means the Administrator of the Environmental Protection Agency;

(2) the term ''appropriate congressional committees'' means—

(A) the Committee on Science and the Committee on Appropriations of the House of Representatives; and

(B) the Committee on Energy and Natural Resources and the Committee on Appropriations of the Senate;

(3) the term ''Department'' means the Department of Energy; and

(4) the term ''Secretary'' means the Secretary of Energy.

SEC. 2006. AUTHORIZATIONS.

Authorizations of appropriations under this division are for environmental research and development, scientific and energy research, development, and demonstration, and commercial application of energy technology programs, projects, and activities.

SEC. 2007. BALANCE OF FUNDING PRIORITIES.

(a) SENSE OF CONGRESS.—It is the sense of the Congress that the funding of the various programs authorized by titles I through IV of this division should remain in the same proportion to each other as provided in this division, regardless of the total amount of funding made available for those programs.

(b) REPORT TO CONGRESS.—If for fiscal year 2002, 2003, or 2004 the amounts appropriated in general appropriations Acts for the programs authorized in titles I through IV of this division are not in the same proportion to one another as are the authorizations for such programs in this division, the Secretary and the Administrator shall, within 60 days after the date of the enactment of the last general appropriations Act appropriating amounts for such programs, transmit to the appropriate congressional committees a report describing the programs, projects, and activities that would have been funded if the proportions provided for in this division had been maintained in the appropriations. The amount appropriated for the program receiving the highest percentage of its authorized funding for a fiscal year shall be used as the baseline for calculating the proportional deficiencies of appropriations for other programs in that fiscal year.

TITLE I—ENERGY CONSERVATION AND ENERGY EFFICIENCY

Subtitle A—Alternative Fuel Vehicles

SEC. 2101. SHORT TITLE.

This subtitle may be cited as the ''Alternative Fuel Vehicle Acceleration Act of 2001''.

SEC. 2102. DEFINITIONS.

For the purposes of this subtitle, the following definitions apply:

(1) ALTERNATIVE FUEL VEHICLE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term ''alternative fuel vehicle'' means a motor vehicle that is powered—

(i) in whole or in part by electricity, including electricity supplied by a fuel cell;

(ii) by liquefied natural gas;

(iii) by compressed natural gas;

(iv) by liquefied petroleum gas;

(v) by hydrogen;

(vi) by methanol or ethanol at no less than 85 percent by volume; or

(vii) by propane.

(B) EXCLUSIONS.—The term ''alternative fuel vehicle'' does not include—

(i) any vehicle designed to operate solely on gasoline or diesel derived from fossil fuels, regardless of whether it can also be operated on an alternative fuel; or

(ii) any vehicle that the Secretary determines, by rule, does not yield substantial environmental benefits over a vehicle operating solely on gasoline or diesel derived from fossil fuels.

(2) PILOT PROGRAM.—The term ''pilot program'' means the competitive grant program established under section 2103.

(3) ULTRA-LOW SULFUR DIESEL VEHICLE.—The term ''ultra-low sulfur diesel vehicle'' means a vehicle powered by a heavy-duty diesel engine that—

(A) is fueled by diesel fuel which contains sulfur at not more than 15 parts per million; and

(B) emits not more than the lesser of—

(i) for vehicles manufactured in—

(I) model years 2001 through 2003, 3.0 grams per brake horsepower-hour of nonmethane hydrocarbons and oxides of nitrogen and .01 grams per brake horsepower-hour of particulate matter; and

(II) model years 2004 through 2006, 2.5 grams per brake horsepower-hour of nonmethane hydrocarbons and oxides of nitrogen and .01 grams per brake horsepower-hour of particulate matter; or

(ii) the emissions of nonmethane hydrocarbons, oxides of nitrogen, and particulate matter of the best performing technology of ultra-low sulfur diesel vehicles of the same type that are commercially available.

SEC. 2103. PILOT PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall establish a competitive grant pilot program to provide not more than 15 grants to State governments, local governments, or metropolitan transportation authorities to carry out a project or projects for the purposes described in subsection (b).

(b) GRANT PURPOSES.—Grants under this section may be used for the following purposes:

(1) The acquisition of alternative fuel vehicles, including—

(A) passenger vehicles;

(B) buses used for public transportation or transportation to and from schools;

(C) delivery vehicles for goods or services;

(D) ground support vehicles at public airports, including vehicles to carry baggage or push airplanes away from terminal gates; and

(E) motorized two-wheel bicycles, scooters, or other vehicles for use by law enforcement personnel or other State or local government or metropolitan transportation authority employees.

(2) The acquisition of ultra-low sulfur diesel vehicles.

(3) Infrastructure necessary to directly support an alternative fuel vehicle project funded by the grant, including fueling and other support equipment.

(4) Operation and maintenance of vehicles, infrastructure, and equipment acquired as part of a project funded by the grant.

(c) APPLICATIONS.—

(1) REQUIREMENTS.—The Secretary shall issue requirements for applying for grants under the pilot program. At a minimum, the Secretary shall require that applications be submitted by the head of a State or local government or a metropolitan transportation authority, or any combination thereof, and shall include—

(A) at least one project to enable passengers or goods to be transferred directly from one alternative fuel vehicle or ultra-low sulfur diesel vehicle to another in a linked transportation system;

(B) a description of the projects proposed in the application, including how they meet the requirements of this subtitle;

(C) an estimate of the ridership or degree of use of the projects proposed in the application;

(D) an estimate of the air pollution emissions reduced and fossil fuel displaced as a result of the projects proposed in the application, and a plan to collect and disseminate environmental data, related to the projects to be funded under the grant, over the life of the projects;

(E) a description of how the projects proposed in the application will be sustainable without Federal assistance after the completion of the term of the grant;

(F) a complete description of the costs of each project proposed in the application, including acquisition, construction, operation, and maintenance costs over the expected life of the project;

(G) a description of which costs of the projects proposed in the application will be supported by Federal assistance under this subtitle; and

(H) documentation to the satisfaction of the Secretary that diesel fuel containing sulfur at not more than 15 parts per million is available for carrying out the projects, and a commitment by the applicant to use such fuel in carrying out the projects.

(2) PARTNERS.—An applicant under paragraph (1) may carry out projects under the pilot program in partnership with public and private entities.

(d) SELECTION CRITERIA.—In evaluating applications under the pilot program, the Secretary shall consider each applicant's previous experience with similar projects and shall give priority consideration to applications that—

(1) are most likely to maximize protection of the environment;

(2) demonstrate the greatest commitment on the part of the applicant to ensure funding for the proposed projects and the greatest likelihood that each project proposed in the application will be maintained or expanded after Federal assistance under this subtitle is completed; and

(3) exceed the minimum requirements of subsection (c)(1)(A).

(e) PILOT PROJECT REQUIREMENTS.—

(1) MAXIMUM AMOUNT.—The Secretary shall not provide more than $20,000,000 in Federal assistance under the pilot program to any applicant.

(2) COST SHARING.—The Secretary shall not provide more than 50 percent of the cost, incurred during the period of the grant, of any project under the pilot program.

(3) MAXIMUM PERIOD OF GRANTS.—The Secretary shall not fund any applicant under the pilot program for more than 5 years.

(4) DEPLOYMENT AND DISTRIBUTION.—The Secretary shall seek to the maximum extent practicable to achieve nationwide deployment of alternative fuel vehicles through the pilot program, and shall ensure a broad geographic distribution of project sites.

(5) TRANSFER OF INFORMATION AND KNOWLEDGE.—The Secretary shall establish mechanisms to ensure that the information and knowledge gained by participants in the pilot program are transferred among the pilot program participants and to other interested parties, including other applicants that submitted applications.

(f) SCHEDULE.—

(1) PUBLICATION.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall publish in the Federal Register, Commerce Business Daily, and elsewhere as appropriate, a request for applications to undertake projects under the pilot program. Applications shall be due within 6 months of the publication of the notice.

(2) SELECTION.—Not later than 6 months after the date by which applications for grants are due, the Secretary shall select by competitive, peer review all applications for projects to be awarded a grant under the pilot program.

(g) LIMIT ON FUNDING.—The Secretary shall provide not less than 20 percent and not more than 25 percent of the grant funding made available under this section for the acquisition of ultra-low sulfur diesel vehicles.

SEC. 2104. REPORTS TO CONGRESS.

(a) INITIAL REPORT.—Not later than 2 months after the date grants are awarded under this subtitle, the Secretary shall transmit to the appropriate congressional committees a report containing—

(1) an identification of the grant recipients and a description of the projects to be funded;

(2) an identification of other applicants that submitted applications for the pilot program; and

(3) a description of the mechanisms used by the Secretary to ensure that the information and knowledge gained by participants in the pilot program are transferred among the pilot program participants and to other interested parties, including other applicants that submitted applications.

(b) EVALUATION.—Not later than 3 years after the date of the enactment of this Act, and annually thereafter until the pilot program ends, the Secretary shall transmit to the appropriate congressional committees a report containing an evaluation of the effectiveness of the pilot program, including an assessment of the benefits to the environment derived from the projects included in the pilot program as well as an estimate of the potential benefits to the environment to be derived from widespread application of alternative fuel vehicles and ultra-low sulfur diesel vehicles.

SEC. 2105. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary $200,000,000 to carry out this subtitle, to remain available until expended.

Subtitle B—Distributed Power Hybrid Energy Systems

SEC. 2121. FINDINGS.

The Congress makes the following findings:

(1) Our ability to take advantage of our renewable, indigenous resources in a cost-effective manner can be greatly advanced through systems that compensate for the intermittent nature of these resources through distributed power hybrid systems.

(2) Distributed power hybrid systems can—

(A) shelter consumers from temporary energy price volatility created by supply and demand mismatches;

(B) increase the reliability of energy supply; and

(C) address significant local differences in power and economic development needs and resource availability that exist throughout the United States.

(3) Realizing these benefits will require a concerted and integrated effort to remove market barriers to adopting distributed power hybrid systems by—

(A) developing the technological foundation that enables designing, testing, certifying, and operating distributed power hybrid systems; and

(B) providing the policy framework that reduces such barriers.

(4) While many of the individual distributed power hybrid systems components are either available or under development in existing private and public sector programs, the capabilities to integrate these components into workable distributed power hybrid systems that maximize benefits to consumers in a safe manner often are not coherently being addressed.

SEC. 2122. DEFINITIONS.

For purposes of this subtitle—

(1) the term ''distributed power hybrid system'' means a system using 2 or more distributed power sources, operated together with associated supporting equipment, including storage equipment, and software necessary to provide electric power onsite and to an electric distribution system; and

(2) the term ''distributed power source'' means an independent electric energy source of usually 10 megawatts or less located close to a residential, commercial, or industrial load center, including—

(A) reciprocating engines;

(B) turbines;

(C) microturbines;

(D) fuel cells;

(E) solar electric systems;

(F) wind energy systems;

(G) biopower systems;

(H) geothermal power systems; or

(I) combined heat and power systems.

SEC. 2123. STRATEGY.

(a) REQUIREMENT.—Not later than 1 year after the date of the enactment of this Act, the Secretary shall develop and transmit to the Congress a distributed power hybrid systems strategy showing—

(1) needs best met with distributed power hybrid systems configurations, especially systems including one or more solar or renewable power sources; and

(2) technology gaps and barriers (including barriers to efficient connection with the power grid) that hamper the use of distributed power hybrid systems.

(b) ELEMENTS.—The strategy shall provide for development of—

(1) system integration tools (including databases, computer models, software, sensors, and controls) needed to plan, design, build, and operate distributed power hybrid systems for maximum benefits;

(2) tests of distributed power hybrid systems, power parks, and microgrids, including field tests and cost-shared demonstrations with industry;

(3) design tools to characterize the benefits of distributed power hybrid systems for consumers, to reduce testing needs, to speed commercialization, and to generate data characterizing grid operations, including interconnection requirements;

(4) precise resource assessment tools to map local resources for distributed power hybrid systems; and

(5) a comprehensive research, development, demonstration, and commercial application program to ensure the reliability, efficiency, and environmental integrity of distributed energy resources, focused on filling gaps in distributed power hybrid systems technologies identified under subsection (a)(2), which may include—

(A) integration of a wide variety of advanced technologies into distributed power hybrid systems;

(B) energy storage devices;

(C) environmental control technologies;

(D) interconnection standards, protocols, and equipment; and

(E) ancillary equipment for dispatch and control.

(c) IMPLEMENTATION AND INTEGRATION.—The Secretary shall implement the strategy transmitted under subsection (a) and the research program under subsection (b)(5). Activities pursuant to the strategy shall be integrated with other activities of the Department's Office of Power Technologies.

SEC. 2124. HIGH POWER DENSITY INDUSTRY PROGRAM.

(a) IN GENERAL.—The Secretary shall develop and implement a comprehensive research, development, demonstration, and commercial application program to improve energy efficiency, reliability, and environmental responsibility in high power density industries, such as data centers, server farms, telecommunications facilities, and heavy industry.

(b) AREAS.—In carrying out this section, the Secretary shall consider technologies that provide—

(1) significant improvement in efficiency of high power density facilities, and in data and telecommunications centers, using advanced thermal control technologies;

(2) significant improvements in air-conditioning efficiency in facilities such as data centers and telecommunications facilities;

(3) significant advances in peak load reduction; and

(4) advanced real time metering and load management and control devices.

(c) IMPLEMENTATION AND INTEGRATION.—Activities pursuant to this program shall be integrated with other activities of the Department's Office of Power Technologies.

SEC. 2125. MICRO-COGENERATION ENERGY TECHNOLOGY.

The Secretary shall make competitive, merit-based grants to consortia of private sector entities for the development of micro-cogeneration energy technology. The consortia shall explore the creation of small-scale combined heat and power through the use of residential heating appliances. There are authorized to be appropriated to the Secretary $20,000,000 to carry out this section, to remain available until expended.

SEC. 2126. PROGRAM PLAN.

Within 4 months after the date of the enactment of this Act, the Secretary, in consultation with other appropriate Federal agencies, shall prepare and transmit to the Congress a 5-year program plan to guide activities under this subtitle. In preparing the program plan, the Secretary shall consult with appropriate representatives of the distributed energy resources, power transmission, and high power density industries to prioritize appropriate program areas. The Secretary shall also seek the advice of utilities, energy services providers, manufacturers, institutions of higher learning, other appropriate State and local agencies, environmental organizations, professional and technical societies, and any other persons the Secretary considers appropriate.

SEC. 2127. REPORT.

Two years after date of the enactment of this Act and at 2-year intervals thereafter, the Secretary, jointly with other appropriate Federal agencies, shall transmit a report to Congress describing the progress made to achieve the purposes of this subtitle.

SEC. 2128. VOLUNTARY CONSENSUS STANDARDS.

Not later than 2 years after the date of the enactment of this Act, the Secretary, in consultation with the National Institute of Standards and Technology, shall work with the Institute of Electrical and Electronic Engineers and other standards development organizations toward the development of voluntary consensus standards for distributed energy systems for use in manufacturing and using equipment and systems for connection with electric distribution systems, for obtaining electricity from, or providing electricity to, such systems.

Subtitle C—Secondary Electric Vehicle Battery Use

SEC. 2131. DEFINITIONS.

For purposes of this subtitle, the term—

(1) ''battery'' means an energy storage device that previously has been used to provide motive power in a vehicle powered in whole or in part by electricity; and

(2) ''associated equipment'' means equipment located at the location where the batteries will be used that is necessary to enable the use of the energy stored in the batteries.

SEC. 2132. ESTABLISHMENT OF SECONDARY ELECTRIC VEHICLE BATTERY USE PROGRAM.

(a) PROGRAM.—The Secretary shall establish and conduct a research, development, and demonstration program for the secondary use of batteries where the original use of such batteries was in transportation applications. Such program shall be—

(1) designed to demonstrate the use of batteries in secondary application, including utility and commercial power storage and power quality;

(2) structured to evaluate the performance, including longevity of useful service life and costs, of such batteries in field operations, and evaluate the necessary supporting infrastructure, including disposal and reuse of batteries; and

(3) coordinated with ongoing secondary battery use programs underway at the national laboratories and in industry.

(b) SOLICITATION.—(1) Not later than 6 months after the date of the enactment of this Act, the Secretary shall solicit proposals to demonstrate the secondary use of batteries and associated equipment and supporting infrastructure in geographic locations throughout the United States. The Secretary may make additional solicitations for proposals if the Secretary determines that such solicitations are necessary to carry out this section.

(2)(A) Proposals submitted in response to a solicitation under this section shall include—

(i) a description of the project, including the batteries to be used in the project, the proposed locations and applications for the batteries, the number of batteries to be demonstrated, and the type, characteristics, and estimated life-cycle costs of the batteries compared to other energy storage devices currently used;

(ii) the contribution, if any, of State or local governments and other persons to the demonstration project;

(iii) the type of associated equipment to be demonstrated and the type of supporting infrastructure to be demonstrated; and

(iv) any other information the Secretary considers appropriate.

(B) If the proposal includes a lease arrangement, the proposal shall indicate the terms of such lease arrangement for the batteries and associated equipment.

(c) SELECTION OF PROPOSALS.—

(1)(A) The Secretary shall, not later than 3 months after the closing date established by the Secretary for receipt of proposals under subsection (b), select at least 5 proposals to receive financial assistance under this section.

(B) No one project selected under this section shall receive more than 25 percent of the funds authorized under this section. No more than 3 projects selected under this section shall demonstrate the same battery type.

(2) In selecting a proposal under this section, the Secretary shall consider—

(A) the ability of the proposer to acquire the batteries and associated equipment and to successfully manage and conduct the demonstration project, including the reporting requirements set forth in paragraph (3)(B);

(B) the geographic and climatic diversity of the projects selected;

(C) the long-term technical and competitive viability of the batteries to be used in the project and of the original manufacturer of such batteries;

(D) the suitability of the batteries for their intended uses;

(E) the technical performance of the battery, including the expected additional useful life and the battery's ability to retain energy;

(F) the environmental effects of the use of and disposal of the batteries proposed to be used in the project selected;

(G) the extent of involvement of State or local government and other persons in the demonstration project and whether such involvement will—

(i) permit a reduction of the Federal cost share per project; or

(ii) otherwise be used to allow the Federal contribution to be provided to demonstrate a greater number of batteries; and

(H) such other criteria as the Secretary considers appropriate.

(3) CONDITIONS.—The Secretary shall require that—

(A) as a part of a demonstration project, the users of the batteries provide to the proposer information regarding the operation, maintenance, performance, and use of the batteries, and the proposer provide such information to the battery manufacturer, for 3 years after the beginning of the demonstration project;

(B) the proposer provide to the Secretary such information regarding the operation, maintenance, performance, and use of the batteries as the Secretary may request during the period of the demonstration project; and

(C) the proposer provide at least 50 percent of the costs associated with the proposal.

SEC. 2133. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary, from amounts authorized under section 2161(a), for purposes of this subtitle—

(1) $1,000,000 for fiscal year 2002;

(2) $7,000,000 for fiscal year 2003; and

(3) $7,000,000 for fiscal year 2004.

Such appropriations may remain available until expended.

Subtitle D—Green School Buses

SEC. 2141. SHORT TITLE.

This subtitle may be cited as the ''Clean Green School Bus Act of 2001''.

SEC. 2142. ESTABLISHMENT OF PILOT PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall establish a pilot program for awarding grants on a competitive basis to eligible entities for the demonstration and commercial application of alternative fuel school buses and ultra-low sulfur diesel school buses.

(b) REQUIREMENTS.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall establish and publish in the Federal register grant requirements on eligibility for assistance, and on implementation of the program established under subsection (a), including certification requirements to ensure compliance with this subtitle.

(c) SOLICITATION.—Not later than 6 months after the date of the enactment of this Act, the Secretary shall solicit proposals for grants under this section.

(d) ELIGIBLE RECIPIENTS.—A grant shall be awarded under this section only—

(1) to a local governmental entity responsible for providing school bus service for one or more public school systems; or

(2) jointly to an entity described in paragraph (1) and a contracting entity that provides school bus service to the public school system or systems.

(e) TYPES OF GRANTS.—

(1) IN GENERAL.—Grants under this section shall be for the demonstration and commercial application of technologies to facilitate the use of alternative fuel school buses and ultra-low sulfur diesel school buses in lieu of buses manufactured before model year 1977 and diesel-powered buses manufactured before model year 1991.

(2) NO ECONOMIC BENEFIT.—Other than the receipt of the grant, a recipient of a grant under this section may not receive any economic benefit in connection with the receipt of the grant.

(3) PRIORITY OF GRANT APPLICATIONS.—The Secretary shall give priority to awarding grants to applicants who can demonstrate the use of alternative fuel buses and ultra-low sulfur diesel school buses in lieu of buses manufactured before model year 1977.

(f) CONDITIONS OF GRANT.—A grant provided under this section shall include the following conditions:

(1) All buses acquired with funds provided under the grant shall be operated as part of the school bus fleet for which the grant was made for a minimum of 5 years.

(2) Funds provided under the grant may only be used—

(A) to pay the cost, except as provided in paragraph (3), of new alternative fuel school buses or ultra-low sulfur diesel school buses, including State taxes and contract fees; and

(B) to provide—

(i) up to 10 percent of the price of the alternative fuel buses acquired, for necessary alternative fuel infrastructure if the infrastructure will only be available to the grant recipient; and

(ii) up to 15 percent of the price of the alternative fuel buses acquired, for necessary alternative fuel infrastructure if the infrastructure will be available to the grant recipient and to other bus fleets.

(3) The grant recipient shall be required to provide at least the lesser of 15 percent of the total cost of each bus received or $15,000 per bus.

(4) In the case of a grant recipient receiving a grant to demonstrate ultra-low sulfur diesel school buses, the grant recipient shall be required to provide documentation to the satisfaction of the Secretary that diesel fuel containing sulfur at not more than 15 parts per million is available for carrying out the purposes of the grant, and a commitment by the applicant to use such fuel in carrying out the purposes of the grant.

(g) BUSES.—Funding under a grant made under this section may be used to demonstrate the use only of new alternative fuel school buses or ultra-low sulfur diesel school buses—

(1) with a gross vehicle weight of greater than 14,000 pounds;

(2) that are powered by a heavy duty engine;

(3) that, in the case of alternative fuel school buses, emit not more than—

(A) for buses manufactured in model years 2001 and 2002, 2.5 grams per brake horsepower-hour of nonmethane hydrocarbons and oxides of nitrogen and .01 grams per brake horsepower-hour of particulate matter; and

(B) for buses manufactured in model years 2003 through 2006, 1.8 grams per brake horsepower-hour of nonmethane hydrocarbons and oxides of nitrogen and .01 grams per brake horsepower-hour of particulate matter; and

(4) that, in the case of ultra-low sulfur diesel school buses, emit not more than—

(A) for buses manufactured in model years 2001 through 2003, 3.0 grams per brake horsepower-hour of nonmethane hydrocarbons and oxides of nitrogen and .01 grams per brake horsepower-hour of particulate matter; and

(B) for buses manufactured in model years 2004 through 2006, 2.5 grams per brake horsepower-hour of nonmethane hydrocarbons and oxides of nitrogen and .01 grams per brake horsepower-hour of particulate matter, except that under no circumstances shall buses be acquired under this section that emit nonmethane hydrocarbons, oxides of nitrogen, or particulate matter at a rate greater than the best performing technology of ultra-low sulfur diesel school buses commercially available at the time the grant is made.

(h) DEPLOYMENT AND DISTRIBUTION.—The Secretary shall seek to the maximum extent practicable to achieve nationwide deployment of alternative fuel school buses through the program under this section, and shall ensure a broad geographic distribution of grant awards, with a goal of no State receiving more than 10 percent of the grant funding made available under this section for a fiscal year.

(i) LIMIT ON FUNDING.—The Secretary shall provide not less than 20 percent and not more than 25 percent of the grant funding made available under this section for any fiscal year for the acquisition of ultra-low sulfur diesel school buses.

(j) DEFINITIONS.—For purposes of this section—

(1) the term ''alternative fuel school bus'' means a bus powered substantially by electricity (including electricity supplied by a fuel cell), or by liquefied natural gas, compressed natural gas, liquefied petroleum gas, hydrogen, propane, or methanol or ethanol at no less than 85 percent by volume; and

(2) the term ''ultra-low sulfur diesel school bus'' means a school bus powered by diesel fuel which contains sulfur at not more than 15 parts per million.

SEC. 2143. FUEL CELL BUS DEVELOPMENT AND DEMONSTRATION PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program for entering into cooperative agreements with private sector fuel cell bus developers for the development of fuel cell-powered school buses, and subsequently with not less than 2 units of local government using natural gas-powered school buses and such private sector fuel cell bus developers to demonstrate the use of fuel cell-powered school buses.

(b) COST SHARING.—The non-Federal contribution for activities funded under this section shall be not less than—

(1) 20 percent for fuel infrastructure development activities; and

(2) 50 percent for demonstration activities and for development activities not described in paragraph (1).

(c) FUNDING.—No more than $25,000,000 of the amounts authorized under section 2144 may be used for carrying out this section for the period encompassing fiscal years 2002 through 2006.

(d) REPORTS TO CONGRESS.—Not later than 3 years after the date of the enactment of this Act, and not later than October 1, 2006, the Secretary shall transmit to the appropriate congressional committees a report that—

(1) evaluates the process of converting natural gas infrastructure to accommodate fuel cell-powered school buses; and

(2) assesses the results of the development and demonstration program under this section.

SEC. 2144. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary for carrying out this subtitle, to remain available until expended—

(1) $40,000,000 for fiscal year 2002;
(2) $50,000,000 for fiscal year 2003;
(3) $60,000,000 for fiscal year 2004;
(4) $70,000,000 for fiscal year 2005; and
(5) $80,000,000 for fiscal year 2006.

Subtitle E—Next Generation Lighting Initiative

SEC. 2151. SHORT TITLE.

This subtitle may be cited as ''Next Generation Lighting Initiative Act''.

SEC. 2152. DEFINITION.

In this subtitle, the term ''Lighting Initiative'' means the ''Next Generation Lighting Initiative'' established under section 2153(a).

SEC. 2153. NEXT GENERATION LIGHTING INITIATIVE.

(a) ESTABLISHMENT.—The Secretary is authorized to establish a lighting initiative to be known as the ''Next Generation Lighting Initiative'' to research, develop, and conduct demonstration activities on advanced lighting technologies, including white light emitting diodes.

(b) RESEARCH OBJECTIVES.—The research objectives of the Lighting Initiative shall be to develop, by 2011, advanced lighting technologies that, compared to incandescent and fluorescent lighting technologies as of the date of the enactment of this Act, are—

(1) longer lasting;
(2) more energy-efficient; and
(3) cost-competitive.

SEC. 2154. STUDY.

(a) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Secretary, in consultation with other Federal agencies, as appropriate, shall complete a study on strategies for the development and commercial application of advanced lighting technologies. The Secretary shall request a review by the National Academies of Sciences and Engineering of the study under this subsection, and shall transmit the results of the study to the appropriate congressional committees.

(b) REQUIREMENTS.—The study shall—

(1) develop a comprehensive strategy to implement the Lighting Initiative; and

(2) identify the research and development, manufacturing, deployment, and marketing barriers that must be overcome to achieve a goal of a 25 percent market penetration by advanced lighting technologies into the incandescent and fluorescent lighting market by the year 2012.

(c) IMPLEMENTATION.—As soon as practicable after the review of the study under subsection (a) is transmitted to the Secretary by the National Academies of Sciences and Engineering, the Secretary shall adapt the implementation of the Lighting Initiative taking into consideration the recommendations of the National Academies of Sciences and Engineering.

SEC. 2155. GRANT PROGRAM.

(a) IN GENERAL.—Subject to section 2603 of this Act, the Secretary may make merit-based competitive grants to firms and research organizations that conduct research, development, and demonstration projects related to advanced lighting technologies.

(b) ANNUAL REVIEW.—

(1) IN GENERAL.—An annual independent review of the grant-related activities of firms and research organizations receiving a grant under this section shall be conducted by a committee appointed by the Secretary under the Federal Advisory Committee Act (5 U.S.C. App.), or, at the request of the Secretary, a committee appointed by the National Academies of Sciences and Engineering.

(2) REQUIREMENTS.—Using clearly defined standards established by the Secretary, the review shall assess technology advances and progress toward commercialization of the grant-related activities of firms or research organizations during each fiscal year of the grant program.

(c) TECHNICAL AND FINANCIAL ASSISTANCE.—The national laboratories and other Federal agencies, as appropriate, shall cooperate with and provide technical and financial assistance to firms and research organizations conducting research, development, and demonstration projects carried out under this subtitle.

Subtitle F—Department of Energy Authorization of Appropriations

SEC. 2161. AUTHORIZATION OF APPROPRIATIONS.

(a) OPERATION AND MAINTENANCE.—In addition to amounts authorized to be appropriated under section 2105, section 2125, and section 2144, there are authorized to be appropriated to the Secretary for subtitle B, subtitle C, subtitle E, and for Energy Conservation operation and maintenance (including Building Technology, State and Community Sector (Nongrants), Industry Sector, Transportation Sector, Power Technologies, and Policy and Management) $625,000,000 for fiscal year 2002, $700,000,000 for fiscal year 2003, and $800,000,000 for fiscal year 2004, to remain available until expended.

(b) LIMITS ON USE OF FUNDS.—None of the funds authorized to be appropriated in subsection (a) may be used for—

(1) Building Technology, State and Community Sector—

(A) Residential Building Energy Codes;
(B) Commercial Building Energy Codes;
(C) Lighting and Appliance Standards;
(D) Weatherization Assistance Program; or
(E) State Energy Program; or

(2) Federal Energy Management Program.

Subtitle G—Environmental Protection Agency Office of Air and Radiation Authorization of Appropriations

SEC. 2171. SHORT TITLE.

This subtitle may be cited as the ''Environmental Protection Agency Office of Air and Radiation Authorization Act of 2001''.

SEC. 2172. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Administrator for Office of Air and Radiation Climate Change Protection Programs $121,942,000 for fiscal year 2002, $126,800,000 for fiscal year 2003, and $131,800,000 for fiscal year 2004 to remain available until expended, of which—

(1) $52,731,000 for fiscal year 2002, $54,800,000 for fiscal year 2003, and $57,000,000 for fiscal year 2004 shall be for Buildings;

(2) $32,441,000 for fiscal year 2002, $33,700,000 for fiscal year 2003, and $35,000,000 for fiscal year 2004 shall be for Transportation;

(3) $27,295,000 for fiscal year 2002, $28,400,000 for fiscal year 2003, and $29,500,000 for fiscal year 2004 shall be for Industry;

(4) $1,700,000 for fiscal year 2002, $1,800,000 for fiscal year 2003, and $1,900,000 for fiscal year 2004 shall be for Carbon Removal;

(5) $2,500,000 for fiscal year 2002, $2,600,000 for fiscal year 2003, and $2,700,000 for fiscal year 2004 shall be for State and Local Climate; and

(6) $5,275,000 for fiscal year 2002, $5,500,000 for fiscal year 2003, and $5,700,000 for fiscal year 2004 shall be for International Capacity Building.

SEC. 2173. LIMITS ON USE OF FUNDS.

(a) PRODUCTION OR PROVISION OF ARTICLES OR SERVICES.—None of the funds authorized to be appropriated by this subtitle may be used to produce or provide articles or services for the purpose of selling the articles or services to a person outside the Federal Government, unless the Administrator determines that comparable articles or services are not available from a commercial source in the United States.

(b) REQUESTS FOR PROPOSALS.—None of the funds authorized to be appropriated by this subtitle may be used by the Environmental Protection Agency to prepare or initiate Requests for Proposals for a program if the program has not been authorized by Congress.

SEC. 2174. COST SHARING.

(a) RESEARCH AND DEVELOPMENT.—Except as otherwise provided in this subtitle, for research and development programs carried out under this subtitle, the Administrator shall require a commitment from non-Federal sources of at least 20 percent of the cost of the project. The Administrator may reduce or eliminate the non-Federal requirement under this subsection if the Administrator determines that the research and development is of a basic or fundamental nature.

(b) DEMONSTRATION AND COMMERCIAL APPLICATION.—Except as otherwise provided in this subtitle, the Administrator shall require at least 50 percent of the costs directly and specifically related to any demonstration or commercial application project under this subtitle to be provided from non-Federal sources. The Administrator may reduce the non-Federal requirement under this subsection if the Administrator determines that the reduction is necessary and appropriate considering the technological risks involved in the project and is necessary to meet the objectives of this subtitle.

(c) CALCULATION OF AMOUNT.—In calculating the amount of the non-Federal commitment under subsection (a) or (b), the Administrator may include personnel, services, equipment, and other resources.

SEC. 2175. LIMITATION ON DEMONSTRATION AND COMMERCIAL APPLICATIONS OF ENERGY TECHNOLOGY.

The Administrator shall provide funding for scientific or energy demonstration or commercial application of energy technology programs, projects, or activities of the Office of Air and Radiation only for technologies or processes that can be reasonably expected to yield new, measurable benefits to the cost, efficiency, or performance of the technology or process.

SEC. 2176. REPROGRAMMING.

(a) AUTHORITY.—The Administrator may use amounts appropriated under this subtitle for a program, project, or activity other than the program, project, or activity for which such amounts were appropriated only if—

(1) the Administrator has transmitted to the appropriate congressional committees a report described in subsection (b) and a period of 30 days has elapsed after such committees receive the report;

(2) amounts used for the program, project, or activity do not exceed—

(A) 105 percent of the amount authorized for the program, project, or activity; or

(B) $250,000 more than the amount authorized for the program, project, or activity,

whichever is less; and

(3) the program, project, or activity has been presented to, or requested of, the Congress by the Administrator.

(b) REPORT.—(1) The report referred to in subsection (a) is a report containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of the proposed action.

(2) In the computation of the 30–day period under subsection (a), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain.

(c) LIMITATIONS.—(1) In no event may the total amount of funds obligated pursuant to this subtitle exceed the total amount authorized to be appropriated by this subtitle.

(2) Funds appropriated pursuant to this subtitle may not be used for an item for which Congress has declined to authorize funds.

SEC. 2177. BUDGET REQUEST FORMAT.

The Administrator shall provide to the appropriate congressional committees, to be transmitted at the same time as the Environmental Protection Agency's annual budget request submission, a detailed justification for budget authorization for the programs, projects, and activities for which funds are authorized by this subtitle. Each such document shall include, for the fiscal year for which funding is being requested and for the 2 previous fiscal years—

(1) a description of, and funding requested or allocated for, each such program, project, or activity;

(2) an identification of all recipients of funds to conduct such programs, projects, and activities; and

(3) an estimate of the amounts to be expended by each recipient of funds identified under paragraph (2).

SEC. 2178. OTHER PROVISIONS.

(a) ANNUAL OPERATING PLAN AND REPORTS.—The Administrator shall provide simultaneously to the Committee on Science of the House of Representatives—

(1) any annual operating plan or other operational funding document, including any additions or amendments thereto; and

(2) any report relating to the environmental research or development, scientific or energy research, development, or demonstration, or commercial application of energy technology programs, projects, or activities of the Environmental Protection Agency, provided to any committee of Congress.

(b) NOTICE OF REORGANIZATION.—The Administrator shall provide notice to the appropriate congressional committees not later than 15 days before any reorganization of any environmental research or development, scientific or energy research, development, or demonstration, or commercial application of energy technology program, project, or activity of the Office of Air and Radiation.

Subtitle H—National Building Performance Initiative

SEC. 2181. NATIONAL BUILDING PERFORMANCE INITIATIVE.

(a) INTERAGENCY GROUP.—Not later than 3 months after the date of the enactment of this Act, the Director of the Office of Science and Technology Policy shall establish an Interagency Group responsible for the development and implementation of a National Building Performance Initiative to address energy conservation and research and development and related issues. The National Institute of Standards and Technology shall provide necessary administrative support for the Interagency Group.

(b) PLAN.—Not later than 9 months after the date of the enactment of this Act, the Interagency Group shall transmit to the Congress a multiyear implementation plan describing the Federal role in reducing the costs, including energy costs, of using, owning, and operating commercial, institutional, residential, and industrial buildings by 30 percent by 2020. The plan shall include—

(1) research, development, and demonstration of systems and materials for new construction and retrofit, on the building envelope and components; and

(2) the collection and dissemination in a usable form of research results and other pertinent information to the design and construction industry, government officials, and the general public.

(c) NATIONAL BUILDING PERFORMANCE ADVISORY COMMITTEE.—A National Building Performance Advisory Committee shall be established to advise on creation of the plan, review progress made under the plan, advise on any improvements that should be made to the plan, and report to the Congress on actions that have been taken to advance the Nation's capability in furtherance of the plan. The members shall include representatives of a broad cross-section of interests such as the research, technology transfer, architectural, engineering, and financial communities; materials and systems suppliers; State, county, and local governments; the residential, multifamily, and commercial sectors of the construction industry; and the insurance industry.

(d) REPORT.—The Interagency Group shall, within 90 days after the end of each fiscal year, transmit a report to the Congress describing progress achieved during the preceding fiscal year by government at all levels and by the private sector, toward implementing the plan developed under subsection (b), and including any amendments to the plan.

TITLE II—RENEWABLE ENERGY

Subtitle A—Hydrogen

SEC. 2201. SHORT TITLE.

This subtitle may be cited as the ''Robert S. Walker and George E. Brown, Jr. Hydrogen Energy Act of 2001''.

SEC. 2202. PURPOSES.

Section 102(b) of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended to read as follows:

''(b) PURPOSES.—The purposes of this Act are—

''(1) to direct the Secretary to conduct research, development, and demonstration activities leading to the production, storage, transportation, and use of hydrogen for industrial, commercial, residential, transportation, and utility applications;

''(2) to direct the Secretary to develop a program of technology assessment, information dissemination, and education in which Federal, State, and local agencies, members of the energy, transportation, and other industries, and other entities may participate; and

''(3) to develop methods of hydrogen production that minimize adverse environmental impacts, with emphasis on efficient and cost-effective production from renewable energy resources.''.

SEC. 2203. DEFINITIONS.

Section 102(c) of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended—

(1) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively; and

(2) by inserting before paragraph (2), as so redesignated by paragraph (1) of this section, the following new paragraph:

''(1) ''advisory committee'' means the advisory committee established under section 108;''.

SEC. 2204. REPORTS TO CONGRESS.

Section 103 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended to read as follows:

''SEC. 103. REPORTS TO CONGRESS.

''(a) REQUIREMENT.—Not later than 1 year after the date of the enactment of the Robert

S. Walker and George E. Brown, Jr. Hydrogen Energy Act of 2001, and biennially thereafter, the Secretary shall transmit to Congress a detailed report on the status and progress of the programs and activities authorized under this Act.

''(b) CONTENTS.—A report under subsection (a) shall include, in addition to any views and recommendations of the Secretary—

''(1) an assessment of the extent to which the program is meeting the purposes specified in section 102(b);

''(2) a determination of the effectiveness of the technology assessment, information dissemination, and education program established under section 106;

''(3) an analysis of Federal, State, local, and private sector hydrogen-related research, development, and demonstration activities to identify productive areas for increased intergovernmental and private-public sector collaboration; and

''(4) recommendations of the advisory committee for any improvements needed in the programs and activities authorized by this Act.''.

SEC. 2205. HYDROGEN RESEARCH AND DEVELOPMENT.

Section 104 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended to read as follows:

''SEC. 104. HYDROGEN RESEARCH AND DEVELOPMENT.

''(a) ESTABLISHMENT OF PROGRAM.—The Secretary shall conduct a hydrogen research and development program relating to production, storage, transportation, and use of hydrogen, with the goal of enabling the private sector to demonstrate the technical feasibility of using hydrogen for industrial, commercial, residential, transportation, and utility applications.

''(b) ELEMENTS.—In conducting the program authorized by this section, the Secretary shall—

''(1) give particular attention to developing an understanding and resolution of critical technical issues preventing the introduction of hydrogen as an energy carrier into the marketplace;

''(2) initiate or accelerate existing research and development in critical technical issues that will contribute to the development of more economical hydrogen production, storage, transportation, and use, including critical technical issues with respect to production (giving priority to those production techniques that use renewable energy resources as their primary source of energy for hydrogen production), liquefaction, transmission, distribution, storage, and use (including use of hydrogen in surface transportation); and

''(3) survey private sector and public sector hydrogen research and development activities worldwide, and take steps to ensure that research and development activities under this section do not—

''(A) duplicate any available research and development results; or

''(B) displace or compete with the privately funded hydrogen research and development activities of United States industry.

''(c) EVALUATION OF TECHNOLOGIES.—The Secretary shall evaluate, for the purpose of determining whether to undertake or fund research and development activities under this section, any reasonable new or improved technology that could lead or contribute to the development of economical hydrogen production, storage, transportation, and use.

''(d) RESEARCH AND DEVELOPMENT SUPPORT.—The Secretary is authorized to arrange for tests and demonstrations and to disseminate to researchers and developers information, data, and other materials necessary to support the research and development activities authorized under this section and other efforts authorized under this Act, consistent with section 106 of this Act.

''(e) COMPETITIVE PEER REVIEW.—The Secretary shall carry out or fund research and development activities under this section only on a competitive basis using peer review.

''(f) COST SHARING.—For research and development programs carried out under this section, the Secretary shall require a commitment from non-Federal sources of at least 20 percent of the cost of the project. The Secretary may reduce or eliminate the non-Federal requirement under this subsection if the Secretary determines that the research and development is of a basic or fundamental nature.''.

SEC. 2206. DEMONSTRATIONS.

Section 105 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended—

(1) in subsection (a), by striking '', preferably in self-contained locations,'';

(2) in subsection (b), by striking ''at self-contained sites'' and inserting '', which shall include a fuel cell bus demonstration program to address hydrogen production, storage, and use in transit bus applications''; and

(3) in subsection (c), by inserting ''NON-FEDERAL FUNDING REQUIREMENT.—'' after ''(c)''.

SEC. 2207. TECHNOLOGY TRANSFER.

Section 106 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended to read as follows:

''SEC. 106. TECHNOLOGY ASSESSMENT, INFORMATION DISSEMINATION, AND EDUCATION PROGRAM.

''(a) PROGRAM.—Secretary shall, in consultation with the advisory committee, conduct a program designed to accelerate wider application of hydrogen production, storage, transportation, and use technologies, including application in foreign countries to increase the global market for the technologies and foster global economic development without harmful environmental effects.

''(b) INFORMATION.—The Secretary, in carrying out the program authorized by subsection (a), shall—

''(1) undertake an update of the inventory and assessment, required under section 106(b)(1) of this Act as in effect before the date of the enactment of the Robert S. Walker and George E. Brown, Jr. Hydrogen Energy Act of 2001, of hydrogen technologies and their commercial capability to economically produce, store, transport, or use hydrogen in industrial, commercial, residential, transportation, and utility sector; and

''(2) develop, with other Federal agencies as appropriate and industry, an information exchange program to improve technology transfer for hydrogen production, storage, transportation, and use, which may consist of workshops, publications, conferences, and a database for the use by the public and private sectors.''.

SEC. 2208. COORDINATION AND CONSULTATION.

Section 107 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended—

(1) by amending paragraph (1) of subsection (a) to read as follows:

''(1) shall establish a central point for the coordination of all hydrogen research, development, and demonstration activities of the Department; and''; and

(2) by amending subsection (c) to read as follows:

''(c) CONSULTATION.—The Secretary shall consult with other Federal agencies as appropriate, and the advisory committee, in carrying out the Secretary's authorities pursuant to this Act.''.

SEC. 2209. ADVISORY COMMITTEE.

Section 108 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended to read as follows:

''SEC. 108. ADVISORY COMMITTEE.

''(a) ESTABLISHMENT.—The Secretary shall enter into appropriate arrangements with the National Academies of Sciences and Engineering to establish an advisory committee consisting of experts drawn from domestic industry, academia, Governmental laboratories, and financial, environmental, and other organizations, as appropriate, to review and advise on the progress made through the programs and activities authorized under this Act.

''(b) COOPERATION.—The heads of Federal agencies shall cooperate with the advisory committee in carrying out this section and shall furnish to the advisory committee such information as the advisory committee reasonably deems necessary to carry out this section.

''(c) REVIEW.—The advisory committee shall review and make any necessary recommendations to the Secretary on—

''(1) the implementation and conduct of programs and activities authorized under this Act; and

''(2) the economic, technological, and environmental consequences of the deployment of hydrogen production, storage, transportation, and use systems.

''(d) RESPONSIBILITIES OF THE SECRETARY.—The Secretary shall consider, but need not adopt, any recommendations of the advisory committee under subsection (c). The Secretary shall provide an explanation of the reasons that any such recommendations will not be implemented and include such explanation in the report to Congress under section 103(a) of this Act.''.

SEC. 2210. AUTHORIZATION OF APPROPRIATIONS.

Section 109 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 is amended to read as follows:

''SEC. 109. AUTHORIZATION OF APPROPRIATIONS.

''(a) RESEARCH AND DEVELOPMENT; ADVISORY COMMITTEE.—There are authorized to be appropriated to the Secretary to carry out sections 104 and 108—

''(1) $40,000,000 for fiscal year 2002;
''(2) $45,000,000 for fiscal year 2003;
''(3) $50,000,000 for fiscal year 2004;
''(4) $55,000,000 for fiscal year 2005; and
''(5) $60,000,000 for fiscal year 2006.

''(b) DEMONSTRATION.—There are authorized to be appropriated to the Secretary to carry out section 105—

''(1) $20,000,000 for fiscal year 2002;
''(2) $25,000,000 for fiscal year 2003;
''(3) $30,000,000 for fiscal year 2004;
''(4) $35,000,000 for fiscal year 2005; and
''(5) $40,000,000 for fiscal year 2006.''.

SEC. 2211. REPEAL.

(a) REPEAL.—Title II of the Hydrogen Future Act of 1996 is repealed.

(b) CONFORMING AMENDMENT.—Section 2 of the Hydrogen Future Act of 1996 is amended by striking ''titles II and III'' and inserting ''title III''.

Subtitle B—Bioenergy

SEC. 2221. SHORT TITLE.

This subtitle may be cited as the ''Bioenergy Act of 2001''.

SEC. 2222. FINDINGS.

Congress finds that bioenergy has potential to help—

(1) meet the Nation's energy needs;

(2) reduce reliance on imported fuels;

(3) promote rural economic development;

(4) provide for productive utilization of agricultural residues and waste materials, and forestry residues and byproducts; and

(5) protect the environment.

SEC. 2223. DEFINITIONS.

For purposes of this subtitle—

(1) the term ''bioenergy'' means energy derived from any organic matter that is available on a renewable or recurring basis, including agricultural crops and trees, wood and wood wastes and residues, plants (including aquatic plants), grasses, residues, fibers, and animal and other organic wastes;

(2) the term ''biofuels'' includes liquid or gaseous fuels, industrial chemicals, or both;

(3) the term ''biopower'' includes the generation of electricity or process steam or both; and

(4) the term ''integrated bioenergy research and development'' includes biopower and biofuels applications.

SEC. 2224. AUTHORIZATION.

The Secretary is authorized to conduct environmental research and development, scientific and energy research, development, and demonstration, and commercial application of energy technology programs, projects, and activities related to bioenergy, including biopower energy systems, biofuels energy systems, and integrated bioenergy research and development.

SEC. 2225. AUTHORIZATION OF APPROPRIATIONS.

(a) BIOPOWER ENERGY SYSTEMS.—There are authorized to be appropriated to the Secretary for Biopower Energy Systems programs, projects, and activities—

(1) $45,700,000 for fiscal year 2002;

(2) $52,500,000 for fiscal year 2003;

(3) $60,300,000 for fiscal year 2004;

(4) $69,300,000 for fiscal year 2005; and

(5) $79,600,000 for fiscal year 2006.

(b) BIOFUELS ENERGY SYSTEMS.—There are authorized to be appropriated to the Secretary for biofuels energy systems programs, projects, and activities—

(1) $53,500,000 for fiscal year 2002;

(2) $61,400,000 for fiscal year 2003;

(3) $70,600,000 for fiscal year 2004;

(4) $81,100,000 for fiscal year 2005; and

(5) $93,200,000 for fiscal year 2006.

(c) INTEGRATED BIOENERGY RESEARCH AND DEVELOPMENT.—There are authorized to be appropriated to the Secretary for integrated bioenergy research and development programs, projects, and activities, $49,000,000 for each of the fiscal years 2002 through 2006. Activities funded under this subsection shall be coordinated with ongoing related programs of other Federal agencies, including the Plant Genome Program of the National Science Foundation. Of the funds authorized under this subsection, at least $5,000,000 for each fiscal year shall be for training and education targeted to minority and social disadvantaged farmers and ranchers.

(d) INTEGRATED APPLICATIONS.—Amounts authorized to be appropriated under this subtitle may be used to assist in the planning, design, and implementation of projects to convert rice straw and barley grain into biopower or biofuels.

Subtitle C—Transmission Infrastructure Systems

SEC. 2241. TRANSMISSION INFRASTRUCTURE SYSTEMS RESEARCH, DEVELOPMENT, DEMONSTRATION, AND COMMERCIAL APPLICATION.

(a) IN GENERAL.—The Secretary shall develop and implement a comprehensive research, development, demonstration, and commercial application program to ensure the reliability, efficiency, and environmental integrity of electrical transmission systems. Such program shall include advanced energy technologies and systems, high capacity superconducting transmission lines and generators, advanced grid reliability and efficiency technologies development, technologies contributing to significant load reductions, advanced metering, load management and control technologies, and technology transfer and education.

(b) TECHNOLOGY.—In carrying out this subtitle, the Secretary may include research, development, and demonstration on and commercial application of improved transmission technologies including the integration of the following technologies into improved transmission systems:

(1) High temperature superconductivity.

(2) Advanced transmission materials.

(3) Self-adjusting equipment, processes, or software for survivability, security, and failure containment.

(4) Enhancements of energy transfer over existing lines.

(5) Any other infrastructure technologies, as appropriate.

SEC. 2242. PROGRAM PLAN.

Within 4 months after the date of the enactment of this Act, the Secretary, in consultation with other appropriate Federal agencies, shall prepare and transmit to Congress a 5–year program plan to guide activities under this subtitle. In preparing the program plan, the Secretary shall consult with appropriate representatives of the transmission infrastructure systems industry to select and prioritize appropriate program areas. The Secretary shall also seek the advice of utilities, energy services providers, manufacturers, institutions of higher learning, other appropriate State and local agencies, environmental organizations, professional and technical societies, and any other persons as the Secretary considers appropriate.

SEC. 2243. REPORT.

Two years after the date of the enactment of this Act, and at 2–year intervals thereafter, the Secretary, in consultation with other appropriate Federal agencies, shall transmit a report to Congress describing the progress made to achieve the purposes of this subtitle and identifying any additional resources needed to continue the development and commercial application of transmission infrastructure technologies.

Subtitle D—Department of Energy Authorization of Appropriations

SEC. 2261. AUTHORIZATION OF APPROPRIATIONS.

(a) OPERATION AND MAINTENANCE.—There are authorized to be appropriated to the Secretary for Renewable Energy operation and maintenance, including activities under subtitle C, Geothermal Technology Development, Hydropower, Concentrating Solar Power, Photovoltaic Energy Systems, Solar Building Technology Research, Wind Energy Systems, High Temperature Superconducting Research and Development, Energy Storage Systems, Transmission Reliability, International Renewable Energy Program, Renewable Energy Production Incentive Program, Renewable Program Support, National Renewable Energy Laboratory, and Program Direction, and including amounts authorized under the amendment made by section 2210 and amounts authorized under section 2225, $535,000,000 for fiscal year 2002, $639,000,000 for fiscal year 2003, and $683,000,000 for fiscal year 2004, to remain available until expended.

(b) WAVE POWERED ELECTRIC GENERATION.—Within the amounts authorized to be appropriated to the Secretary under subsection (a), the Secretary shall carry out a research program, in conjunction with other appropriate Federal agencies, on wave powered electric generation.

(c) ASSESSMENT OF RENEWABLE ENERGY RESOURCES.—

(1) IN GENERAL.—Using funds authorized in subsection (a), of this section, the Secretary shall transmit to the Congress, within 1 year after the date of the enactment of this Act, an assessment of all renewable energy resources available within the United States.

(2) RESOURCE ASSESSMENT.—Such report shall include a detailed inventory describing the available amount and characteristics of solar, wind, biomass, geothermal, hydroelectric, and other renewable energy sources, and an estimate of the costs needed to develop each resource. The report shall also include such other information as the Secretary believes would be useful in siting renewable energy generation, such as appropriate terrain, population and load centers, nearby energy infrastructure, and location of energy resources.

(3) AVAILABILITY.—The information and cost estimates in this report shall be updated annually and made available to the public, along with the data used to create the report.

(4) SUNSET.—This subsection shall expire at the end of fiscal year 2004.

(d) LIMITS ON USE OF FUNDS.—None of the funds authorized to be appropriated in subsection (a) may be used for—

(1) Departmental Energy Management Program; or

(2) Renewable Indian Energy Resources.

TITLE III—NUCLEAR ENERGY

Subtitle A—University Nuclear Science and Engineering

SEC. 2301. SHORT TITLE.

This subtitle may be cited as ''Department of Energy University Nuclear Science and Engineering Act''.

SEC. 2302. FINDINGS.

The Congress finds the following:

(1) United States university nuclear science and engineering programs are in a state of serious decline, with nuclear engineering enrollment at a 35–year low. Since 1980, the number of nuclear engineering university programs has declined nearly 40 percent, and over two-thirds of the faculty in these programs are 45 years of age or older. Also, since 1980, the number of university research and training reactors in the United States has declined by over 50 percent. Most of these reactors were built in the late 1950s and 1960s with 30–year to 40–year operating licenses, and many will require relicensing in the next several years.

(2) A decline in a competent nuclear workforce, and the lack of adequately trained nuclear scientists and engineers, will affect the ability of the United States to solve future nuclear waste storage issues, operate existing and design future fission reactors in the United States, respond to future nuclear events worldwide, help stem the proliferation of nuclear weapons, and design and operate naval nuclear reactors.

(3) The Department of Energy's Office of Nuclear Energy, Science and Technology, a principal Federal agency for civilian research in nuclear science and engineering, is well suited to help maintain tomorrow's human resource and training investment in the nuclear sciences and engineering.

SEC. 2303. DEPARTMENT OF ENERGY PROGRAM.

(a) ESTABLISHMENT—The Secretary, through the Office of Nuclear Energy, Science and Technology, shall support a program to maintain the Nation's human resource investment and infrastructure in the nuclear sciences and engineering consistent with the Department's statutory authorities related to civilian nuclear research, development, and demonstration and commercial application of energy technology.

(b) DUTIES OF THE OFFICE OF NUCLEAR ENERGY, SCIENCE AND TECHNOLOGY.—In carrying out the program under this subtitle, the Director of the Office of Nuclear Energy, Science and Technology shall—

(1) develop a robust graduate and undergraduate fellowship program to attract new and talented students;

(2) assist universities in recruiting and retaining new faculty in the nuclear sciences and engineering through a Junior Faculty Research Initiation Grant Program;

(3) maintain a robust investment in the fundamental nuclear sciences and engineering through the Nuclear Engineering Education Research Program;

(4) encourage collaborative nuclear research among industry, national laboratories, and universities through the Nuclear Energy Research Initiative;

(5) assist universities in maintaining reactor infrastructure; and

(6) support communication and outreach related to nuclear science and engineering.

(c) MAINTAINING UNIVERSITY RESEARCH AND TRAINING REACTORS AND ASSOCIATED INFRASTRUCTURE.—The Secretary, through the Office of Nuclear Energy, Science and Technology, shall provide for the following university research and training reactor infrastructure maintenance and research activities:

(1) Refueling of university research reactors with low enriched fuels, upgrade of operational instrumentation, and sharing of reactors among universities.

(2) In collaboration with the United States nuclear industry, assistance, where necessary, in relicensing and upgrading university training reactors as part of a student training program.

(3) A university reactor research and training award program that provides for reactor improvements as part of a focused effort that emphasizes research, training, and education.

(d) UNIVERSITY-DOE LABORATORY INTERACTIONS.—The Secretary, through the Office of Nuclear Energy, Science and Technology, shall develop—

(1) a sabbatical fellowship program for university faculty to spend extended periods of time at Department of Energy laboratories in the areas of nuclear science and technology; and

(2) a visiting scientist program in which laboratory staff can spend time in academic nuclear science and engineering departments.

The Secretary may under subsection (b)(1) provide for fellowships for students to spend time at Department of Energy laboratories in the areas of nuclear science and technology under the mentorship of laboratory staff.

(e) OPERATIONS AND MAINTENANCE.—To the extent that the use of a university research reactor is funded under this subtitle, funds authorized under this subtitle may be used to supplement operation of the research reactor during the investigator's proposed effort. The host institution shall provide at least 50 percent of the cost of the reactor's operation.

(f) MERIT REVIEW REQUIRED.—All grants, contracts, cooperative agreements, or other financial assistance awards under this subtitle shall be made only after independent merit review.

(g) REPORT.—Not later than 6 months after the date of the enactment of this Act, the Secretary shall prepare and transmit to the appropriate congressional committees a 5-year plan on how the programs authorized in this subtitle will be implemented. The plan shall include a review of the projected personnel needs in the fields of nuclear science and engineering and of the scope of nuclear science and engineering education programs at the Department and other Federal agencies.

SEC. 2304. AUTHORIZATION OF APPROPRIATIONS.

(a) TOTAL AUTHORIZATION.—The following sums are authorized to be appropriated to the Secretary, to remain available until expended, for the purposes of carrying out this subtitle:

(1) $30,200,000 for fiscal year 2002.
(2) $41,000,000 for fiscal year 2003.
(3) $47,900,000 for fiscal year 2004.
(4) $55,600,000 for fiscal year 2005.
(5) $64,100,000 for fiscal year 2006.

(b) GRADUATE AND UNDERGRADUATE FELLOWSHIPS.—Of the funds authorized by subsection (a), the following sums are authorized to be appropriated to carry out section 2303(b)(1):

(1) $3,000,000 for fiscal year 2002.
(2) $3,100,000 for fiscal year 2003.
(3) $3,200,000 for fiscal year 2004.
(4) $3,200,000 for fiscal year 2005.
(5) $3,200,000 for fiscal year 2006.

(c) JUNIOR FACULTY RESEARCH INITIATION GRANT PROGRAM.—Of the funds authorized by subsection (a), the following sums are authorized to be appropriated to carry out section 2303(b)(2):

(1) $5,000,000 for fiscal year 2002.
(2) $7,000,000 for fiscal year 2003.
(3) $8,000,000 for fiscal year 2004.
(4) $9,000,000 for fiscal year 2005.
(5) $10,000,000 for fiscal year 2006.

(d) NUCLEAR ENGINEERING EDUCATION RESEARCH PROGRAM.—Of the funds authorized by subsection (a), the following sums are authorized to be appropriated to carry out section 2303(b)(3):

(1) $8,000,000 for fiscal year 2002.
(2) $12,000,000 for fiscal year 2003.
(3) $13,000,000 for fiscal year 2004.
(4) $15,000,000 for fiscal year 2005.
(5) $20,000,000 for fiscal year 2006.

(e) COMMUNICATION AND OUTREACH RELATED TO NUCLEAR SCIENCE AND ENGINEERING.—Of the funds authorized by subsection (a), the following sums are authorized to be appropriated to carry out section 2303(b)(5):

(1) $200,000 for fiscal year 2002.
(2) $200,000 for fiscal year 2003.
(3) $300,000 for fiscal year 2004.
(4) $300,000 for fiscal year 2005.
(5) $300,000 for fiscal year 2006.

(f) REFUELING OF UNIVERSITY RESEARCH REACTORS AND INSTRUMENTATION UPGRADES.—Of the funds authorized by subsection (a), the following sums are authorized to be appropriated to carry out section 2303(c)(1):

(1) $6,000,000 for fiscal year 2002.
(2) $6,500,000 for fiscal year 2003.
(3) $7,000,000 for fiscal year 2004.
(4) $7,500,000 for fiscal year 2005.
(5) $8,000,000 for fiscal year 2006.

(g) RELICENSING ASSISTANCE.—Of the funds authorized by subsection (a), the following sums are authorized to be appropriated to carry out section 2303(c)(2):

(1) $1,000,000 for fiscal year 2002.
(2) $1,100,000 for fiscal year 2003.
(3) $1,200,000 for fiscal year 2004.
(4) $1,300,000 for fiscal year 2005.
(5) $1,300,000 for fiscal year 2006.

(h) REACTOR RESEARCH AND TRAINING AWARD PROGRAM.—Of the funds authorized by subsection (a), the following sums are authorized to be appropriated to carry out section 2303(c)(3):

(1) $6,000,000 for fiscal year 2002.
(2) $10,000,000 for fiscal year 2003.
(3) $14,000,000 for fiscal year 2004.
(4) $18,000,000 for fiscal year 2005.
(5) $20,000,000 for fiscal year 2006.

(i) UNIVERSITY-DOE LABORATORY INTERACTIONS.—Of the funds authorized by subsection (a), the following sums are authorized to be appropriated to carry out section 2303(d):

(1) $1,000,000 for fiscal year 2002.
(2) $1,100,000 for fiscal year 2003.
(3) $1,200,000 for fiscal year 2004.
(4) $1,300,000 for fiscal year 2005.
(5) $1,300,000 for fiscal year 2006.

Subtitle B—Advanced Fuel Recycling Technology Research and Development Program

SEC. 2321. PROGRAM.

(a) IN GENERAL.—The Secretary, through the Director of the Office of Nuclear Energy, Science and Technology, shall conduct an advanced fuel recycling technology research and development program to further the availability of proliferation-resistant fuel recycling technologies as an alternative to aqueous reprocessing in support of evaluation of alternative national strategies for spent nuclear fuel and the Generation IV advanced reactor concepts, subject to annual review by the Secretary's Nuclear Energy Research Advisory Committee or other independent entity, as appropriate.

(b) REPORTS.—The Secretary shall report on the activities of the advanced fuel recycling technology research and development program, as part of the Department's annual budget submission.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section—

(1) $10,000,000 for fiscal year 2002; and

(2) such sums as are necessary for fiscal year 2003 and fiscal year 2004.

Subtitle C—Department of Energy Authorization of Appropriations

SEC. 2341. NUCLEAR ENERGY RESEARCH INITIATIVE.

(a) PROGRAM.—The Secretary, through the Office of Nuclear Energy, Science and Technology, shall conduct a Nuclear Energy Research Initiative for grants to be competitively awarded and subject to peer review for research relating to nuclear energy.

(b) OBJECTIVES.—The program shall be directed toward accomplishing the objectives of—

(1) developing advanced concepts and scientific breakthroughs in nuclear fission and reactor technology to address and overcome the principal technical and scientific obstacles to the expanded use of nuclear energy in the United States;

(2) advancing the state of nuclear technology to maintain a competitive position in foreign markets and a future domestic market;

(3) promoting and maintaining a United States nuclear science and engineering infrastructure to meet future technical challenges;

(4) providing an effective means to collaborate on a cost-shared basis with international agencies and research organizations to address and influence nuclear technology development worldwide; and

(5) promoting United States leadership and partnerships in bilateral and multilateral nuclear energy research.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section—

(1) $60,000,000 for fiscal year 2002; and

(2) such sums as are necessary for fiscal year 2003 and fiscal year 2004.

SEC. 2342. NUCLEAR ENERGY PLANT OPTIMIZATION PROGRAM.

(a) PROGRAM.—The Secretary, through the Office of Nuclear Energy, Science and Technology, shall conduct a Nuclear Energy Plant Optimization research and development program jointly with industry and cost-shared by industry by at least 50 percent and subject to annual review by the Secretary's Nuclear Energy Research Advisory Committee or other independent entity, as appropriate.

(b) OBJECTIVES.—The program shall be directed toward accomplishing the objectives of—

(1) managing long-term effects of component aging; and

(2) improving the efficiency and productivity of existing nuclear power stations.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section—

(1) $15,000,000 for fiscal year 2002; and

(2) such sums as are necessary for fiscal years 2003 and 2004.

SEC. 2343. NUCLEAR ENERGY TECHNOLOGIES.

(a) IN GENERAL.—The Secretary, through the Office of Nuclear Energy, Science and Technology, shall conduct a study of Generation IV nuclear energy systems, including development of a technology roadmap and performance of research and development necessary to make an informed technical decision regarding the most promising candidates for commercial application.

(b) REACTOR CHARACTERISTICS.—To the extent practicable, in conducting the study under subsection (a), the Secretary shall study nuclear energy systems that offer the highest probability of achieving the goals for Generation IV nuclear energy systems, including—

(1) economics competitive with any other generators;

(2) enhanced safety features, including passive safety features;

(3) substantially reduced production of high-level waste, as compared with the quantity of waste produced by reactors in operation on the date of the enactment of this Act;

(4) highly proliferation-resistant fuel and waste;

(5) sustainable energy generation including optimized fuel utilization; and

(6) substantially improved thermal efficiency, as compared with the thermal efficiency of reactors in operation on the date of the enactment of this Act.

(c) CONSULTATION.—In conducting the study under subsection (a), the Secretary shall consult with appropriate representatives of industry, institutions of higher education, Federal agencies, and international, professional, and technical organizations.

(d) REPORT.—

(1) IN GENERAL.—Not later than December 31, 2002, the Secretary shall transmit to the appropriate congressional committees a report describing the activities of the Secretary under this section, and plans for research and development leading to a public/private cooperative demonstration of one or more Generation IV nuclear energy systems.

(2) CONTENTS.—The report shall contain—

(A) an assessment of all available technologies;

(B) a summary of actions needed for the most promising candidates to be considered as viable commercial options within the five to ten years after the date of the report, with consideration of regulatory, economic, and technical issues;

(C) a recommendation of not more than three promising Generation IV nuclear energy system concepts for further development;

(D) an evaluation of opportunities for public/private partnerships;

(E) a recommendation for structure of a public/private partnership to share in development and construction costs;

(F) a plan leading to the selection and conceptual design, by September 30, 2004, of at least one Generation IV nuclear energy system concept recommended under subparagraph (C) for demonstration through a public/private partnership;

(G) an evaluation of opportunities for siting demonstration facilities on Department of Energy land; and

(H) a recommendation for appropriate involvement of other Federal agencies.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section and to carry out the recommendations in the report transmitted under subsection (d)—

(1) $20,000,000 for fiscal year 2002; and

(2) such sums as are necessary for fiscal year 2003 and fiscal year 2004.

SEC. 2344. AUTHORIZATION OF APPROPRIATIONS.

(a) OPERATION AND MAINTENANCE.—There are authorized to be appropriated to the Secretary to carry out activities authorized under this title for nuclear energy operation and maintenance, including amounts authorized under sections 2304(a), 2321(c), 2341(c), 2342(c), and 2343(e), and including Advanced Radioisotope Power Systems, Test Reactor Landlord, and Program Direction, $191,200,000 for fiscal year 2002, $199,000,000 for fiscal year 2003, and $207,000,000 for fiscal year 2004, to remain available until expended.

(b) CONSTRUCTION.—There are authorized to be appropriated to the Secretary—

(1) $950,000 for fiscal year 2002, $2,200,000 for fiscal year 2003, $1,246,000 for fiscal year 2004, and $1,699,000 for fiscal year 2005 for completion of construction of Project 99–E–200, Test Reactor Area Electric Utility Upgrade, Idaho National Engineering and Environmental Laboratory; and

(2) $500,000 for fiscal year 2002, $500,000 for fiscal year 2003, $500,000 for fiscal year 2004, and $500,000 for fiscal year 2005, for completion of construction of Project 95–E–201, Test Reactor Area Fire and Life Safety Improvements, Idaho National Engineering and Environmental Laboratory.

(c) LIMITS ON USE OF FUNDS.—None of the funds authorized to be appropriated in subsection (a) may be used for—

(1) Nuclear Energy Isotope Support and Production;

(2) Argonne National Laboratory-West Operations;

(3) Fast Flux Test Facility; or

(4) Nuclear Facilities Management.

TITLE IV—FOSSIL ENERGY

Subtitle A—Coal

SEC. 2401. COAL AND RELATED TECHNOLOGIES PROGRAMS.

(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary $172,000,000 for fiscal year 2002, $179,000,000 for fiscal year 2003, and $186,000,000 for fiscal year 2004, to remain available until expended, for other coal and related technologies research and development programs, which shall include—

(1) Innovations for Existing Plants;

(2) Integrated Gasification Combined Cycle;

(3) Advanced combustion systems;

(4) Turbines;

(5) Sequestration Research and Development;

(6) Innovative technologies for demonstration;

(7) Transportation Fuels and Chemicals;

(8) Solid Fuels and Feedstocks;

(9) Advanced Fuels Research; and

(10) Advanced Research.

(b) LIMIT ON USE OF FUNDS.—Notwithstanding subsection (a), no funds may be used to carry out the activities authorized by this section after September 30, 2002, unless the Secretary has transmitted to the Congress the report required by this subsection and 1 month has elapsed since that transmission. The report shall include a plan containing—

(1) a detailed description of how proposals will be solicited and evaluated, including a list of all activities expected to be undertaken;

(2) a detailed list of technical milestones for each coal and related technology that will be pursued;

(3) a description of how the programs authorized in this section will be carried out so as to complement and not duplicate activities authorized under division E.

(c) GASIFICATION.—The Secretary shall fund at least one gasification project with the funds authorized under this section.

Subtitle B—Oil and Gas

SEC. 2421. PETROLEUM-OIL TECHNOLOGY.

The Secretary shall conduct a program of research, development, demonstration, and commercial application on petroleum-oil technology. The program shall address—

(1) Exploration and Production Supporting Research;

(2) Oil Technology Reservoir Management/Extension; and

(3) Effective Environmental Protection.

SEC. 2422. NATURAL GAS.

The Secretary shall conduct a program of research, development, demonstration, and commercial application on natural gas technologies. The program shall address—

(1) Exploration and Production;

(2) Infrastructure; and

(3) Effective Environmental Protection.

SEC. 2423. NATURAL GAS AND OIL DEPOSITS REPORT.

Two years after the date of the enactment of this Act, and at 2–year intervals thereafter, the Secretary of the Interior, in consultation with other appropriate Federal agencies, shall transmit a report to the Congress assessing the contents of natural gas and oil deposits at existing drilling sites off the coast of Louisiana and Texas.

SEC. 2424. OIL SHALE RESEARCH.

There are authorized to be appropriated to the Secretary of Energy for fiscal year 2002 $10,000,000, to be divided equally between grants for research on Eastern oil shale and grants for research on Western oil shale.

Subtitle C—Ultra-Deepwater and Unconventional Drilling

SEC. 2441. SHORT TITLE.

This subtitle may be cited as the ''Natural Gas and Other Petroleum Research, Development, and Demonstration Act of 2001''.

SEC. 2442. DEFINITIONS.

For purposes of this subtitle—

(1) the term ''deepwater'' means water depths greater than 200 meters but less than 1,500 meters;

(2) the term ''Fund'' means the Ultra-Deepwater and Unconventional Gas Research Fund established under section 2450;

(3) the term ''institution of higher education'' has the meaning given that term in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001);

(4) the term ''Research Organization'' means the Research Organization created pursuant to section 2446(a);

(5) the term ''ultra-deepwater'' means water depths greater than 1,500 meters; and

(6) the term ''unconventional'' means located in heretofore inaccessible or uneconomic formations on land.

SEC. 2443. ULTRA-DEEPWATER PROGRAM.

The Secretary shall establish a program of research, development, and demonstration of ultra-deepwater natural gas and other petroleum exploration and production technologies, in areas currently available for Outer Continental Shelf leasing. The program shall be carried out by the Research Organization as provided in this subtitle.

SEC. 2444. NATIONAL ENERGY TECHNOLOGY LABORATORY.

The National Energy Technology Laboratory and the United States Geological Survey, when appropriate, shall carry out programs of long-term research into new natural gas and other petroleum exploration and production technologies and environmental mitigation technologies for production from unconventional and ultra-deepwater resources, including methane hydrates. Such Laboratory shall also conduct a program of research, development, and demonstration of new technologies for the reduction of greenhouse gas emissions from unconventional and ultra-deepwater natural

gas or other petroleum exploration and production activities, including sub-sea floor carbon sequestration technologies.

SEC. 2445. ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—The Secretary shall, within 3 months after the date of the enactment of this Act, establish an Advisory Committee consisting of 7 members, each having extensive operational knowledge of and experience in the natural gas and other petroleum exploration and production industry who are not Federal Government employees or contractors. A minimum of 4 members shall have extensive knowledge of ultra-deepwater natural gas or other petroleum exploration and production technologies, a minimum of 2 members shall have extensive knowledge of unconventional natural gas or other petroleum exploration and production technologies, and at least 1 member shall have extensive knowledge of greenhouse gas emission reduction technologies, including carbon sequestration.

(b) FUNCTION.—The Advisory Committee shall advise the Secretary on the selection of an organization to create the Research Organization and on the implementation of this subtitle.

(c) COMPENSATION.—Members of the Advisory Committee shall serve without compensation but shall receive travel expenses, including per diem in lieu of subsistence, in accordance with applicable provisions under subchapter I of chapter 57 of title 5, United States Code.

(d) ADMINISTRATIVE COSTS.—The costs of activities carried out by the Secretary and the Advisory Committee under this subtitle shall be paid or reimbursed from the Fund.

(e) DURATION OF ADVISORY COMMITTEE.—Section 14 of the Federal Advisory Committee Act shall not apply to the Advisory Committee.

SEC. 2446. RESEARCH ORGANIZATION.

(a) SELECTION OF RESEARCH ORGANIZATION.—The Secretary, within 6 months after the date of the enactment of this Act, shall solicit proposals from eligible entities for the creation of the Research Organization, and within 3 months after such solicitation, shall select an entity to create the Research Organization.

(b) ELIGIBLE ENTITIES.—Entities eligible to create the Research Organization shall—

(1) have been in existence as of the date of the enactment of this Act;

(2) be entities exempt from tax under section 501(c)(3) of the Internal Revenue Code of 1986; and

(3) be experienced in planning and managing programs in natural gas or other petroleum exploration and production research, development, and demonstration.

(c) PROPOSALS.—A proposal from an entity seeking to create the Research Organization shall include a detailed description of the proposed membership and structure of the Research Organization.

(d) FUNCTIONS.—The Research Organization shall—

(1) award grants on a competitive basis to qualified—

(A) research institutions;

(B) institutions of higher education;

(C) companies; and

(D) consortia formed among institutions and companies described in subparagraphs (A) through (C) for the purpose of conducting research, development, and demonstration of unconventional and ultra-deepwater natural gas or other petroleum exploration and production technologies; and

(2) review activities under those grants to ensure that they comply with the requirements of this subtitle and serve the purposes for which the grant was made.

SEC. 2447. GRANTS.

(a) TYPES OF GRANTS.—

(1) UNCONVENTIONAL.—The Research Organization shall award grants for research, development, and demonstration of technologies to maximize the value of the Government's natural gas and other petroleum resources in unconventional reservoirs, and to develop technologies to increase the supply of natural gas and other petroleum resources by lowering the cost and improving the efficiency of exploration and production of unconventional reservoirs, while improving safety and minimizing environmental impacts.

(2) ULTRA-DEEPWATER.—The Research Organization shall award grants for research, development, and demonstration of natural gas or other petroleum exploration and production technologies to—

(A) maximize the value of the Federal Government's natural gas and other petroleum resources in the ultra-deepwater areas;

(B) increase the supply of natural gas and other petroleum resources by lowering the cost and improving the efficiency of exploration and production of ultra-deepwater reservoirs; and

(C) improve safety and minimize the environmental impacts of ultra-deepwater developments.

(3) ULTRA-DEEPWATER ARCHITECTURE.—The Research Organization shall award a grant to one or more consortia described in section 2446(d)(1)(D) for the purpose of developing and demonstrating the next generation architecture for ultra-deepwater production of natural gas and other petroleum in furtherance of the purposes stated in paragraph (2)(A) through (C).

(b) CONDITIONS FOR GRANTS.—Grants provided under this section shall contain the following conditions:

(1) If the grant recipient consists of more than one entity, the recipient shall provide a signed contract agreed to by all participating members clearly defining all rights to intellectual property for existing technology and for future inventions conceived and developed using funds provided under the grant, in a manner that is consistent with applicable laws.

(2) There shall be a repayment schedule for Federal dollars provided for demonstration projects under the grant in the event of a successful commercialization of the demonstrated technology. Such repayment schedule shall provide that the payments are made to the Secretary with the express intent that these payments not impede the adoption of the demonstrated technology in the marketplace. In the event that such impedance occurs due to market forces or other factors, the Research Organization shall renegotiate the grant agreement so that the acceptance of the technology in the marketplace is enabled.

(3) Applications for grants for demonstration projects shall clearly state the intended commercial applications of the technology demonstrated.

(4) The total amount of funds made available under a grant provided under subsection (a)(3) shall not exceed 50 percent of the total cost of the activities for which the grant is provided.

(5) The total amount of funds made available under a grant provided under subsection (a)(1) or (2) shall not exceed 50 percent of the total cost of the activities covered by the grant, except that the Research Organization may elect to provide grants covering a higher percentage, not to exceed 90 percent, of total project costs in the case of grants made solely to independent producers.

(6) An appropriate amount of funds provided under a grant shall be used for the broad dissemination of technologies developed under the grant to interested institutions of higher education, industry, and appropriate Federal and State technology entities to ensure the greatest possible benefits for the public and use of government resources.

(7) Demonstrations of ultra-deepwater technologies for which funds are provided under a grant may be conducted in ultra-deepwater or deepwater locations.

(c) ALLOCATION OF FUNDS.—Funds available for grants under this subtitle shall be allocated as follows:

(1) 15 percent shall be for grants under subsection (a)(1).

(2) 15 percent shall be for grants under subsection (a)(2).

(3) 60 percent shall be for grants under subsection (a)(3).

(4) 10 percent shall be for carrying out section 2444.

SEC. 2448. PLAN AND FUNDING.

(a) TRANSMITTAL TO SECRETARY.—The Research Organization shall transmit to the Secretary an annual plan proposing projects and funding of activities under each paragraph of section 2447(a).

(b) REVIEW.—The Secretary shall have 1 month to review the annual plan, and shall approve the plan, if it is consistent with this subtitle. If the Secretary approves the plan, the Secretary shall provide funding as proposed in the plan.

(c) DISAPPROVAL.—If the Secretary does not approve the plan, the Secretary shall notify the Research Organization of the reasons for disapproval and shall withhold funding until a new plan is submitted which the Secretary approves. Within 1 month after notifying the Research Organization of a disapproval, the Secretary shall notify the appropriate congressional committees of the disapproval.

SEC. 2449. AUDIT.

The Secretary shall retain an independent, commercial auditor to determine the extent to which the funds authorized by this subtitle have been expended in a manner consistent with the purposes of this subtitle. The auditor shall transmit a report annually to the Secretary, who shall transmit the report to the appropriate congressional committees, along with a plan to remedy any deficiencies cited in the report.

SEC. 2450. FUND.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the ''Ultra-Deepwater and Unconventional Gas Research Fund'' which shall be available for obligation to the extent provided in advance in appropriations Acts for allocation under section 2447(c).

(b) FUNDING SOURCES.—

(1) LOANS FROM TREASURY.—There are authorized to be appropriated to the Secretary $900,000,000 for the period encompassing fiscal years 2002 through 2009. Such amounts shall be deposited by the Secretary in the Fund, and shall be considered loans from the Treasury. Income received by the United States in connection with any ultra-deepwater oil and gas leases shall be deposited in the Treasury and considered as repayment for the loans under this paragraph.

(2) ADDITIONAL APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as may be necessary for the fiscal years 2002 through 2009, to be deposited in the Fund.

(3) OIL AND GAS LEASE INCOME.—To the extent provided in advance in appropriations Acts, not more than 7.5 percent of the income of the United States from Federal oil and gas leases may be deposited in the Fund for fiscal years 2002 through 2009.

SEC. 2451. SUNSET.

No funds are authorized to be appropriated for carrying out this subtitle after fiscal year 2009. The Research Organization shall

be terminated when it has expended all funds made available pursuant to this subtitle.

Subtitle D—Fuel Cells

SEC. 2461. FUEL CELLS.

(a) IN GENERAL.—The Secretary shall conduct a program of research, development, demonstration, and commercial application on fuel cells. The program shall address—

(1) Advanced Research;

(2) Systems Development;

(3) Vision 21–Hybrids; and

(4) Innovative Concepts.

(b) MANUFACTURING PRODUCTION AND PROCESSES.—In addition to the program under subsection (a), the Secretary, in consultation other Federal agencies, as appropriate, shall establish a program for the demonstration of fuel cell technologies, including fuel cell proton exchange membrane technology, for commercial, residential, and transportation applications. The program shall specifically focus on promoting the application of and improved manufacturing production and processes for fuel cell technologies.

(c) AUTHORIZATION OF APPROPRIATIONS.—Within the amounts authorized to be appropriated under section 2481(a), there are authorized to be appropriated to the Secretary for the purpose of carrying out subsection (b), $28,000,000 for each of fiscal years 2002 through 2004.

Subtitle E—Department of Energy Authorization of Appropriations

SEC. 2481. AUTHORIZATION OF APPROPRIATIONS.

(a) OPERATION AND MAINTENANCE.—There are authorized to be appropriated to the Secretary for operation and maintenance for subtitle B and subtitle D, and for Fossil Energy Research and Development Headquarters Program Direction, Field Program Direction, Plant and Capital Equipment, Cooperative Research and Development, Import/Export Authorization, and Advanced Metallurgical Processes $282,000,000 for fiscal year 2002, $293,000,000 for fiscal year 2003, and $305,000,000 for fiscal year 2004, to remain available until expended.

(b) LIMITS ON USE OF FUNDS.—None of the funds authorized to be appropriated in subsection (a) may be used for—

(1) Gas Hydrates.

(2) Fossil Energy Environmental Restoration; or

(3) Research, development, demonstration, and commercial application on coal and related technologies, including activities under subtitle A.

TITLE V—SCIENCE

Subtitle A—Fusion Energy Sciences

SEC. 2501. SHORT TITLE.

This subtitle may be cited as the ''Fusion Energy Sciences Act of 2001''.

SEC. 2502. FINDINGS.

The Congress finds that—

(1) economic prosperity is closely linked to an affordable and ample energy supply;

(2) environmental quality is closely linked to energy production and use;

(3) population, worldwide economic development, energy consumption, and stress on the environment are all expected to increase substantially in the coming decades;

(4) the few energy options with the potential to meet economic and environmental needs for the long-term future should be pursued as part of a balanced national energy plan;

(5) fusion energy is an attractive long-term energy source because of the virtually inexhaustible supply of fuel, and the promise of minimal adverse environmental impact and inherent safety;

(6) the National Research Council, the President's Committee of Advisers on Science and Technology, and the Secretary of Energy Advisory Board have each recently reviewed the Fusion Energy Sciences Program and each strongly supports the fundamental science and creative innovation of the program, and has confirmed that progress toward the goal of producing practical fusion energy has been excellent, although much scientific and engineering work remains to be done;

(7) each of these reviews stressed the need for a magnetic fusion burning plasma experiment to address key scientific issues and as a necessary step in the development of fusion energy;

(8) the National Research Council has also called for a broadening of the Fusion Energy Sciences Program research base as a means to more fully integrate the fusion science community into the broader scientific community; and

(9) the Fusion Energy Sciences Program budget is inadequate to support the necessary science and innovation for the present generation of experiments, and cannot accommodate the cost of a burning plasma experiment constructed by the United States, or even the cost of key participation by the United States in an international effort.

SEC. 2503. PLAN FOR FUSION EXPERIMENT.

(a) PLAN FOR UNITED STATES FUSION EXPERIMENT.—The Secretary, on the basis of full consultation with the Fusion Energy Sciences Advisory Committee and the Secretary of Energy Advisory Board, as appropriate, shall develop a plan for United States construction of a magnetic fusion burning plasma experiment for the purpose of accelerating scientific understanding of fusion plasmas. The Secretary shall request a review of the plan by the National Academy of Sciences, and shall transmit the plan and the review to the Congress by July 1, 2004.

(b) REQUIREMENTS OF PLAN.—The plan described in subsection (a) shall—

(1) address key burning plasma physics issues; and

(2) include specific information on the scientific capabilities of the proposed experiment, the relevance of these capabilities to the goal of practical fusion energy, and the overall design of the experiment including its estimated cost and potential construction sites.

(c) UNITED STATES PARTICIPATION IN AN INTERNATIONAL EXPERIMENT.—In addition to the plan described in subsection (a), the Secretary, on the basis of full consultation with the Fusion Energy Sciences Advisory Committee and the Secretary of Energy Advisory Board, as appropriate, may also develop a plan for United States participation in an international burning plasma experiment for the same purpose, whose construction is found by the Secretary to be highly likely and where United States participation is cost effective relative to the cost and scientific benefits of a domestic experiment described in subsection (a). If the Secretary elects to develop a plan under this subsection, he shall include the information described in subsection (b), and an estimate of the cost of United States participation in such an international experiment. The Secretary shall request a review by the National Academies of Sciences and Engineering of a plan developed under this subsection, and shall transmit the plan and the review to the Congress not later than July 1, 2004.

(d) AUTHORIZATION OF RESEARCH AND DEVELOPMENT.—The Secretary, through the Fusion Energy Sciences Program, may conduct any research and development necessary to fully develop the plans described in this section.

SEC. 2504. PLAN FOR FUSION ENERGY SCIENCES PROGRAM.

Not later than 6 months after the date of the enactment of this Act, the Secretary, in full consultation with FESAC, shall develop and transmit to the Congress a plan for the purpose of ensuring a strong scientific base for the Fusion Energy Sciences Program and to enable the experiments described in section 2503. Such plan shall include as its objectives—

(1) to ensure that existing fusion research facilities and equipment are more fully utilized with appropriate measurements and control tools;

(2) to ensure a strengthened fusion science theory and computational base;

(3) to ensure that the selection of and funding for new magnetic and inertial fusion research facilities is based on scientific innovation and cost effectiveness;

(4) to improve the communication of scientific results and methods between the fusion science community and the wider scientific community;

(5) to ensure that adequate support is provided to optimize the design of the magnetic fusion burning plasma experiments referred to in section 2503;

(6) to ensure that inertial confinement fusion facilities are utilized to the extent practicable for the purpose of inertial fusion energy research and development;

(7) to develop a roadmap for a fusion-based energy source that shows the important scientific questions, the evolution of confinement configurations, the relation between these two features, and their relation to the fusion energy goal;

(8) to establish several new centers of excellence, selected through a competitive peer-review process and devoted to exploring the frontiers of fusion science;

(9) to ensure that the National Science Foundation, and other agencies, as appropriate, play a role in extending the reach of fusion science and in sponsoring general plasma science; and

(10) to ensure that there be continuing broad assessments of the outlook for fusion energy and periodic external reviews of fusion energy sciences.

SEC. 2505. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary for the development and review, but not for implementation, of the plans described in this subtitle and for activities of the Fusion Energy Sciences Program $320,000,000 for fiscal year 2002 and $335,000,000 for fiscal year 2003, of which up to $15,000,000 for each of fiscal year 2002 and fiscal year 2003 may be used to establish several new centers of excellence, selected through a competitive peer-review process and devoted to exploring the frontiers of fusion science.

Subtitle B—Spallation Neutron Source

SEC. 2521. DEFINITION.

For the purposes of this subtitle, the term ''Spallation Neutron Source'' means Department Project 99–E–334, Oak Ridge National Laboratory, Oak Ridge, Tennessee.

SEC. 2522. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION OF CONSTRUCTION FUNDING.—There are authorized to be appropriated to the Secretary for construction of the Spallation Neutron Source—

(1) $276,300,000 for fiscal year 2002;

(2) $210,571,000 for fiscal year 2003;

(3) $124,600,000 for fiscal year 2004;

(4) $79,800,000 for fiscal year 2005; and

(5) $41,100,000 for fiscal year 2006 for completion of construction.

(b) AUTHORIZATION OF OTHER PROJECT FUNDING.—There are authorized to be appropriated to the Secretary for other project costs (including research and development necessary to complete the project, preoperations costs, and capital equipment not related to construction) of the Spallation Neutron Source $15,353,000 for fiscal year 2002 and $103,279,000 for the period encompassing fiscal years 2003 through 2006, to

remain available until expended through September 30, 2006.

SEC. 2523. REPORT.

The Secretary shall report on the Spallation Neutron Source as part of the Department's annual budget submission, including a description of the achievement of milestones, a comparison of actual costs to estimated costs, and any changes in estimated project costs or schedule.

SEC. 2524. LIMITATIONS.

The total amount obligated by the Department, including prior year appropriations, for the Spallation Neutron Source may not exceed—

(1) $1,192,700,000 for costs of construction;

(2) $219,000,000 for other project costs; and

(3) $1,411,700,000 for total project cost.

Subtitle C—Facilities, Infrastructure, and User Facilities

SEC. 2541. DEFINITION.

For purposes of this subtitle—

(1) the term ''nonmilitary energy laboratory'' means—

(A) Ames Laboratory;

(B) Argonne National Laboratory;

(C) Brookhaven National Laboratory;

(D) Fermi National Accelerator Laboratory;

(E) Lawrence Berkeley National Laboratory;

(F) Oak Ridge National Laboratory;

(G) Pacific Northwest National Laboratory;

(H) Princeton Plasma Physics Laboratory;

(I) Stanford Linear Accelerator Center;

(J) Thomas Jefferson National Accelerator Facility; or

(K) any other facility of the Department that the Secretary, in consultation with the Director, Office of Science and the appropriate congressional committees, determines to be consistent with the mission of the Office of Science; and

(2) the term ''user facility'' means—

(A) an Office of Science facility at a nonmilitary energy laboratory that provides special scientific and research capabilities, including technical expertise and support as appropriate, to serve the research needs of the Nation's universities, industry, private laboratories, Federal laboratories, and others, including research institutions or individuals from other nations where reciprocal accommodations are provided to United States research institutions and individuals or where the Secretary considers such accommodation to be in the national interest; and

(B) any other Office of Science funded facility designated by the Secretary as a user facility.

SEC. 2542. FACILITY AND INFRASTRUCTURE SUPPORT FOR NONMILITARY ENERGY LABORATORIES.

(a) FACILITY POLICY.—The Secretary shall develop and implement a least-cost nonmilitary energy laboratory facility and infrastructure strategy for—

(1) maintaining existing facilities and infrastructure, as needed;

(2) closing unneeded facilities;

(3) making facility modifications; and

(4) building new facilities.

(b) PLAN.—The Secretary shall prepare a comprehensive 10-year plan for conducting future facility maintenance, making repairs, modifications, and new additions, and constructing new facilities at each nonmilitary energy laboratory. Such plan shall provide for facilities work in accordance with the following priorities:

(1) Providing for the safety and health of employees, visitors, and the general public with regard to correcting existing structural, mechanical, electrical, and environmental deficiencies.

(2) Providing for the repair and rehabilitation of existing facilities to keep them in use and prevent deterioration, if feasible.

(3) Providing engineering design and construction services for those facilities that require modification or additions in order to meet the needs of new or expanded programs.

(c) REPORT.—

(1) TRANSMITTAL.—Within 1 year after the date of the enactment of this Act, the Secretary shall prepare and transmit to the appropriate congressional committees a report containing the plan prepared under subsection (b).

(2) CONTENTS.—For each nonmilitary energy laboratory, such report shall contain—

(A) the current priority list of proposed facilities and infrastructure projects, including cost and schedule requirements;

(B) a current ten-year plan that demonstrates the reconfiguration of its facilities and infrastructure to meet its missions and to address its long-term operational costs and return on investment;

(C) the total current budget for all facilities and infrastructure funding; and

(D) the current status of each facilities and infrastructure project compared to the original baseline cost, schedule, and scope.

(3) ADDITIONAL ELEMENTS.—The report shall also—

(A) include a plan for new facilities and facility modifications at each nonmilitary energy laboratory that will be required to meet the Department's changing missions of the twenty-first century, including schedules and estimates for implementation, and including a section outlining long-term funding requirements consistent with anticipated budgets and annual authorization of appropriations;

(B) address the coordination of modernization and consolidation of facilities among the nonmilitary energy laboratories in order to meet changing mission requirements; and (C) provide for annual reports to the appropriate congressional committees on accomplishments, conformance to schedules, commitments, and expenditures.

SEC. 2543. USER FACILITIES.

(a) NOTICE REQUIREMENT.—When the Department makes a user facility available to universities and other potential users, or seeks input from universities and other potential users regarding significant characteristics or equipment in a user facility or a proposed user facility, the Department shall ensure broad public notice of such availability or such need for input to universities and other potential users.

(b) COMPETITION REQUIREMENT.—When the Department considers the participation of a university or other potential user in the establishment or operation of a user facility, the Department shall employ full and open competition in selecting such a participant.

(c) PROHIBITION.—The Department may not redesignate a user facility, as defined by section 2541(b) as something other than a user facility for avoid the requirements of subsections (a) and (b).

Subtitle D—Advisory Panel on Office of Science

SEC. 2561. ESTABLISHMENT.

The Director of the Office of Science and Technology Policy, in consultation with the Secretary, shall establish an Advisory Panel on the Office of Science comprised of knowledgeable individuals to—

(1) address concerns about the current status and the future of scientific research supported by the Office;

(2) examine alternatives to the current organizational structure of the Office within the Department, taking into consideration existing structures for the support of scientific research in other Federal agencies and the private sector; and (3) suggest actions to strengthen the scientific research supported by the Office that might be taken jointly by the Department and Congress.

SEC. 2562. REPORT.

Within 6 months after the date of the enactment of this Act, the Advisory Panel shall transmit its findings and recommendations in a report to the Director of the Office of Science and Technology Policy and the Secretary. The Director and the Secretary shall jointly—

(1) consider each of the Panel's findings and recommendations, and comment on each as they consider appropriate; and (2) transmit the Panel's report and the comments of the Director and the Secretary on the report to the appropriate congressional committees within 9 months after the date of the enactment of this Act.

Subtitle E—Department of Energy Authorization of Appropriations

SEC. 2581. AUTHORIZATION OF APPROPRIATIONS.

(a) OPERATION AND MAINTENANCE.—Including the amounts authorized to be appropriated for fiscal year 2002 under section 2505 for Fusion Energy Sciences and under section 2522(b) for the Spallation Neutron Source, there are authorized to be appropriated to the Secretary for the Office of Science (also including subtitle C, High Energy Physics, Nuclear Physics, Biological and Environmental Research, Basic Energy Sciences (except for the Spallation Neutron Source), Advanced Scientific Computing Research, Energy Research Analysis, Multiprogram Energy Laboratories-Facilities Support, Facilities and Infrastructure, Safeguards and Security, and Program Direction) operation and maintenance $3,299,558,000 for fiscal year 2002, to remain available until expended.

(b) RESEARCH REGARDING PRECIOUS METAL CATALYSIS.—Within the amounts authorized to be appropriated to the Secretary under subsection (a), $5,000,000 for fiscal year 2002 may be used to carry out research in the use of precious metals (excluding platinum, palladium, and rhodium) in catalysis, either directly though national laboratories, or through the award of grants, cooperative agreements, or contracts with public or nonprofit entities.

(c) CONSTRUCTION.—In addition to the amounts authorized to be appropriated under section 2522(a) for construction of the Spallation Neutron Source, there are authorized to be appropriated to the Secretary for Science—

(1) $19,400,000 for fiscal year 2002, $14,800,000 for fiscal year 2003, and $8,900,000 for fiscal year 2004 for completion of constuction of Project 98–G–304, Neutrinos at the Main Injector, Fermi National Accelerator Laboratory;

(2) $11,405,000 for fiscal year 2002 for completion of construction of Project 01–E–300, Laboratory for Comparative and Functional Genomics, Oak Ridge National Laboratory;

(3) $4,000,000 for fiscal year 2002, $8,000,000 for fiscal year 2003, and $2,000,000 for fiscal year 2004 for completion of construction of Project 02–SC–002, Project Engineering Design (PED), Various Locations;

(4) $3,183,000 for fiscal year 2002 for completion of construction of Project 02–SC–002, Multiprogram Energy Laboratories Infrastructure Project Engineering Design (PED), Various Locations; and (5) $18,633,000 for fiscal year 2002 and $13,029,000 for fiscal year 2003 for completion of construction of Project MEL–001, Multiprogram Energy Laboratories, Infrastructure, Various Locations.

(d) LIMITS ON USE OF FUNDS.—None of the funds authorized to be appropriated in subsection (c) may be used for construction at any national security laboratory as defined

in section 3281(1) of the National Defense Authorization Act for Fiscal Year 2000 (50 U.S.C. 2471(1)) or at any nuclear weapons production facility as defined in section 3281(2) of the National Defense Authorization Act for Fiscal Year 2000 (50 U.S.C. 2471(2)).

TITLE VI—MISCELLANEOUS

Subtitle A—General Provisions for the Department of Energy

SEC. 2601. RESEARCH, DEVELOPMENT, DEMONSTRATION, AND COMMERCIAL APPLICATION OF ENERGY TECHNOLOGY PROGRAMS, PROJECTS, AND ACTIVITIES.

(a) AUTHORIZED ACTIVITIES.—Except as otherwise provided in this division, research, development, demonstration, and commercial application programs, projects, and activities for which appropriations are authorized under this division may be carried out under the procedures of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5901 et seq.), the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.), or any other Act under which the Secretary is authorized to carry out such programs, projects, and activities, but only to the extent the Secretary is authorized to carry out such activities under each such Act.

(b) AUTHORIZED AGREEMENTS.—Except as otherwise provided in this division, in carrying out research, development, demonstration, and commercial application programs, projects, and activities for which appropriations are authorized under this division, the Secretary may use, to the extent authorized under applicable provisions of law, contracts, cooperative agreements, cooperative research and development agreements under the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 et seq.), grants, joint ventures, and any other form of agreement available to the Secretary.

(c) DEFINITION.—For purposes of this section, the term ''joint venture'' has the meaning given that term under section 2 of the National Cooperative Research and Production Act of 1993 (15 U.S.C. 4301), except that such term may apply under this section to research, development, demonstration, and commercial application of energy technology joint ventures.

(d) PROTECTION OF INFORMATION.—Section 12(c)(7) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(c)(7)), relating to the protection of information, shall apply to research, development, demonstration, and commercial application of energy technology programs, projects, and activities for which appropriations are authorized under this division.

(e) INVENTIONS.—An invention conceived and developed by any person using funds provided through a grant under this division shall be considered a subject invention for the purposes of chapter 18 of title 35, United States Code (commonly referred to as the Bayh-Dole Act).

(f) OUTREACH.—The Secretary shall ensure that each program authorized by this division includes an outreach component to provide information, as appropriate, to manufacturers, consumers, engineers, architects, builders, energy service companies, universities, facility planners and managers, State and local governments, and other entities.

(g) GUIDELINES AND PROCEDURES.—The Secretary shall provide guidelines and procedures for the transition, where appropriate, of energy technologies from research through development and demonstration to commercial application of energy technology. Nothing in this section shall preclude the Secretary from—

(1) entering into a contract, cooperative agreement, cooperative research and development agreement under the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 et seq.), grant, joint venture, or any other form of agreement available to the Secretary under this section that relates to research, development, demonstration, and commercial application of energy technology; or

(2) extending a contract, cooperative agreement, cooperative research and development agreement under the Stevenson-Wydler Technology Innovation Act of 1980, grant, joint venture, or any other form of agreement available to the Secretary that relates to research, development, and demonstration to cover commercial application of energy technology.

(h) APPLICATION OF SECTION.—This section shall not apply to any contract, cooperative agreement, cooperative research and development agreement under the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 et seq.), grant, joint venture, or any other form of agreement available to the Secretary that is in effect as of the date of the enactment of this Act.

SEC. 2602. LIMITS ON USE OF FUNDS.

(a) MANAGEMENT OF OPERATING CONTRACTS.—

(1) COMPETITIVE PROCEDURE REQUIREMENT.—None of the funds authorized to be appropriated to the Secretary by this division may be used to award a management and operating contract for a federally owned or operated nonmilitary energy laboratory of the Department unless such contract is awarded using competitive procedures or the Secretary grants, on a case-by-case basis, a waiver to allow for such a deviation. The Secretary may not delegate the authority to grant such a waiver.

(2) CONGRESSIONAL NOTICE.—At least 2 months before a contract award, amendment, or modification for which the Secretary intends to grant such a waiver, the Secretary shall submit to the appropriate congressional committees a report notifying the committees of the waiver and setting forth the reasons for the waiver.

(b) PRODUCTION OR PROVISION OF ARTICLES OR SERVICES.—None of the funds authorized to be appropriated to the Secretary by this division may be used to produce or provide articles or services for the purpose of selling the articles or services to a person outside the Federal Government, unless the Secretary determines that comparable articles or services are not available from a commercial source in the United States.

(c) REQUESTS FOR PROPOSALS.—None of the funds authorized to be appropriated to the Secretary by this division may be used by the Department to prepare or initiate Requests for Proposals for a program if the program has not been authorized by Congress.

SEC. 2603. COST SHARING.

(a) RESEARCH AND DEVELOPMENT.—Except as otherwise provided in this division, for research and development programs carried out under this division, the Secretary shall require a commitment from non-Federal sources of at least 20 percent of the cost of the project. The Secretary may reduce or eliminate the non-Federal requirement under this subsection if the Secretary determines that the research and development is of a basic or fundamental nature.

(b) DEMONSTRATION AND COMMERCIAL APPLICATION.—Except as otherwise provided in this division, the Secretary shall require at least 50 percent of the costs directly and specifically related to any demonstration or commercial application project under this division to be provided from non-Federal sources. The Secretary may reduce the non-Federal requirement under this subsection if the Secretary determines that the reduction is necessary and appropriate considering the technological risks involved in the project and is necessary to meet the objectives of this division.

(c) CALCULATION OF AMOUNT.—In calculating the amount of the non-Federal commitment under subsection (a) or (b), the Secretary may include personnel, services, equipment, and other resources.

SEC. 2604. LIMITATION ON DEMONSTRATION AND COMMERCIAL APPLICATION OF ENERGY TECHNOLOGY.

Except as otherwise provided in this division, the Secretary shall provide funding for scientific or energy demonstration and commercial application of energy technology programs, projects, or activities only for technologies or processes that can be reasonably expected to yield new, measurable benefits to the cost, efficiency, or performance of the technology or process.

SEC. 2605. REPROGRAMMING.

(a) AUTHORITY.—The Secretary may use amounts appropriated under this division for a program, project, or activity other than the program, project, or activity for which such amounts were appropriated only if—

(1) the Secretary has transmitted to the appropriate congressional committees a report described in subsection (b) and a period of 30 days has elapsed after such committees receive the report;

(2) amounts used for the program, project, or activity do not exceed—

(A) 105 percent of the amount authorized for the program, project, or activity; or

(B) $250,000 more than the amount authorized for the program, project, or activity, whichever is less; and

(3) the program, project, or activity has been presented to, or requested of, the Congress by the Secretary.

(b) REPORT.—(1) The report referred to in subsection (a) is a report containing a full and complete statement of the action proposed to be taken and the facts and circumstances relied upon in support of the proposed action.

(2) In the computation of the 30–day period under subsection (a), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain.

(c) LIMITATIONS.—(1) In no event may the total amount of funds obligated by the Secretary pursuant to this division exceed the total amount authorized to be appropriated to the Secretary by this division.

(2) Funds appropriated to the Secretary pursuant to this division may not be used for an item for which Congress has declined to authorize funds.

Subtitle B—Other Miscellaneous Provisions

SEC. 2611. NOTICE OF REORGANIZATION.

The Secretary shall provide notice to the appropriate congressional committees not later than 15 days before any reorganization of any environmental research or development, scientific or energy research, development, or demonstration, or commercial application of energy technology program, project, or activity of the Department.

SEC. 2612. LIMITS ON GENERAL PLANT PROJECTS.

If, at any time during the construction of a civilian environmental research and development, scientific or energy research, development, or demonstration, or commercial application of energy technology project of the Department for which no specific funding level is provided by law, the estimated cost (including any revision thereof) of the project exceeds $5,000,000, the Secretary may not continue such construction unless the Secretary has furnished a complete report to the appropriate congressional committees explaining the project and the reasons for the estimate or revision.

SEC. 2613. LIMITS ON CONSTRUCTION PROJECTS.

(a) LIMITATION.—Except as provided in subsection (b), construction on a civilian environmental research and development, scientific or energy research, development, or demonstration, or commercial application of energy technology project of the Department for which funding has been specifically provided by law may not be started, and additional obligations may not be incurred in connection with the project above the authorized funding amount, whenever the current estimated cost of the construction project exceeds by more than 10 percent the higher of—

(1) the amount authorized for the project, if the entire project has been funded by the Congress; or

(2) the amount of the total estimated cost for the project as shown in the most recent budget justification data submitted to Congress.

(b) NOTICE.—An action described in subsection (a) may be taken if—

(1) the Secretary has submitted to the appropriate congressional committees a report on the proposed actions and the circumstances making such actions necessary; and

(2) a period of 30 days has elapsed after the date on which the report is received by the committees.

(c) EXCLUSION.—In the computation of the 30–day period described in subsection (b)(2), there shall be excluded any day on which either House of Congress is not in session because of an adjournment of more than 3 days to a day certain.

(d) EXCEPTION.—Subsections (a) and (b) shall not apply to any construction project that has a current estimated cost of less than $5,000,000.

SEC. 2614. AUTHORITY FOR CONCEPTUAL AND CONSTRUCTION DESIGN.

(a) REQUIREMENT FOR CONCEPTUAL DESIGN.—(1) Subject to paragraph (2) and except as provided in paragraph (3), before submitting to Congress a request for funds for a construction project that is in support of a civilian environmental research and development, scientific or energy research, development, or demonstration, or commercial application of energy technology program, project, or activity of the Department, the Secretary shall complete a conceptual design for that project.

(2) If the estimated cost of completing a conceptual design for a construction project exceeds $750,000, the Secretary shall submit to Congress a request for funds for the conceptual design before submitting a request for funds for the construction project.

(3) The requirement in paragraph (1) does not apply to a request for funds for a construction project, the total estimated cost of which is less than $5,000,000.

(b) AUTHORITY FOR CONSTRUCTION DESIGN.—(1) The Secretary may carry out construction design (including architectural and engineering services) in connection with any proposed construction project that is in support of a civilian environmental research and development, scientific or energy research, development, and demonstration, or commercial application of energy technology program, project, or activity of the Department if the total estimated cost for such design does not exceed $250,000.

(2) If the total estimated cost for construction design in connection with any construction project described in paragraph (1) exceeds $250,000, funds for such design must be specifically authorized by law.

SEC. 2615. NATIONAL ENERGY POLICY DEVELOPMENT GROUP MANDATED REPORTS.

(a) THE SECRETARY'S REVIEW OF ENERGY EFFICIENCY, RENEWABLE ENERGY, AND ALTERNATIVE ENERGY RESEARCH AND DEVELOPMENT.—Upon completion of the Secretary's review of current funding and historic performance of the Department's energy efficiency, renewable energy, and alternative energy research and development programs in response to the recommendations of the May 16, 2001, Report of the National Energy Policy Development Group, the Secretary shall transmit a report containing the results of such review to the appropriate congressional committees.

(b) REVIEW AND RECOMMENDATIONS ON USING THE NATION'S ENERGY RESOURCES MORE EFFICIENTLY.—Upon completion of the Office of Science and Technology Policy and the President's Council of Advisors on Science and Technology reviewing and making recommendations on using the Nation's energy resources more efficiently, in response to the recommendation of the May 16, 2001, Report of the National Energy Policy Development Group, the Director of the Office of Science and Technology Policy shall transmit a report containing the results of such review and recommendations to the appropriate congressional committees.

SEC. 2616. PERIODIC REVIEWS AND ASSESSMENTS.

The Secretary shall enter into appropriate arrangements with the National Academies of Sciences and Engineering to ensure that there be periodic reviews and assessments of the programs authorized by this division, as well as the measurable cost and performance-based goals for such programs as established under section 2004, and the progress on meeting such goals. Such reviews and assessments shall be conducted at least every 5 years, or more often as the Secretary considers necessary, and the Secretary shall transmit to the appropriate congressional committees reports containing the results of such reviews and assessments.

DIVISION D

SEC. 4101. CAPACITY BUILDING FOR ENERGY-EFFICIENT, AFFORDABLE HOUSING.

Section 4(b) of the HUD Demonstration Act of 1993 (42 U.S.C. 9816 note) is amended—

(1) in paragraph (1), by inserting before the semicolon at the end the following: ", including capabilities regarding the provision of energy efficient, affordable housing and residential energy conservation measures"; and

(2) in paragraph (2), by inserting before the semicolon the following: ", including such activities relating to the provision of energy efficient, affordable housing and residential energy conservation measures that benefit low-income families".

SEC. 4102. INCREASE OF CDBG PUBLIC SERVICES CAP FOR ENERGY CONSERVATION AND EFFICIENCY ACTIVITIES.

Section 105(a)(8) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(8)) is amended—

(1) by inserting "or efficiency" after "energy conservation";

(2) by striking ", and except that" and inserting "; except that"; and

(3) by inserting before the period at the end the following: "; and except that each percentage limitation under this paragraph on the amount of assistance provided under this title that may be used for the provision of public services is hereby increased by 10 percent, but such percentage increase may be used only for the provision of public services concerning energy conservation or efficiency".

SEC. 4103. FHA MORTGAGE INSURANCE INCENTIVES FOR ENERGY EFFICIENT HOUSING.

(a) SINGLE FAMILY HOUSING MORTGAGE INSURANCE.—Section 203(b)(2) of the National Housing Act (12 U.S.C. 1709(b)(2)) is amended, in the first undesignated paragraph beginning after subparagraph (B)(iii) (relating to solar energy systems)—

(1) by inserting "or paragraph (10)"; and

(2) by striking "20 percent" and inserting "30 percent".

(b) MULTIFAMILY HOUSING MORTGAGE INSURANCE.—Section 207(c) of the National Housing Act (12 U.S.C. 1713(c)) is amended, in the second undesignated paragraph beginning after paragraph (3) (relating to solar energy systems and residential energy conservation measures), by striking "20 percent" and inserting "30 percent".

(c) COOPERATIVE HOUSING MORTGAGE INSURANCE.—Section 213(p) of the National Housing Act (12 U.S.C. 1715e(p)) is amended by striking "20 per centum" and inserting "30 percent".

(d) REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING MORTGAGE INSURANCE.—Section 220(d)(3)(B)(iii) of the National Housing Act (12 U.S.C. 1715k(d)(3)(B)(iii)) is amended by striking "20 per centum" and inserting "30 percent".

(e) LOW-INCOME MULTIFAMILY HOUSING MORTGAGE INSURANCE.—Section 221(k) of the National Housing Act (12 U.S.C. 1715l(k)) is amended by striking "20 per centum" and inserting "30 percent".

(f) ELDERLY HOUSING MORTGAGE INSURANCE.—The proviso at the end of section 213(c)(2) of the National Housing Act (12 U.S.C. 1715v(c)(2)) is amended by striking "20 per centum" and inserting "30 percent".

(g) CONDOMINIUM HOUSING MORTGAGE INSURANCE.—Section 234(j) of the National Housing Act (12 U.S.C. 1715y(j)) is amended by striking "20 per centum" and inserting "30 percent".

SEC. 4104. PUBLIC HOUSING CAPITAL FUND.

Section 9(d)(1) of the United States Housing Act of 1937 (42 U.S.C. 1437g(d)(1)) is amended—

(1) in subparagraph (I), by striking "and" at the end;

(2) in subparagraph (K), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(L) improvement of energy and water-use efficiency by installing fixtures and fittings that conform to the American Society of Mechanical Engineers/American National Standards Institute standards A112.19.2–1998 and A112.18.1–2000, or any revision thereto, applicable at the time of installation, and by increasing energy efficiency and water conservation by such other means as the Secretary determines are appropriate.".

SEC. 4105. GRANTS FOR ENERGY-CONSERVING IMPROVEMENTS FOR ASSISTED HOUSING.

Section 251(b)(1) of the National Energy Conservation Policy Act (42 U.S.C. 8231(1)) is amended—

(1) by striking "financed with loans" and inserting "assisted";

(2) by inserting after "1959," the following: "which are eligible multifamily housing projects (as such term is defined in section 512 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note)) and are subject to a mortgage restructuring and rental assistance sufficiency plans under such Act,"; and

(3) by inserting after the period at the end of the first sentence the following new sentence: "Such improvements may also include the installation of energy and water conserving fixtures and fittings that conform to the American Society of Mechanical Engineers/American National Standards Institute standards A112.19.2–1998 and A112.18.1–2000, or any revision thereto, applicable at the time of installation.".

SEC. 4106. NORTH AMERICAN DEVELOPMENT BANK.

Part 2 of subtitle D of title V of the North American Free Trade Agreement Implementation Act (22 U.S.C. 290m–290m–3) is amended by adding at the end the following:

"SEC. 545. SUPPORT FOR CERTAIN ENERGY POLICIES.

''Consistent with the focus of the Bank's Charter on environmental infrastructure projects, the Board members representing the United States should use their voice and vote to encourage the Bank to finance projects related to clean and efficient energy, including energy conservation, that prevent, control, or reduce environmental pollutants or contaminants.''.

DIVISION E

SEC. 5000. SHORT TITLE.

This division may be cited as the ''Clean Coal Power Initiative Act of 2001''.

SEC. 5001. FINDINGS.

Congress finds that—

(1) reliable, affordable, increasingly clean electricity will continue to power the growing United States economy;

(2) an increasing use of electro-technologies, the desire for continuous environmental improvement, a more competitive electricity market, and concerns about rising energy prices add importance to the need for reliable, affordable, increasingly clean electricity;

(3) coal, which, as of the date of the enactment of this Act, accounts for more than ½ of all electricity generated in the United States, is the most abundant fossil energy resource of the United States;

(4) coal comprises more than 85 percent of all fossil resources in the United States and exists in quantities sufficient to supply the United States for 250 years at current usage rates;

(5) investments in electricity generating facility emissions control technology over the past 30 years have reduced the aggregate emissions of pollutants from coal-based generating facilities by 21 percent, even as coal use for electricity generation has nearly tripled;

(6) continuous improvement in efficiency and environmental performance from electricity generating facilities would allow continued use of coal and preserve less abundant energy resources for other energy uses;

(7) new ways to convert coal into electricity can effectively eliminate health-threatening emissions and improve efficiency by as much as 50 percent, but initial deployment of new coal generation methods and equipment entails significant risk that generators may be unable to accept in a newly competitive electricity market; and

(8) continued environmental improvement in coal-based generation and increasing the production and supply of power generation facilities with less air emissions, with the ultimate goal of near-zero emissions, is important and desirable.

SEC. 5002. DEFINITIONS.

In this division:

(1) COST AND PERFORMANCE GOALS.—The term ''cost and performance goals'' means the cost and performance goals established under section 5004.

(2) SECRETARY.—The term ''Secretary'' means the Secretary of Energy.

SEC. 5003. CLEAN COAL POWER INITIATIVE.

(a) IN GENERAL.—The Secretary shall carry out a program under—

(1) this division;

(2) the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5901 et seq.);

(3) the Energy Reorganization Act of 1974 (42 U.S.C. 5801 et seq.); and

(4) title XIII of the Energy Policy Act of 1992 (42 U.S.C. 13331 et seq.), to achieve cost and performance goals established by the Secretary under section 5004.

SEC. 5004. COST AND PERFORMANCE GOALS.

(a) REVIEW AND ASSESSMENT.—The Secretary shall perform an assessment that establishes measurable cost and performance goals for 2005, 2010, 2015, and 2020 for the programs authorized by this division. Such assessment shall be based on the latest scientific, economic, and technical knowledge.

(b) CONSULTATION.—In establishing the cost and performance goals, the Secretary shall consult with representatives of—

(1) the United States coal industry;

(2) State coal development agencies;

(3) the electric utility industry;

(4) railroads and other transportation industries;

(5) manufacturers of advanced coal-based equipment;

(6) institutions of higher learning, national laboratories, and professional and technical societies;

(7) organizations representing workers;

(8) organizations formed to—

(A) promote the use of coal;

(B) further the goals of environmental protection; and

(C) promote the production and generation of coal-based power from advanced facilities; and

(9) other appropriate Federal and State agencies.

(c) TIMING.—The Secretary shall—

(1) not later than 120 days after the date of the enactment of this Act, issue a set of draft cost and performance goals for public comment; and

(2) not later than 180 days after the date of the enactment of this Act, after taking into consideration any public comments received, submit to the Committee on Energy and Commerce and the Committee on Science of the House of Representatives, and to the Senate, the final cost and performance goals.

SEC. 5005. AUTHORIZATION OF APPROPRIATIONS.

(a) CLEAN COAL POWER INITIATIVE.—Except as provided in subsection (b), there are authorized to be appropriated to the Secretary to carry out the Clean Coal Power Initiative under section 5003 $200,000,000 for each of the fiscal years 2002 through 2011, to remain available until expended.

(b) LIMIT ON USE OF FUNDS.— Notwithstanding subsection (a), no funds may be used to carry out the activities authorized by this Act after September 30, 2002, unless the Secretary has transmitted to the Committee on Energy and Commerce and the Committee on Science of the House of Representatives, and to the Senate, the report required by this subsection and 1 month has elapsed since that transmission. The report shall include, with respect to subsection (a), a 10-year plan containing—

(1) a detailed assessment of whether the aggregate funding levels provided under subsection (a) are the appropriate funding levels for that program;

(2) a detailed description of how proposals will be solicited and evaluated, including a list of all activities expected to be undertaken;

(3) a detailed list of technical milestones for each coal and related technology that will be pursued;

(4) recommendations for a mechanism for recoupment of Federal funding for successful commercial projects; and

(5) a detailed description of how the program will avoid problems enumerated in General Accounting Office reports on the Clean Coal Technology Program, including problems that have resulted in unspent funds and projects that failed either financially or scientifically.

(c) APPLICABILITY.—Subsection (b) shall not apply to any project begun before September 30, 2002.

SEC. 5006. PROJECT CRITERIA.

(a) IN GENERAL.—The Secretary shall not provide funding under this division for any project that does not advance efficiency, environmental performance, and cost competitiveness well beyond the level of technologies that are in operation or have been demonstrated as of the date of the enactment of this Act.

(b) TECHNICAL CRITERIA FOR CLEAN COAL POWER INITIATIVE.—

(1) GASIFICATION.—(A) In allocating the funds authorized under section 5005(a), the Secretary shall ensure that at least 80 percent of the funds are used only for projects on coal-based gasification technologies, including gasification combined cycle, gasification fuel cells, gasification coproduction and hybrid gasification/combustion.

(B) The Secretary shall set technical milestones specifying emissions levels that coal gasification projects must be designed to and reasonably expected to achieve. The milestones shall get more restrictive through the life of the program. The milestones shall be designed to achieve by 2020 coal gasification projects able—

(i) to remove 99 percent of sulfur dioxide;

(ii) to emit no more than .05 lbs of NO_X per million BTU;

(iii) to achieve substantial reductions in mercury emissions; and

(iv) to achieve a thermal efficiency of 60 percent (higher heating value).

(2) OTHER PROJECTS.—For projects not described in paragraph (1), the Secretary shall set technical milestones specifying emissions levels that the projects must be designed to and reasonably expected to achieve. The milestones shall get more restrictive through the life of the program. The milestones shall be designed to achieve by 2010 projects able—

(A) to remove 97 percent of sulfur dioxide;

(B) to emit no more than .08 lbs of NO_X per million BTU;

(C) to achieve substantial reductions in mercury emissions; and

(D) to achieve a thermal efficiency of 45 percent (higher heating value).

(c) FINANCIAL CRITERIA.—The Secretary shall not provide a funding award under this division unless the recipient has documented to the satisfaction of the Secretary that—

(1) the award recipient is financially viable without the receipt of additional Federal funding;

(2) the recipient will provide sufficient information to the Secretary for the Secretary to ensure that the award funds are spent efficiently and effectively; and

(3) a market exists for the technology being demonstrated or applied, as evidenced by statements of interest in writing from potential purchasers of the technology.

(d) FINANCIAL ASSISTANCE.—The Secretary shall provide financial assistance to projects that meet the requirements of subsections (a), (b), and (c) and are likely to—

(1) achieve overall cost reductions in the utilization of coal to generate useful forms of energy;

(2) improve the competitiveness of coal among various forms of energy in order to maintain a diversity of fuel choices in the United States to meet electricity generation requirements; and

(3) demonstrate methods and equipment that are applicable to 25 percent of the electricity generating facilities that use coal as the primary feedstock as of the date of the enactment of this Act.

(e) FEDERAL SHARE.—The Federal share of the cost of a coal or related technology

project funded by the Secretary shall not exceed 50 percent.

(f) APPLICABILITY.—Neither the use of any particular technology, nor the achievement of any emission reduction, by any facility receiving assistance under this title shall be taken into account for purposes of making any determination under the Clean Air Act in applying the provisions of that Act to a facility not receiving assistance under this title, including any determination concerning new source performance standards, lowest achievable emission rate, best available control technology, or any other standard, requirement, or limitation.

SEC. 5007. STUDY.

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, and once every 2 years thereafter through 2016, the Secretary, in cooperation with other appropriate Federal agencies, shall transmit to the Committee on Energy and Commerce and the Committee on Science of the House of Representatives, and to the Senate, a report containing the results of a study to—

(1) identify efforts (and the costs and periods of time associated with those efforts) that, by themselves or in combination with other efforts, may be capable of achieving the cost and performance goals;

(2) develop recommendations for the Department of Energy to promote the efforts identified under paragraph (1); and

(3) develop recommendations for additional authorities required to achieve the cost and performance goals.

(b) EXPERT ADVICE.—In carrying out this section, the Secretary shall give due weight to the expert advice of representatives of the entities described in section 5004(b).

SEC. 5008. CLEAN COAL CENTERS OF EXCELLENCE.

As part of the program authorized in section 5003, the Secretary shall award competitive, merit-based grants to universities for the establishment of Centers of Excellence for Energy Systems of the Future. The Secretary shall provide grants to universities that can show the greatest potential for advancing new clean coal technologies.

DIVISION F

SEC. 6001. SHORT TITLE.

This division may be cited as the ''Energy Security Act''.

TITLE I—GENERAL PROTECTIONS FOR ENERGY SUPPLY AND SECURITY

SEC. 6101. STUDY OF EXISTING RIGHTS-OF-WAY ON FEDERAL LANDS TO DETERMINE CAPABILITY TO SUPPORT NEW PIPELINES OR OTHER TRANSMISSION FACILITIES.

(a) IN GENERAL.—Within 1 year after the date of the enactment of this Act, the head of each Federal agency that has authorized a right-of-way across Federal lands for transportation of energy supplies or transmission of electricity shall review each such right-of-way and submit a report to the Secretary of Energy and the Chairman of the Federal Energy Regulatory Commission regarding—

(1) whether the right-of-way can be used to support new or additional capacity; and

(2) what modifications or other changes, if any, would be necessary to accommodate such additional capacity.

(b) CONSULTATIONS AND CONSIDERATIONS.—In performing the review, the head of each agency shall—

(1) consult with agencies of State, tribal, or local units of government as appropriate; and

(2) consider whether safety or other concerns related to current uses might preclude the availability of a right-of-way for additional or new transportation or transmission facilities, and set forth those considerations in the report.

SEC. 6102. INVENTORY OF ENERGY PRODUCTION POTENTIAL OF ALL FEDERAL PUBLIC LANDS.

(a) INVENTORY REQUIREMENT.—The Secretary of the Interior, in consultation with the Secretary of Agriculture and the Secretary of Energy, shall conduct an inventory of the energy production potential of all Federal public lands other than national park lands and lands in any wilderness area, with respect to wind, solar, coal, and geothermal power production.

(b) LIMITATIONS.—

(1) IN GENERAL.—The Secretary shall not include in the inventory under this section the matters to be identified in the inventory under section 604 of the Energy Act of 2000 (43 U.S.C. 6217).

(2) WIND AND SOLAR POWER.—The inventory under this section—

(A) with respect to wind power production shall be limited to sites having a mean average wind speed—

(i) exceeding 12.5 miles per hour at a height of 33 feet; and

(ii) exceeding 15.7 miles per hour at a height of 164 feet; and (B) with respect to solar power production shall be limited to areas rated as receiving 450 watts per square meter or greater.

(c) EXAMINATION OF RESTRICTIONS AND IMPEDIMENTS.—The inventory shall identify the extent and nature of any restrictions or impediments to the development of such energy production potential.

(d) GEOTHERMAL POWER.—The inventory shall include an update of the 1978 Assessment of Geothermal Resources by the United States Geological Survey.

(e) COMPLETION AND UPDATING.—The Secretary—

(1) shall complete the inventory by not later than 2 years after the date of the enactment of this Act; and

(2) shall update the inventory regularly thereafter.

(f) REPORTS.—The Secretary shall submit to the Committee on Resources of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate and make publicly available—

(1) a report containing the inventory under this section, by not later than 2 years after the effective date of this section; and

(2) each update of such inventory.

SEC. 6103. REVIEW OF REGULATIONS TO ELIMINATE BARRIERS TO EMERGING ENERGY TECHNOLOGY.

(a) IN GENERAL.—Each Federal agency shall carry out a review of its regulations and standards to determine those that act as a barrier to market entry for emerging energy-efficient technologies, including fuel cells, combined heat and power, and distributed generation (including small-scale renewable energy).

(b) REPORT TO CONGRESS.—No later than 18 months after date of the enactment of this Act, each agency shall provide a report to the Congress and the President detailing all regulatory barriers to emerging energy-efficient technologies, along with actions the agency intends to take, or has taken, to remove such barriers.

(c) PERIODIC REVIEW.—Each agency shall subsequently review its regulations and standards in this manner no less frequently than every 5 years, and report their findings to the Congress and the President. Such reviews shall include a detailed analysis of all agency actions taken to remove existing barriers to emerging energy technologies.

SEC. 6104. INTERAGENCY AGREEMENT ON ENVIRONMENTAL REVIEW OF INTERSTATE NATURAL GAS PIPELINE PROJECTS.

(a) IN GENERAL.—The Secretary of Energy, in coordination with the Federal Energy Regulatory Commission, shall establish an administrative interagency task force to develop an interagency agreement to expedite and facilitate the environmental review and permitting of interstate natural gas pipeline projects.

(b) TASK FORCE MEMBERS.—The task force shall include a representative of each of the Bureau of Land Management, the United States Fish and Wildlife Service, the Army Corps of Engineers, the Forest Service, the Environmental Protection Agency, the Advisory Council on Historic Preservation, and such other agencies as the Secretary of Energy and the Federal Energy Regulatory Commission consider appropriate.

(c) TERMS OF AGREEMENT.—The interagency agreement shall require that agencies complete their review of interstate pipeline projects within a specific period of time after referral of the matter by the Federal Energy Regulatory Commission.

(d) SUBMITTAL OF AGREEMENT.—The Secretary of Energy shall submit a final interagency agreement under this section to the Congress by not later than 6 months after the effective date of this section.

SEC. 6105. ENHANCING ENERGY EFFICIENCY IN MANAGEMENT OF FEDERAL LANDS.

(a) SENSE OF THE CONGRESS.—It is the sense of Congress that Federal land managing agencies should enhance the use of energy efficient technologies in the management of natural resources.

(b) ENERGY EFFICIENT BUILDINGS.—To the extent economically practicable, the Secretary of the Interior and the Secretary of Agriculture shall seek to incorporate energy efficient technologies in public and administrative buildings associated with management of the National Park System, National Wildlife Refuge System, National Forest System, and other public lands and resources managed by such Secretaries.

(c) ENERGY EFFICIENT VEHICLES.—To the extent economically practicable, the Secretary of the Interior and the Secretary of Agriculture shall seek to use energy efficient motor vehicles, including vehicles equipped with biodiesel or hybrid engine technologies, in the management of the National Park System, National Wildlife Refuge System, and other public lands and managed by the Secretaries.

SEC. 6106. EFFICIENT INFRASTRUCTURE DEVELOPMENT.

(a) IN GENERAL.—The Secretary of Energy and the Chairman of the Federal Energy Regulatory Commission shall jointly undertake a study of the location and extent of anticipated demand growth for natural gas consumption in the Western States, herein defined as the area covered by the Western System Coordinating Council.

(b) CONTENTS.—The study under subsection (a) shall include the following:

(1) A review of natural gas demand forecasts by Western State officials, such as the California Energy Commission and the California Public Utilities Commission, which indicate the forecasted levels of demand for natural gas and the geographic distribution of that forecasted demand.

(2) A review of the locations of proposed new natural gas-fired electric generation facilities currently in the approval process in the Western States, and their forecasted impact on natural gas demand.

(3) A review of the locations of existing interstate natural gas transmission pipelines, and interstate natural gas pipelines currently in the planning stage or approval process, throughout the Western States.

(4) A review of the locations and capacity of intrastate natural gas pipelines in the Western States.

(5) Recommendations for the coordination of the development of the natural gas infrastructure indicated in paragraphs (1) through (4).

(c) REPORT.—The Secretary shall report the findings and recommendations resulting from the study required by this section to the Committee on Energy and Commerce of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate no later than 6 months after the date of the enactment of this Act. The Chairman of the Federal Energy Regulatory Commission shall report on how the Commission will factor these results into its review of applications of interstate pipelines within the Western States to the Committee on Energy and Commerce of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate no later than 6 months after the date of the enactment of this Act.

TITLE II—OIL AND GAS DEVELOPMENT

Subtitle A—Offshore Oil and Gas

SEC. 6201. SHORT TITLE.

This subtitle may be referred to as the ''Royalty Relief Extension Act of 2001''.

SEC. 6202. LEASE SALES IN WESTERN AND CENTRAL PLANNING AREA OF THE GULF OF MEXICO.

(a) IN GENERAL.—For all tracts located in water depths of greater than 200 meters in the Western and Central Planning Area of the Gulf of Mexico, including that portion of the Eastern Planning Area of the Gulf of Mexico encompassing whole lease blocks lying west of 87 degrees, 30 minutes West longitude, any oil or gas lease sale under the Outer Continental Shelf Lands Act occurring within 2 years after the date of the enactment of this Act shall use the bidding system authorized in section 8(a)(1)(H) of the Outer Continental Shelf Lands Act (30 U.S.C. 1337(a)(1)(H)), except that the suspension of royalties shall be set at a volume of not less than the following:

(1) 5 million barrels of oil equivalent for each lease in water depths of 400 to 800 meters.

(2) 9 million barrels of oil equivalent for each lease in water depths of 800 to 1,600 meters.

(3) 12 million barrels of oil equivalent for each lease in water depths greater than 1,600 meters.

(b) RELATIONSHIP TO EXISTING AUTHORITY.—Except as expressly provided in this section, nothing in this section is intended to limit the authority of the Secretary of the Interior under the Outer Continental Shelf Lands Act (43 U.S.C. 1301 et seq.) to provide royalty suspension.

SEC. 6203. SAVINGS CLAUSE.

Nothing in this subtitle shall be construed to affect any offshore pre-leasing, leasing, or development moratorium, including any moratorium applicable to the Eastern Planning Area of the Gulf of Mexico located off the Gulf Coast of Florida.

SEC. 6204. ANALYSIS OF GULF OF MEXICO FIELD SIZE DISTRIBUTION, INTERNATIONAL COMPETITIVENESS, AND INCENTIVES FOR DEVELOPMENT.

(a) IN GENERAL.—The Secretary of the Interior and the Secretary of Energy shall enter into appropriate arrangements with the National Academy of Sciences to commission the Academy to perform the following:

(1) Conduct an analysis and review of existing Gulf of Mexico oil and natural gas resource assessments, including—

(A) analysis and review of assessments recently performed by the Minerals Management Service, the 1999 National Petroleum Council Gas Study, the Department of Energy's Offshore Marginal Property Study, and the Advanced Resources International, Inc. Deepwater Gulf of Mexico model; and

(B) evaluation and comparison of the accuracy of assumptions of the existing assessments with respect to resource field size distribution, hydrocarbon potential, and scenarios for leasing, exploration, and development.

(2) Evaluate the lease terms and conditions offered by the Minerals Management Service for Lease Sale 178, and compare the financial incentives offered by such terms and conditions to financial incentives offered by the terms and conditions that apply under leases for other offshore areas that are competing for the same limited offshore oil and gas exploration and development capital, including offshore areas of West Africa and Brazil.

(3) Recommend what level of incentives for all water depths are appropriate in order to ensure that the United States optimizes the domestic supply of oil and natural gas from the offshore areas of the Gulf of Mexico that are not subject to current leasing moratoria. Recommendations under this paragraph should be made in the context of the importance of the oil and natural gas resources of the Gulf of Mexico to the future energy and economic needs of the United States.

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Interior shall submit a report to the Committee on Resources in the House of Representatives and the Committee on Energy and Natural Resources in the Senate, summarizing the findings of the National Academy of Sciences pursuant to subsection (a) and providing recommendations of the Secretary for new policies or other actions that could help to further increase oil and natural gas production from the Gulf of Mexico.

Subtitle B—Improvements to Federal Oil and Gas Management

SEC. 6221. SHORT TITLE.

This subtitle may be cited as the ''Federal Oil and Gas Lease Management Improvement Demonstration Program Act of 2001''.

SEC. 6222. STUDY OF IMPEDIMENTS TO EFFICIENT LEASE OPERATIONS.

(a) IN GENERAL.—The Secretary of the Interior and the Secretary of Agriculture shall jointly undertake a study of the impediments to efficient oil and gas leasing and operations on Federal onshore lands in order to identify means by which unnecessary impediments to the expeditious exploration and production of oil and natural gas on such lands can be removed.

(b) CONTENTS.—The study under subsection (a) shall include the following:

(1) A review of the process by which Federal land managers accept or reject an offer to lease, including the timeframes in which such offers are acted upon, the reasons for any delays in acting upon such offers, and any recommendations for expediting the response to such offers.

(2) A review of the approval process for applications for permits to drill, including the timeframes in which such applications are approved, the impact of compliance with other Federal laws on such timeframes, any other reasons for delays in making such approvals, and any recommendations for expediting such approvals.

(3) A review of the approval process for surface use plans of operation, including the timeframes in which such applications are approved, the impact of compliance with other Federal laws on such timeframes, any other reasons for delays in making such approvals, and any recommendations for expediting such approvals.

(4) A review of the process for administrative appeal of decisions or orders of officers or employees of the Bureau of Land Management with respect to a Federal oil or gas lease, including the timeframes in which such appeals are heard and decided, any reasons for delays in hearing or deciding such appeals, and any recommendations for expediting the appeals process.

(c) REPORT.—The Secretaries shall report the findings and recommendations resulting from the study required by this section to the Committee on Resources of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate no later than 6 months after the date of the enactment of this Act.

SEC. 6223. ELIMINATION OF UNWARRANTED DENIALS AND STAYS.

(a) IN GENERAL.—The Secretary shall ensure that unwarranted denials and stays of lease issuance and unwarranted restrictions on lease operations are eliminated from the administration of oil and natural gas leasing on Federal land.

(b) PREPARATION OF LEASING PLAN OR ANALYSIS.—In preparing a management plan or leasing analysis for oil or natural gas leasing on Federal lands administered by the Bureau of Land Management or the Forest Service, the Secretary concerned shall—

(1) identify and review the restrictions on surface use and operations imposed under the laws (including regulations) of the State in which the lands are located;

(2) consult with the appropriate State agency regarding the reasons for the State restrictions identified under paragraph (1);

(3) identify any differences between the State restrictions identified under paragraph (1) and any restrictions on surface use and operations that would apply under the lease; and

(4) prepare and provide upon request a written explanation of such differences.

(c) REJECTION OF OFFER TO LEASE.—

(1) IN GENERAL.—If the Secretary rejects an offer to lease Federal lands for oil or natural gas development on the ground that the land is unavailable for oil and natural gas leasing, the Secretary shall provide a written, detailed explanation of the reasons the land is unavailable for leasing.

(2) PREVIOUS RESOURCE MANAGEMENT DECISION.—If the determination of unavailability is based on a previous resource management decision, the explanation shall include a careful assessment of whether the reasons underlying the previous decision are still persuasive.

(3) SEGREGATION OF AVAILABLE LAND FROM UNAVAILABLE LAND.—The Secretary may not reject an offer to lease Federal land for oil and natural gas development that is available for such leasing on the ground that the offer includes land unavailable for leasing. The Secretary shall segregate available land from unavailable land, on the offeror's request following notice by the Secretary, before acting on the offer to lease.

(d) DISAPPROVAL OR REQUIRED MODIFICATION OF SURFACE USE PLANS OF OPERATIONS AND APPLICATION FOR PERMIT TO DRILL.—The Secretary shall provide a written, detailed explanation of the reasons for disapproving or requiring modifications of any surface use plan of operations or application for permit to drill with respect to oil or natural gas development on Federal lands.

(e) PRESERVATION OF FEDERAL AUTHORITY.—Nothing in this section or in any identification, review, or explanation prepared under this section shall be construed—

(1) to limit the authority of the Federal Government to impose lease stipulations, restrictions, requirements, or other terms that are different than those that apply under State law; or

(2) to affect the procedures that apply to judicial review of actions taken under this subsection.

SEC. 6224. LIMITATION ON COST RECOVERY FOR APPLICATIONS.

Notwithstanding sections 304 and 504 of the Federal Land Policy and Management Act of

1976 (43 U.S.C. 1734, 1764) and section 9701 of title 31, United States Code, the Secretary shall not recover the Secretary's costs with respect to applications and other documents relating to oil and gas leases.

SEC. 6225. CONSULTATION WITH SECRETARY OF AGRICULTURE.

Section 17(h) of the Mineral Leasing Act (30 U.S.C. 226(h)) is amended to read as follows:

''(h)(1) In issuing any lease on National Forest System lands reserved from the public domain, the Secretary of the Interior shall consult with the Secretary of Agriculture in determining stipulations on surface use under the lease.

''(2)(A) A lease on lands referred to in paragraph (1) may not be issued if the Secretary of Agriculture determines, after consultation under paragraph (1) and consultation with the Regional Forester having administrative jurisdiction over the National Forest System Lands concerned, that the terms and conditions of the lease, including any prohibition on surface occupancy for lease operations, will not be sufficient to adequately protect such lands under the National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.).

''(B) The authority of the Secretary of Agriculture under this paragraph may be delegated only to the Undersecretary of Agriculture for Natural Resources and Environment.

''(3) The Secretary of Agriculture shall include in the record of decision for a determination under paragraph (2)(A)—

''(A) any written statement regarding the determination that is prepared by a Regional Forester consulted by the Secretary under paragraph (2)(A) regarding the determination; or

''(B) an explanation why such a statement by the Regional Forester is not included.

Subtitle C—Miscellaneous

SEC. 6231. OFFSHORE SUBSALT DEVELOPMENT.

Section 5 of the Outer Continental Shelf Lands Act of 1953 (43 U.S.C. 1334) is amended by adding at the end the following:

''(k) SUSPENSION OF OPERATIONS FOR SUBSALT EXPLORATION.—Notwithstanding any other provision of law or regulation, to prevent waste caused by the drilling of unnecessary wells and to facilitate the discovery of additional hydrocarbon reserves, the Secretary may grant a request for a suspension of operations under any lease to allow the reprocessing and reinterpretation of geophysical data to identify and define drilling objectives beneath allochthonous salt sheets.''.

SEC. 6232. PROGRAM ON OIL AND GAS ROYALTIES IN KIND.

(a) APPLICABILITY OF SECTION.—Notwithstanding any other provision of law, the provisions of this section shall apply to all royalty in kind accepted by the Secretary of the Interior under any Federal oil or gas lease or permit under section 36 of the Mineral Leasing Act (30 U.S.C. 192), section 27 of the Outer Continental Shelf Lands Act (43 U.S.C. 1353), or any other mineral leasing law, in the period beginning on the date of the enactment of this Act through September 30, 2006.

(b) TERMS AND CONDITIONS.—All royalty accruing to the United States under any Federal oil or gas lease or permit under the Mineral Leasing Act (30 U.S.C. 181 et seq.) or the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) shall, on the demand of the Secretary of the Interior, be paid in oil or gas. If the Secretary of the Interior makes such a demand, the following provisions apply to such payment:

(1) Delivery by, or on behalf of, the lessee of the royalty amount and quality due under the lease satisfies the lessee's royalty obligation for the amount delivered, except that transportation and processing reimbursements paid to, or deductions claimed by, the lessee shall be subject to review and audit.

(2) Royalty production shall be placed in marketable condition by the lessee at no cost to the United States.

(3) The Secretary of the Interior may—

(A) sell or otherwise dispose of any royalty oil or gas taken in kind (other than oil or gas taken under section 27(a)(3) of the Outer Continental Shelf Lands Act (43 U.S.C. 1353(a)(3)) for not less than the market price; and

(B) transport or process any oil or gas royalty taken in kind.

(4) The Secretary of the Interior may, notwithstanding section 3302 of title 31, United States Code, retain and use a portion of the revenues from the sale of oil and gas royalties taken in kind that otherwise would be deposited to miscellaneous receipts, without regard to fiscal year limitation, or may use royalty production, to pay the cost of—

(A) transporting the oil or gas,

(B) processing the gas, or

(C) disposing of the oil or gas.

(5) The Secretary may not use revenues from the sale of oil and gas royalties taken in kind to pay for personnel, travel, or other administrative costs of the Federal Government.

(c) REIMBURSEMENT OF COST.—If the lessee, pursuant to an agreement with the United States or as provided in the lease, processes the royalty gas or delivers the royalty oil or gas at a point not on or adjacent to the lease area, the Secretary of the Interior shall—

(1) reimburse the lessee for the reasonable costs of transportation (not including gathering) from the lease to the point of delivery or for processing costs; or

(2) at the discretion of the Secretary of the Interior, allow the lessee to deduct such transportation or processing costs in reporting and paying royalties in value for other Federal oil and gas leases.

(d) BENEFIT TO THE UNITED STATES REQUIRED.—The Secretary may receive oil or gas royalties in kind only if the Secretary determines that receiving such royalties provides benefits to the United States greater than or equal to those that would be realized under a comparable royalty in value program.

(e) REPORT TO CONGRESS.—For each of the fiscal years 2002 through 2006 in which the United States takes oil or gas royalties in kind from production in any State or from the Outer Continental Shelf, excluding royalties taken in kind and sold to refineries under subsection (h), the Secretary of the Interior shall provide a report to the Congress describing—

(1) the methodology or methodologies used by the Secretary to determine compliance with subsection (d), including performance standards for comparing amounts received by the United States derived from such royalties in kind to amounts likely to have been received had royalties been taken in value;

(2) an explanation of the evaluation that led the Secretary to take royalties in kind from a lease or group of leases, including the expected revenue effect of taking royalties in kind;

(3) actual amounts received by the United States derived from taking royalties in kind, and costs and savings incurred by the United States associated with taking royalties in kind; and

(4) an evaluation of other relevant public benefits or detriments associated with taking royalties in kind.

(f) DEDUCTION OF EXPENSES.—

(1) IN GENERAL.—Before making payments under section 35 of the Mineral Leasing Act (30 U.S.C. 191) or section 8(g) of the Outer Continental Shelf Lands Act (30 U.S.C. 1337(g)) of revenues derived from the sale of royalty production taken in kind from a lease, the Secretary of the Interior shall deduct amounts paid or deducted under subsections (b)(4) and (c), and shall deposit such amounts to miscellaneous receipts.

(2) ACCOUNTING FOR DEDUCTIONS.—If the Secretary of the Interior allows the lessee to deduct transportation or processing costs under subsection (c), the Secretary may not reduce any payments to recipients of revenues derived from any other Federal oil and gas lease as a consequence of that deduction.

(g) CONSULTATION WITH STATES.—The Secretary of the Interior—

(1) shall consult with a State before conducting a royalty in kind program under this title within the State, and may delegate management of any portion of the Federal royalty in kind program to such State except as otherwise prohibited by Federal law; and

(2) shall consult annually with any State from which Federal oil or gas royalty is being taken in kind to ensure to the maximum extent practicable that the royalty in kind program provides revenues to the State greater than or equal to those which would be realized under a comparable royalty in value program.

(h) PROVISIONS FOR SMALL REFINERIES.—

(1) PREFERENCE.—If the Secretary of the Interior determines that sufficient supplies of crude oil are not available in the open market to refineries not having their own source of supply for crude oil, the Secretary may grant preference to such refineries in the sale of any royalty oil accruing or reserved to the United States under Federal oil and gas leases issued under any mineral leasing law, for processing or use in such refineries at private sale at not less than the market price.

(2) PRORATION AMONG REFINERIES IN PRODUCTION AREA.—In disposing of oil under this subsection, the Secretary of the Interior may, at the discretion of the Secretary, prorate such oil among such refineries in the area in which the oil is produced.

(i) DISPOSITION TO FEDERAL AGENCIES.—

(1) ONSHORE ROYALTY.—Any royalty oil or gas taken by the Secretary in kind from onshore oil and gas leases may be sold at not less than the market price to any department or agency of the United States.

(2) OFFSHORE ROYALTY.—Any royalty oil or gas taken in kind from Federal oil and gas leases on the Outer Continental Shelf may be disposed of only under section 27 of the Outer Continental Shelf Lands Act (43 U.S.C. 1353).

(j) PREFERENCE FOR FEDERAL LOW-INCOME ENERGY ASSISTANCE PROGRAMS.—In disposing of royalty oil or gas taken in kind under this section, the Secretary may grant a preference to any person, including any State or Federal agency, for the purpose of providing additional resources to any Federal low-income energy assistance program.

SEC. 6233. MARGINAL WELL PRODUCTION INCENTIVES.

To enhance the economics of marginal oil and gas production by increasing the ultimate recovery from marginal wells when the cash price of West Texas Intermediate crude oil, as posted on the Dow Jones Commodities Index chart, is less than $15 per barrel for 180 consecutive pricing days or when the price of natural gas delivered at Henry Hub, Louisiana, is less than $2.00 per million British thermal units for 180 consecutive days, the Secretary shall reduce the royalty rate as production declines for—

(1) onshore oil wells producing less than 30 barrels per day;

(2) onshore gas wells producing less than 120 million British thermal units per day;

(3) offshore oil wells producing less than 300 barrels of oil per day; and

(4) offshore gas wells producing less than 1,200 million British thermal units per day.

SEC. 6234. REIMBURSEMENT FOR COSTS OF NEPA ANALYSES, DOCUMENTATION, AND STUDIES.

(a) IN GENERAL.—The Mineral Leasing Act (30 U.S.C. 181 et seq.) is amended by inserting after section 37 the following:

''REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES, DOCUMENTATION, AND STUDIES

''SEC. 38. (a) IN GENERAL.—Effective October 1, 2003, the Secretary of the Interior may, through royalty credits, reimburse a person who is a lessee, operator, operating rights owner, or applicant for an oil or gas lease under this Act for amounts paid by the person for preparation by the Secretary (or a contractor or other person selected by the Secretary) of any project-level analysis, documentation, or related study required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the lease.

''(b) CONDITIONS.—The Secretary may provide reimbursement under subsection (b) only if—

''(1) adequate funding to enable the Secretary to timely prepare the analysis, documentation, or related study is not appropriated;

''(2) the person paid the costs voluntarily; and

''(3) the person maintains records of its costs in accordance with regulations prescribed by the Secretary.''.

(b) APPLICATION.—The amendments made by this section shall apply with respect to any lease entered into before, on, or after the date of the enactment of this Act.

(c) DEADLINE FOR REGULATIONS.—The Secretary shall issue regulations implementing the amendments made by this section by not later than 90 days after the date of the enactment of this Act.

SEC. 6235. ENCOURAGEMENT OF STATE AND PROVINCIAL PROHIBITIONS ON OFF-SHORE DRILLING IN THE GREAT LAKES.

(a) FINDINGS.—The Congress finds the following:

(1) The water resources of the Great Lakes Basin are precious public natural resources, shared and held in trust by the States of Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin, and the Canadian Province of Ontario.

(2) The environmental dangers associated with off-shore drilling in the Great Lakes for oil and gas outweigh the potential benefits of such drilling.

(3) In accordance with the Submerged Lands Act (43 U.S.C. 1301 et seq.), each State that borders any of the Great Lakes has authority over the area between that State's coastline and the boundary of Canada or another State.

(4) The States of Illinois, Michigan, New York, Pennsylvania, and Wisconsin each have a statutory prohibition of off-shore drilling in the Great Lakes for oil and gas.

(5) The States of Indiana, Minnesota, and Ohio do not have such a prohibition.

(6) The Canadian Province of Ontario does not have such a prohibition, and drilling for and production of gas occurs in the Canadian portion of Lake Erie.

(b) ENCOURAGEMENT OF STATE AND PROVINCIAL PROHIBITIONS.—The Congress encourages—

(1) the States of Illinois, Michigan, New York, Pennsylvania, and Wisconsin to continue to prohibit off-shore drilling in the Great Lakes for oil and gas;

(2) the States of Indiana, Minnesota, and Ohio and the Canadian Province of Ontario to enact a prohibition of such drilling; and

(3) the Canadian Province of Ontario to require the cessation of any such drilling and any production resulting from such drilling.

TITLE III—GEOTHERMAL ENERGY DEVELOPMENT

SEC. 6301. ROYALTY REDUCTION AND RELIEF.

(a) ROYALTY REDUCTION.—Section 5(a) of the Geothermal Steam Act of 1970 (30 U.S.C. 1004(a)) is amended by striking ''not less than 10 per centum or more than 15 per centum'' and inserting ''not more than 8 per centum''.

(b) ROYALTY RELIEF.—

(1) IN GENERAL.—Notwithstanding section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004(a)) and any provision of any lease under that Act, no royalty is required to be paid—

(A) under any qualified geothermal energy lease with respect to commercial production of heat or energy from a facility that begins such production in the 5–year period beginning on the date of the enactment of this Act; or

(B) on qualified expansion geothermal energy.

(2) 3–YEAR APPLICATION.—Paragraph (1) applies only to commercial production of heat or energy from a facility in the first 3 years of such production.

(c) DEFINITIONS.—In this section:

(1) QUALIFIED EXPANSION GEOTHERMAL ENERGY.—The term ''qualified expansion geothermal energy''—

(A) subject to subparagraph (B), means geothermal energy produced from a generation facility for which the rated capacity is increased by more than 10 percent as a result of expansion of the facility carried out in the 5-year period beginning on the date of the enactment of this Act; and

(B) does not include the rated capacity of the generation facility on the date of the enactment of this Act.

(2) QUALIFIED GEOTHERMAL ENERGY LEASE.—The term ''qualified geothermal energy lease'' means a lease under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.)—

(A) that was executed before the end of the 5-year period beginning on the date of the enactment of this Act; and

(B) under which no commercial production of any form of heat or energy occurred before the date of the enactment of this Act.

(d) EFFECTIVE DATE.—The provisions of this section shall take effect on October 1, 2003.

SEC. 6302. EXEMPTION FROM ROYALTIES FOR DIRECT USE OF LOW TEMPERATURE GEOTHERMAL ENERGY RESOURCES.

(a) IN GENERAL.—Section 5 of the Geothermal Steam Act of 1970 (30 U.S.C. 1004) is amended—

(1) in paragraph (c) by redesignating subparagraphs (1) and (2) as subparagraphs (A) and (B);

(2) by redesignating paragraphs (a) through (d) in order as paragraphs (1) through (4);

(3) by inserting ''(a) IN GENERAL.—'' AFTER ''SEC. 5.''; AND

(4) by adding at the end the following new subsection:

''(b) EXEMPTION FOR USE OF LOW TEMPERATURE RESOURCES.—

''(1) IN GENERAL.—In lieu of any royalty or rental under subsection (a), a lease for qualified development and direct utilization of low temperature geothermal resources shall provide for payment by the lessee of an annual fee of not less than $100, and not more than $1,000, in accordance with the schedule issued under paragraph (2).

''(2) SCHEDULE.—The Secretary shall issue a schedule of fees under this section under which a fee is based on the scale of development and utilization to which the fee applies.

''(3) DEFINITIONS.—In this subsection:

''(A) LOW TEMPERATURE GEOTHERMAL RESOURCES.—The term ''low temperature geothermal resources'' means geothermal steam and associated geothermal resources having a temperature of less than 195 degrees Fahrenheit.

''(B) QUALIFIED DEVELOPMENT AND DIRECT UTILIZATION.—The term ''qualified development and direct utilization'' means development and utilization in which all products of geothermal resources, other than any heat utilized, are returned to the geothermal formation from which they are produced.''.

(b) EFFECTIVE DATE.—The provisions of this section shall take effect on October 1, 2003.

SEC. 6303. AMENDMENTS RELATING TO LEASING ON FOREST SERVICE LANDS.

The Geothermal Steam Act of 1970 is amended—

(1) in section 15(b) (30 U.S.C. 1014(b))—

(A) by inserting ''(1)'' after ''(b)''; and

(B) in paragraph (1) (as designated by subparagraph (A) of this paragraph) in the first sentence—

(i) by striking ''with the consent of, and'' and inserting ''after consultation with the Secretary of Agriculture and''; and

(ii) by striking ''the head of that Department'' and inserting ''the Secretary of Agriculture''; and

(2) by adding at the end the following:

''(2)(A) A geothermal lease for lands withdrawn or acquired in aid of functions of the Department of Agriculture may not be issued if the Secretary of Agriculture, after the consultation required by paragraph (1) and consultation with any Regional Forester having administrative jurisdiction over the lands concerned, determines that no terms or conditions, including a prohibition on surface occupancy for lease operations, would be sufficient to adequately protect such lands under the National Forest Management Act of 1976 (16 U.S.C. 1600 et seq.).

''(B) The authority of the Secretary of Agriculture under this paragraph may be delegated only to the Undersecretary of Agriculture for Natural Resources and Environment.

''(3) The Secretary of Agriculture shall include in the record of decision for a determination under paragraph (2)(A)—

''(A) any written statement regarding the determination that is prepared by a Regional Forester consulted by the Secretary under paragraph (2)(A) regarding the determination; or

''(B) an explanation why such a statement by the Regional Forester is not included.''.

SEC. 6304. DEADLINE FOR DETERMINATION ON PENDING NONCOMPETITIVE LEASE APPLICATIONS.

Not later than 90 days after the date of the enactment of this Act, the Secretary of the Interior shall, with respect to each application pending on the date of the enactment of this Act for a lease under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.), issue a final determination of—

(1) whether or not to conduct a lease sale by competitive bidding; and

(2) whether or not to award a lease without competitive bidding.

SEC. 6305. OPENING OF PUBLIC LANDS UNDER MILITARY JURISDICTION.

(a) IN GENERAL.—Except as otherwise provided in the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) and other provisions of Federal law applicable to development of geothermal energy resources within public lands, all public lands under the jurisdiction of a Secretary of a military department shall be open to the operation of such laws and development and utilization of geothermal steam and associated geothermal resources, as that term is defined in section 2 of the Geothermal Steam Act of 1970 (30 U.S.C. 1001), without the necessity for further action by the Secretary or the Congress.

(b) CONFORMING AMENDMENT.—Section 2689 of title 10, United States Code, is amended by striking ''including public lands,'' and inserting ''other than public lands,''.

(c) TREATMENT OF EXISTING LEASES.—Upon the expiration of any lease in effect on the date of the enactment of this Act of public lands under the jurisdiction of a military department for the development of any geothermal resource, such lease may, at the option of the lessee—

(1) be treated as a lease under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.), and be renewed in accordance with such Act; or

(2) be renewed in accordance with the terms of the lease, if such renewal is authorized by such terms.

(d) REGULATIONS.—The Secretary of the Interior, with the advice and concurrence of the Secretary of the military department concerned, shall prescribe such regulations to carry out this section as may be necessary. Such regulations shall contain guidelines to assist in determining how much, if any, of the surface of any lands opened pursuant to this section may be used for purposes incident to geothermal energy resources development and utilization.

(e) CLOSURE FOR PURPOSES OF NATIONAL DEFENSE OR SECURITY.—In the event of a national emergency or for purposes of national defense or security, the Secretary of the Interior, at the request of the Secretary of the military department concerned, shall close any lands that have been opened to geothermal energy resources leasing pursuant to this section.

SEC. 6306. APPLICATION OF AMENDMENTS.

The amendments made by this title apply with respect to any lease executed before, on, or after the date of the enactment of this Act.

SEC. 6307. REVIEW AND REPORT TO CONGRESS.

The Secretary of the Interior shall promptly review and report to the Congress regarding the status of all moratoria on and withdrawals from leasing under the Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) of known geothermal resources areas (as that term is defined in section 2 of that Act (30 U.S.C. 1001), specifying for each such area whether the basis for such moratoria or withdrawal still applies.

SEC. 6308. REIMBURSEMENT FOR COSTS OF NEPA ANALYSES, DOCUMENTATION, AND STUDIES.

(a) IN GENERAL.—The Geothermal Steam Act of 1970 (30 U.S.C. 1001 et seq.) is amended by adding at the end the following:

''REIMBURSEMENT FOR COSTS OF CERTAIN ANALYSES, DOCUMENTATION, AND STUDIES

''Sec. 38. (a) IN GENERAL.—Effective October 1, 2003, The Secretary of the Interior may, through royalty credits, reimburse a person who is a lessee, operator, operating rights owner, or applicant for a lease under this Act for amounts paid by the person for preparation by the Secretary (or a contractor or other person selected by the Secretary) of any project-level analysis, documentation, or related study required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to the lease.

''(b) CONDITIONS.—The Secretary shall provide reimbursement under subsection (a) only if—

''(1) adequate funding to enable the Secretary to timely prepare the analysis, documentation, or related study is not appropriated;

''(2) the person paid the costs voluntarily; and

''(3) the person maintains records of its costs in accordance with regulations prescribed by the Secretary.''.

(b) APPLICATION.—The amendments made by this section shall apply with respect to any lease entered into before, on, or after the date of the enactment of this Act.

(c) DEADLINE FOR REGULATIONS.—The Secretary shall issue regulations implementing the amendments made by this section by not later than 90 days after the date of the enactment of this Act.

TITLE IV—HYDROPOWER

SEC. 6401. STUDY AND REPORT ON INCREASING ELECTRIC POWER PRODUCTION CAPABILITY OF EXISTING FACILITIES.

(a) IN GENERAL.—The Secretary of the Interior shall conduct a study of the potential for increasing electric power production capability at existing facilities under the administrative jurisdiction of the Secretary.

(b) CONTENT.—The study under this section shall include identification and description in detail of each facility that is capable, with or without modification, of producing additional hydroelectric power, including estimation of the existing potential for the facility to generate hydroelectric power.

(c) REPORT.—The Secretary shall submit to the Congress a report on the findings, conclusions, and recommendations of the study under this section by not later than 12 months after the date of the enactment of this Act. The Secretary shall include in the report the following:

(1) The identifications, descriptions, and estimations referred to in subsection (b).

(2) A description of activities the Secretary is currently conducting or considering, or that could be considered, to produce additional hydroelectric power from each identified facility.

(3) A summary of action that has already been taken by the Secretary to produce additional hydroelectric power from each identified facility.

(4) The costs to install, upgrade, or modify equipment or take other actions to produce additional hydroelectric power from each identified facility.

(5) The benefits that would be achieved by such installation, upgrade, modification, or other action, including quantified estimates of any additional energy or capacity from each facility identified under subsection (b).

(6) A description of actions that are planned, underway, or might reasonably be considered to increase hydroelectric power production by replacing turbine runners.

(7) A description of actions that are planned, underway, or might reasonably be considered to increase hydroelectric power production by performing generator uprates and rewinds.

(8) The impact of increased hydroelectric power production on irrigation, fish, wildlife, Indian tribes, river health, water quality, navigation, recreation, fishing, and flood control.

(9) Any additional recommendations the Secretary considers advisable to increase hydroelectric power production from, and reduce costs and improve efficiency at, facilities under the jurisdiction of the Secretary.

SEC. 6402. INSTALLATION OF POWERFORMER AT FOLSOM POWER PLANT, CALIFORNIA.

(a) IN GENERAL.—The Secretary of the Interior may install a powerformer at the Bureau of Reclamation Folsom power plant in Folsom, California, to replace a generator and transformer that are due for replacement due to age.

(b) REIMBURSABLE COSTS.—Costs incurred by the United States for installation of a powerformer under this section shall be treated as reimbursable costs and shall bear interest at current long-term borrowing rates of the United States Treasury at the time of acquisition.

(c) LOCAL COST SHARING.—In addition to reimbursable costs under subsection (b), the Secretary shall seek contributions from power users toward the costs of the powerformer and its installation.

SEC. 6403. STUDY AND IMPLEMENTATION OF INCREASED OPERATIONAL EFFICIENCIES IN HYDROELECTRIC POWER PROJECTS.

(a) IN GENERAL.—The Secretary of Interior shall conduct a study of operational methods and water scheduling techniques at all hydroelectric power plants under the administrative jurisdiction of the Secretary that have an electric power production capacity greater than 50 megawatts, to—

(1) determine whether such power plants and associated river systems are operated so as to maximize energy and capacity capabilities; and

(2) identify measures that can be taken to improve operational flexibility at such plants to achieve such maximization.

(b) REPORT.—The Secretary shall submit a report on the findings, conclusions, and recommendations of the study under this section by not later than 18 months after the date of the enactment of this Act, including a summary of the determinations and identifications under paragraphs (1) and (2) of subsection (a).

(c) COOPERATION BY FEDERAL POWER MARKETING ADMINISTRATIONS.—The Secretary shall coordinate with the Administrator of each Federal power marketing administration in—

(1) determining how the value of electric power produced by each hydroelectric power facility that produces power marketed by the administration can be maximized; and

(2) implementing measures identified under subsection (a)(2).

(d) LIMITATION ON IMPLEMENTATION OF MEASURES.—Implementation under subsections (a)(2) and (b)(2) shall be limited to those measures that can be implemented within the constraints imposed on Department of the Interior facilities by other uses required by law.

SEC. 6404. SHIFT OF PROJECT LOADS TO OFF-PEAK PERIODS.

(a) IN GENERAL.—The Secretary of the Interior shall—

(1) review electric power consumption by Bureau of Reclamation facilities for water pumping purposes; and

(2) make such adjustments in such pumping as possible to minimize the amount of electric power consumed for such pumping during periods of peak electric power consumption, including by performing as much of such pumping as possible during off-peak hours at night.

(b) CONSENT OF AFFECTED IRRIGATION CUSTOMERS REQUIRED.—The Secretary may not under this section make any adjustment in pumping at a facility without the consent of each person that has contracted with the United States for delivery of water from the facility for use for irrigation and that would be affected by such adjustment.

(c) EXISTING OBLIGATIONS NOT AFFECTED.—This section shall not be construed to affect any existing obligation of the Secretary to provide electric power, water, or other benefits from Bureau of Reclamation facilities.

TITLE V—ARCTIC COASTAL PLAIN DOMESTIC ENERGY

SEC. 6501. SHORT TITLE.

This title may be cited as the ''Arctic Coastal Plain Domestic Energy Security Act of 2001''.

SEC. 6502. DEFINITIONS.

In this title:

(1) COASTAL PLAIN.—The term ''Coastal Plain'' means that area identified as such in the map entitled ''Arctic National Wildlife

Refuge'', dated August 1980, as referenced in section 1002(b) of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142(b)(1)), comprising approximately 1,549,000 acres.

(2) SECRETARY.—The term ''Secretary'', except as otherwise provided, means the Secretary of the Interior or the Secretary's designee.

SEC. 6503. LEASING PROGRAM FOR LANDS WITHIN THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall take such actions as are necessary—

(1) to establish and implement in accordance with this title a competitive oil and gas leasing program under the Mineral Leasing Act (30 U.S.C. 181 et seq.) that will result in an environmentally sound program for the exploration, development, and production of the oil and gas resources of the Coastal Plain; and

(2) to administer the provisions of this title through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, subsistence resources, and the environment, and including, in furtherance of this goal, by requiring the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this title in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—Section 1003 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3143) is repealed.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966, the oil and gas leasing program and activities authorized by this section in the Coastal Plain are deemed to be compatible with the purposes for which the Arctic National Wildlife Refuge was established, and that no further findings or decisions are required to implement this determination.

(2) ADEQUACY OF THE DEPARTMENT OF THE INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT.—The ''Final Legislative Environmental Impact Statement'' (April 1987) on the Coastal Plain prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is deemed to satisfy the requirements under the National Environmental Policy Act of 1969 that apply with respect to actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of a leasing program authorized by this title before the conduct of the first lease sale.

(3) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—Before conducting the first lease sale under this title, the Secretary shall prepare an environmental impact statement under the National Environmental Policy Act of 1969 with respect to the actions authorized by this title that are not referred to in paragraph (2). Notwithstanding any other law, the Secretary is not required to identify nonleasing alternative courses of action or to analyze the environmental effects of such courses of action. The Secretary shall only identify a preferred action for such leasing and a single leasing alternative, and analyze the environmental effects and potential mitigation measures for those two alternatives. The identification of the preferred action and related analysis for the first lease sale under this title shall be completed within 18 months after the date of the enactment of this Act. The Secretary shall only consider public comments that specifically address the Secretary's preferred action and that are filed within 20 days after publication of an environmental analysis. Notwithstanding any other law, compliance with this paragraph is deemed to satisfy all requirements for the analysis and consideration of the environmental effects of proposed leasing under this title.

(d) RELATIONSHIP TO STATE AND LOCAL AUTHORITY.—Nothing in this title shall be considered to expand or limit State and local regulatory authority.

(e) SPECIAL AREAS.—

(1) IN GENERAL.—The Secretary, after consultation with the State of Alaska, the city of Kaktovik, and the North Slope Borough, may designate up to a total of 45,000 acres of the Coastal Plain as a Special Area if the Secretary determines that the Special Area is of such unique character and interest so as to require special management and regulatory protection. The Secretary shall designate as such a Special Area the Sadlerochit Spring area, comprising approximately 4,000 acres as depicted on the map referred to in section 6502(1).

(2) MANAGEMENT.—Each such Special Area shall be managed so as to protect and preserve the area's unique and diverse character including its fish, wildlife, and subsistence resource values.

(3) EXCLUSION FROM LEASING OR SURFACE OCCUPANCY.—The Secretary may exclude any Special Area from leasing. If the Secretary leases a Special Area, or any part thereof, for purposes of oil and gas exploration, development, production, and related activities, there shall be no surface occupancy of the lands comprising the Special Area.

(4) DIRECTIONAL DRILLING.—Notwithstanding the other provisions of this subsection, the Secretary may lease all or a portion of a Special Area under terms that permit the use of horizontal drilling technology from sites on leases located outside the area.

(f) LIMITATION ON CLOSED AREAS.—The Secretary's sole authority to close lands within the Coastal Plain to oil and gas leasing and to exploration, development, and production is that set forth in this title.

(g) REGULATIONS.—

(1) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary to carry out this title, including rules and regulations relating to protection of the fish and wildlife, their habitat, subsistence resources, and environment of the Coastal Plain, by no later than 15 months after the date of the enactment of this Act.

(2) REVISION OF REGULATIONS.—The Secretary shall periodically review and, if appropriate, revise the rules and regulations issued under subsection (a) to reflect any significant biological, environmental, or engineering data that come to the Secretary's attention.

SEC. 6504. LEASE SALES.

(a) IN GENERAL.—Lands may be leased pursuant to this title to any person qualified to obtain a lease for deposits of oil and gas under the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(b) PROCEDURES.—The Secretary shall, by regulation, establish procedures for—

(1) receipt and consideration of sealed nominations for any area in the Coastal Plain for inclusion in, or exclusion (as provided in subsection (c)) from, a lease sale;

(2) the holding of lease sales after such nomination process; and

(3) public notice of and comment on designation of areas to be included in, or excluded from, a lease sale.

(c) LEASE SALE BIDS.—Bidding for leases under this title shall be by sealed competitive cash bonus bids.

(d) ACREAGE MINIMUM IN FIRST SALE.—In the first lease sale under this title, the Secretary shall offer for lease those tracts the Secretary considers to have the greatest potential for the discovery of hydrocarbons, taking into consideration nominations received pursuant to subsection (b)(1), but in no case less than 200,000 acres.

(e) TIMING OF LEASE SALES.—The Secretary shall—

(1) conduct the first lease sale under this title within 22 months after the date of the enactment of this title; and

(2) conduct additional sales so long as sufficient interest in development exists to warrant, in the Secretary's judgment, the conduct of such sales.

SEC. 6505. GRANT OF LEASES BY THE SECRETARY.

(a) IN GENERAL.—The Secretary may grant to the highest responsible qualified bidder in a lease sale conducted pursuant to section 6504 any lands to be leased on the Coastal Plain upon payment by the lessee of such bonus as may be accepted by the Secretary.

(b) SUBSEQUENT TRANSFERS.—No lease issued under this title may be sold, exchanged, assigned, sublet, or otherwise transferred except with the approval of the Secretary. Prior to any such approval the Secretary shall consult with, and give due consideration to the views of, the Attorney General.

SEC. 6506. LEASE TERMS AND CONDITIONS.

(a) IN GENERAL.—An oil or gas lease issued pursuant to this title shall—

(1) provide for the payment of a royalty of not less than 12½ percent in amount or value of the production removed or sold from the lease, as determined by the Secretary under the regulations applicable to other Federal oil and gas leases;

(2) provide that the Secretary may close, on a seasonal basis, portions of the Coastal Plain to exploratory drilling activities as necessary to protect caribou calving areas and other species of fish and wildlife;

(3) require that the lessee of lands within the Coastal Plain shall be fully responsible and liable for the reclamation of lands within the Coastal Plain and any other Federal lands that are adversely affected in connection with exploration, development, production, or transportation activities conducted under the lease and within the Coastal Plain by the lessee or by any of the subcontractors or agents of the lessee;

(4) provide that the lessee may not delegate or convey, by contract or otherwise, the reclamation responsibility and liability to another person without the express written approval of the Secretary;

(5) provide that the standard of reclamation for lands required to be reclaimed under this title shall be, as nearly as practicable, a condition capable of supporting the uses which the lands were capable of supporting prior to any exploration, development, or production activities, or upon application by the lessee, to a higher or better use as approved by the Secretary;

(6) contain terms and conditions relating to protection of fish and wildlife, their habitat, and the environment as required pursuant to section 6503(a)(2);

(7) provide that the lessee, its agents, and its contractors use best efforts to provide a fair share, as determined by the level of obligation previously agreed to in the 1974 agreement implementing section 29 of the Federal Agreement and Grant of Right of Way for the Operation of the Trans-Alaska Pipeline, of employment and contracting for Alaska Natives and Alaska Native Corporations from throughout the State;

(8) prohibit the export of oil produced under the lease; and

(9) contain such other provisions as the Secretary determines necessary to ensure compliance with the provisions of this title and the regulations issued under this title.

(b) PROJECT LABOR AGREEMENTS.—The Secretary, as a term and condition of each lease under this title and in recognizing the Government's proprietary interest in labor stability and in the ability of construction labor and management to meet the particular needs and conditions of projects to be developed under the leases issued pursuant to this title and the special concerns of the parties to such leases, shall require that the lessee and its agents and contractors negotiate to obtain a project labor agreement for the employment of laborers and mechanics on production, maintenance, and construction under the lease.

SEC. 6507. COASTAL PLAIN ENVIRONMENTAL PROTECTION.

(a) NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—The Secretary shall, consistent with the requirements of section 6503, administer the provisions of this title through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(1) ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, and the environment;

(2) require the application of the best commercially available technology for oil and gas exploration, development, and production on all new exploration, development, and production operations; and

(3) ensure that the maximum amount of surface acreage covered by production and support facilities, including airstrips and any areas covered by gravel berms or piers for support of pipelines, does not exceed 2,000 acres on the Coastal Plain.

(b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—The Secretary shall also require, with respect to any proposed drilling and related activities, that—

(1) a site-specific analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, their habitat, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the extent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan shall occur after consultation with the agency or agencies having jurisdiction over matters mitigated by the plan.

(c) REGULATIONS TO PROTECT COASTAL PLAIN FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND THE ENVIRONMENT.—Before implementing the leasing program authorized by this title, the Secretary shall prepare and promulgate regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other measures designed to ensure that the activities undertaken on the Coastal Plain under this title are conducted in a manner consistent with the purposes and environmental requirements of this title.

(d) COMPLIANCE WITH FEDERAL AND STATE ENVIRONMENTAL LAWS AND OTHER REQUIREMENTS.—The proposed regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program under this title shall require compliance with all applicable provisions of Federal and State environmental law and shall also require the following:

(1) Standards at least as effective as the safety and environmental mitigation measures set forth in items 1 through 29 at pages 167 through 169 of the ''Final Legislative Environmental Impact Statement'' (April 1987) on the Coastal Plain.

(2) Seasonal limitations on exploration, development, and related activities, where necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning, and migration.

(3) That exploration activities, except for surface geological studies, be limited to the period between approximately November 1 and May 1 each year and that exploration activities shall be supported by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods, except that such exploration activities may occur at other times, if—

(A) the Secretary determines, after affording an opportunity for public comment and review, that special circumstances exist necessitating that exploration activities be conducted at other times of the year; and

(B) the Secretary finds that such exploration will have no significant adverse effect on the fish and wildlife, their habitat, and the environment of the Coastal Plain.

(4) Design safety and construction standards for all pipelines and any access and service roads, that—

(A) minimize, to the maximum extent possible, adverse effects upon the passage of migratory species such as caribou; and

(B) minimize adverse effects upon the flow of surface water by requiring the use of culverts, bridges, and other structural devices.

(5) Prohibitions on public access and use on all pipeline access and service roads.

(6) Stringent reclamation and rehabilitation requirements, consistent with the standards set forth in this title, requiring the removal from the Coastal Plain of all oil and gas development and production facilities, structures, and equipment upon completion of oil and gas production operations, except that the Secretary may exempt from the requirements of this paragraph those facilities, structures, or equipment that the Secretary determines would assist in the management of the Arctic National Wildlife Refuge and that are donated to the United States for that purpose.

(7) Appropriate prohibitions or restrictions on access by all modes of transportation.

(8) Appropriate prohibitions or restrictions on sand and gravel extraction.

(9) Consolidation of facility siting.

(10) Appropriate prohibitions or restrictions on use of explosives.

(11) Avoidance, to the extent practicable, of springs, streams, and river system; the protection of natural surface drainage patterns, wetlands, and riparian habitats; and the regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling.

(12) Avoidance or reduction of air traffic-related disturbance to fish and wildlife.

(13) Treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, and domestic wastewater, including an annual waste management report, a hazardous materials tracking system, and a prohibition on chlorinated solvents, in accordance with applicable Federal and State environmental law.

(14) Fuel storage and oil spill contingency planning.

(15) Research, monitoring, and reporting requirements.

(16) Field crew environmental briefings.

(17) Avoidance of significant adverse effects upon subsistence hunting, fishing, and trapping by subsistence users.

(18) Compliance with applicable air and water quality standards.

(19) Appropriate seasonal and safety zone designations around well sites, within which subsistence hunting and trapping shall be limited.

(20) Reasonable stipulations for protection of cultural and archeological resources.

(21) All other protective environmental stipulations, restrictions, terms, and conditions deemed necessary by the Secretary.

(e) CONSIDERATIONS.—In preparing and promulgating regulations, lease terms, conditions, restrictions, prohibitions, and stipulations under this section, the Secretary shall consider the following:

(1) The stipulations and conditions that govern the National Petroleum Reserve-Alaska leasing program, as set forth in the 1999 Northeast National Petroleum Reserve-Alaska Final Integrated Activity Plan/Environmental Impact Statement.

(2) The environmental protection standards that governed the initial Coastal Plain seismic exploration program under parts 37.31 to 37.33 of title 50, Code of Federal Regulations.

(3) The land use stipulations for exploratory drilling on the KIC-ASRC private lands that are set forth in Appendix 2 of the August 9, 1983, agreement between Arctic Slope Regional Corporation and the United States.

(f) FACILITY CONSOLIDATION PLANNING.—

(1) IN GENERAL.—The Secretary shall, after providing for public notice and comment, prepare and update periodically a plan to govern, guide, and direct the siting and construction of facilities for the exploration, development, production, and transportation of Coastal Plain oil and gas resources.

(2) OBJECTIVES.—The plan shall have the following objectives:

(A) Avoiding unnecessary duplication of facilities and activities.

(B) Encouraging consolidation of common facilities and activities.

(C) Locating or confining facilities and activities to areas that will minimize impact on fish and wildlife, their habitat, and the environment.

(D) Utilizing existing facilities wherever practicable.

(E) Enhancing compatibility between wildlife values and development activities.

SEC. 6508. EXPEDITED JUDICIAL REVIEW.

(a) FILING OF COMPLAINT.—

(1) DEADLINE.—Subject to paragraph (2), any complaint seeking judicial review of any provision of this title or any action of the Secretary under this title shall be filed in any appropriate district court of the United States—

(A) except as provided in subparagraph (B), within the 90-day period beginning on the date of the action being challenged; or

(B) in the case of a complaint based solely on grounds arising after such period, within 90 days after the complainant knew or reasonably should have known of the grounds for the complaint.

(2) VENUE.—Any complaint seeking judicial review of an action of the Secretary under this title may be filed only in the United States Court of Appeals for the District of Columbia.

(3) LIMITATION ON SCOPE OF CERTAIN REVIEW.—Judicial review of a Secretarial decision to conduct a lease sale under this title, including the environmental analysis thereof, shall be limited to whether the Secretary has complied with the terms of this division and shall be based upon the administrative record of that decision. The Secretary's identification of a preferred course of action to enable leasing to proceed and the Secretary's analysis of environmental effects under this division shall be presumed to be correct unless shown otherwise by clear and convincing evidence to the contrary.

(b) LIMITATION ON OTHER REVIEW.—Actions of the Secretary with respect to which review could have been obtained under this

section shall not be subject to judicial review in any civil or criminal proceeding for enforcement.

SEC. 6509. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.

(a) EXEMPTION.—Title XI of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3161 et seq.) shall not apply to the issuance by the Secretary under section 28 of the Mineral Leasing Act (30 U.S.C. 185) of rights-of-way and easements across the Coastal Plain for the transportation of oil and gas.

(b) TERMS AND CONDITIONS.—The Secretary shall include in any right-of-way or easement referred to in subsection (a) such terms and conditions as may be necessary to ensure that transportation of oil and gas does not result in a significant adverse effect on the fish and wildlife, subsistence resources, their habitat, and the environment of the Coastal Plain, including requirements that facilities be sited or designed so as to avoid unnecessary duplication of roads and pipelines.

(c) REGULATIONS.—The Secretary shall include in regulations under section 6503(g) provisions granting rights-of-way and easements described in subsection (a) of this section.

SEC. 6510. CONVEYANCE.

In order to maximize Federal revenues by removing clouds on title to lands and clarifying land ownership patterns within the Coastal Plain, the Secretary, notwithstanding the provisions of section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), shall convey—

(1) to the Kaktovik Inupiat Corporation the surface estate of the lands described in paragraph 2 of Public Land Order 6959, to the extent necessary to fulfill the Corporation's entitlement under section 12 of the Alaska Native Claims Settlement Act (43 U.S.C. 1611); and

(2) to the Arctic Slope Regional Corporation the subsurface estate beneath such surface estate pursuant to the August 9, 1983, agreement between the Arctic Slope Regional Corporation and the United States of America.

SEC. 6511. LOCAL GOVERNMENT IMPACT AID AND COMMUNITY SERVICE ASSISTANCE.

(a) FINANCIAL ASSISTANCE AUTHORIZED.—

(1) IN GENERAL.—The Secretary may use amounts available from the Coastal Plain Local Government Impact Aid Assistance Fund established by subsection (d) to provide timely financial assistance to entities that are eligible under paragraph (2) and that are directly impacted by the exploration for or production of oil and gas on the Coastal Plain under this title.

(2) ELIGIBLE ENTITIES.—The North Slope Borough, Kaktovik, and other boroughs, municipal subdivisions, villages, and any other community organized under Alaska State law shall be eligible for financial assistance under this section.

(b) USE OF ASSISTANCE.—Financial assistance under this section may be used only for—

(1) planning for mitigation of the potential effects of oil and gas exploration and development on environmental, social, cultural, recreational and subsistence values;

(2) implementing mitigation plans and maintaining mitigation projects; and

(3) developing, carrying out, and maintaining projects and programs that provide new or expanded public facilities and services to address needs and problems associated with such effects, including firefighting, police, water, waste treatment, medivac, and medical services.

(c) APPLICATION.—

(1) IN GENERAL.—Any community that is eligible for assistance under this section may submit an application for such assistance to the Secretary, in such form and under such procedures as the Secretary may prescribe by regulation.

(2) NORTH SLOPE BOROUGH COMMUNITIES.—A community located in the North Slope Borough may apply for assistance under this section either directly to the Secretary or through the North Slope Borough.

(3) APPLICATION ASSISTANCE.—The Secretary shall work closely with and assist the North Slope Borough and other communities eligible for assistance under this section in developing and submitting applications for assistance under this section.

(d) ESTABLISHMENT OF FUND.—

(1) IN GENERAL.—There is established in the Treasury the Coastal Plain Local Government Impact Aid Assistance Fund.

(2) USE.—Amounts in the fund may be used only for providing financial assistance under this section.

(3) DEPOSITS.—Subject to paragraph (4), there shall be deposited into the fund amounts received by the United States as revenues derived from rents, bonuses, and royalties under on leases and lease sales authorized under this title.

(4) LIMITATION ON DEPOSITS.—The total amount in the fund may not exceed $10,000,000.

(5) INVESTMENT OF BALANCES.—The Secretary of the Treasury shall invest amounts in the fund in interest bearing government securities.

(e) AUTHORIZATION OF APPROPRIATIONS.—To provide financial assistance under this section there is authorized to be appropriated to the Secretary from the Coastal Plain Local Government Impact Aid Assistance Fund $5,000,000 for each fiscal year.

SEC. 6512. REVENUE ALLOCATION.

(a) FEDERAL AND STATE DISTRIBUTION.—

(1) IN GENERAL.—Notwithstanding section 6504 of this Act, the Mineral Leasing Act (30 U.S.C. 181 et seq.), or any other law, of the amount of adjusted bonus, rental, and royalty revenues from oil and gas leasing and operations authorized under this title—

(A) 50 percent shall be paid to the State of Alaska; and

(B) the balance shall be deposited into the Renewable Energy Technology Investment Fund and the Royalties Conservation Fund as provided in this section.

(2) ADJUSTMENTS.—Adjustments to bonus, rental, and royalty amounts from oil and gas leasing and operations authorized under this title shall be made as necessary for overpayments and refunds from lease revenues received in current or subsequent periods before distribution of such revenues pursuant to this section.

(3) TIMING OF PAYMENTS TO STATE.—Payments to the State of Alaska under this section shall be made semiannually.

(b) RENEWABLE ENERGY TECHNOLOGY INVESTMENT FUND.—

(1) ESTABLISHMENT AND AVAILABILITY.—There is hereby established in the Treasury of the United States a separate account which shall be known as the ''Renewable Energy Technology Investment Fund''.

(2) DEPOSITS.—Fifty percent of adjusted revenues from bonus payments for leases issued under this title shall be deposited into the Renewable Energy Technology Investment Fund.

(3) USE, GENERALLY.—Subject to paragraph (4), funds deposited into the Renewable Energy Technology Investment Fund shall be used by the Secretary of Energy to finance research grants, contracts, and cooperative agreements and expenses of direct research by Federal agencies, including the costs of administering and reporting on such a program of research, to improve and demonstrate technology and develop basic science information for development and use of renewable and alternative fuels including wind energy, solar energy, geothermal energy, and energy from biomass. Such research may include studies on deployment of such technology including research on how to lower the costs of introduction of such technology and of barriers to entry into the market of such technology.

(4) USE FOR ADJUSTMENTS AND REFUNDS.—If for any circumstances, adjustments or refunds of bonus amounts deposited pursuant to this title become warranted, 50 percent of the amount necessary for the sum of such adjustments and refunds may be paid by the Secretary from the Renewable Energy Technology Investment Fund.

(5) CONSULTATION AND COORDINATION.—Any specific use of the Renewable Energy Technology Investment Fund shall be determined only after the Secretary of Energy consults and coordinates with the heads of other appropriate Federal agencies.

(6) REPORTS.—Not later than 1 year after the date of the enactment of this Act and on an annual basis thereafter, the Secretary of Energy shall transmit to the Committee on Science of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report on the use of funds under this subsection and the impact of and efforts to integrate such uses with other energy research efforts.

(c) ROYALTIES CONSERVATION FUND.—

(1) ESTABLISHMENT AND AVAILABILITY.—There is hereby established in the Treasury of the United States a separate account which shall be known as the ''Royalties Conservation Fund''.

(2) DEPOSITS.—Fifty percent of revenues from rents and royalty payments for leases issued under this title shall be deposited into the Royalties Conservation Fund.

(3) USE, GENERALLY.—Subject to paragraph (4), funds deposited into the Royalties Conservation Fund—

(A) may be used by the Secretary of the Interior and the Secretary of Agriculture to finance grants, contracts, cooperative agreements, and expenses for direct activities of the Department of the Interior and the Forest Service to restore and otherwise conserve lands and habitat and to eliminate maintenance and improvements backlogs on Federal lands, including the costs of administering and reporting on such a program; and

(B) may be used by the Secretary of the Interior to finance grants, contracts, cooperative agreements, and expenses—

(i) to preserve historic Federal properties;

(ii) to assist States and Indian Tribes in preserving their historic properties;

(iii) to foster the development of urban parks; and

(iv) to conduct research to improve the effectiveness and lower the costs of habitat restoration.

(4) USE FOR ADJUSTMENTS AND REFUNDS.—If for any circumstances, refunds or adjustments of royalty and rental amounts deposited pursuant to this title become warranted, 50 percent of the amount necessary for the sum of such adjustments and refunds may be paid from the Royalties Conservation Fund.

(d) AVAILABILITY.—Moneys covered into the accounts established by this section—

(1) shall be available for expenditure only to the extent appropriated therefor;

(2) may be appropriated without fiscal-year limitation; and

(3) may be obligated or expended only as provided in this section.

TITLE VI—CONSERVATION OF ENERGY BY THE DEPARTMENT OF THE INTERIOR

SEC. 6601. ENERGY CONSERVATION BY THE DEPARTMENT OF THE INTERIOR.

(a) IN GENERAL.—The Secretary of the Interior shall—

(1) conduct a study to identify, evaluate, and recommend opportunities for conserving energy by reducing the amount of energy used by facilities of the Department of the Interior; and

(2) wherever feasible and appropriate, reduce the use of energy from traditional sources by encouraging use of alternative energy sources, including solar power and power from fuel cells, throughout such facilities and the public lands of the United States.

(b) REPORTS.—The Secretary shall submit to the Congress—

(1) by not later than 90 days after the date of the enactment of this Act, a report containing the findings, conclusions, and recommendations of the study under subsection (a)(1); and

(2) by not later than December 31 each year, an annual report describing progress made in—

(A) conserving energy through opportunities recommended in the report under paragraph (1); and

(B) encouraging use of alternative energy sources under subsection (a)(2).

SEC. 6602. AMENDMENT TO BUY INDIAN ACT.

Section 23 of the Act of June 25, 1910 (25 U.S.C. 47; commonly known as the ''Buy Indian Act'') is amended by inserting ''energy products, and energy by-products,'' after ''printing,''.

TITLE VII—COAL

SEC. 6701. LIMITATION ON FEES WITH RESPECT TO COAL LEASE APPLICATIONS AND DOCUMENTS.

Notwithstanding sections 304 and 504 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1734, 1764) and section 9701 of title 31, United States Code, the Secretary shall not recover the Secretary's costs with respect to applications and other documents relating coal leases.

SEC. 6702. MINING PLANS.

Section 2(d)(2) of the Mineral Leasing Act (30 U.S.C. 202a(2)) is amended—

(1) by inserting ''(A)'' after ''(2)''; and

(2) by adding at the end the following:

''(B) The Secretary may establish a period of more than 40 years if the Secretary determines that the longer period—

''(i) will ensure the maximum economic recovery of a coal deposit; or

''(ii) the longer period is in the interest of the orderly, efficient, or economic development of a coal resources.''.

SEC. 6703. PAYMENT OF ADVANCE ROYALTIES UNDER COAL LEASES.

(a) IN GENERAL.—Section 7(b) of the Mineral Leasing Act of 1920 (30 U.S.C. 207(b)) is amended to read as follows:

''(b)(1) Each lease shall be subjected to the condition of diligent development and continued operation of the mine or mines, except where operations under the lease are interrupted by strikes, the elements, or casualties not attributable to the lessee.

''(2)(A) The Secretary of the Interior, upon determining that the public interest will be served thereby, may suspend the condition of continued operation upon the payment of advance royalties.

''(B) Such advance royalties shall be computed based on the average price for coal sold in the spot market from the same region during the last month of each applicable continued operation year.

''(C) The aggregate number of years during the initial and any extended term of any lease for which advance royalties may be accepted in lieu of the condition of continued operation shall not exceed 20.

''(3) The amount of any production royalty paid for any year shall be reduced (but not below zero) by the amount of any advance royalties paid under such lease to the extent that such advance royalties have not been used to reduce production royalties for a prior year.

''(4) This subsection shall be applicable to any lease or logical mining unit in existence on the date of the enactment of this paragraph or issued or approved after such date.

''(5) Nothing in this subsection shall be construed to affect the requirement contained in the second sentence of subsection (a) relating to commencement of production at the end of 10 years.''.

(b) AUTHORITY TO WAIVE, SUSPEND, OR REDUCE ADVANCE ROYALTIES—Section 39 of the Mineral Leasing Act (30 U.S.C. 209) is amended by striking the last sentence.

SEC. 6704. ELIMINATION OF DEADLINE FOR SUBMISSION OF COAL LEASE OPERATION AND RECLAMATION PLAN.

Section 7(c) of the Mineral Leasing Act (30 U.S.C. 207(c)) is amended by striking ''and not later than three years after a lease is issued,''.

TITLE VIII—INSULAR AREAS ENERGY SECURITY

SEC. 6801. INSULAR AREAS ENERGY SECURITY.

Section 604 of the Act entitled ''An Act to authorize appropriations for certain insular areas of the United States, and for other purposes'', approved December 24, 1980 (Public Law 96–597; 94 Stat. 3480–3481), is amended—

(1) in subsection (a)(4) by striking the period and inserting a semicolon;

(2) by adding at the end of subsection (a) the following new paragraphs:

''(5) electric power transmission and distribution lines in insular areas are inadequate to withstand damage caused by the hurricanes and typhoons which frequently occur in insular areas and such damage often costs millions of dollars to repair; and

''(6) the refinement of renewable energy technologies since the publication of the 1982 Territorial Energy Assessment prepared pursuant to subsection (c) reveals the need to reassess the state of energy production, consumption, infrastructure, reliance on imported energy, and indigenous sources in regard to the insular areas.'';

(3) by amending subsection (e) to read as follows:

''(e)(1) The Secretary of the Interior, in consultation with the Secretary of Energy and the chief executive officer of each insular area, shall update the plans required under subsection (c) by—

''(A) updating the contents required by subsection (c);

''(B) drafting long-term energy plans for such insular areas with the objective of reducing, to the extent feasible, their reliance on energy imports by the year 2010 and maximizing, to the extent feasible, use of indigenous energy sources; and

''(C) drafting long-term energy transmission line plans for such insular areas with the objective that the maximum percentage feasible of electric power transmission and distribution lines in each insular area be protected from damage caused by hurricanes and typhoons.

''(2) Not later than May 31, 2003, the Secretary of the Interior shall submit to Congress the updated plans for each insular area required by this subsection.''; and

(4) by amending subsection (g)(4) to read as follows:

''(4) POWER LINE GRANTS FOR TERRITORIES—

''(A) IN GENERAL.—The Secretary of the Interior is authorized to make grants to governments of territories of the United States to carry out eligible projects to protect electric power transmission and distribution lines in such territories from damage caused by hurricanes and typhoons.

''(B) ELIGIBLE PROJECTS.—The Secretary may award grants under subparagraph (A) only to governments of territories of the United States that submit written project plans to the Secretary for projects that meet the following criteria:

''(i) The project is designed to protect electric power transmission and distribution lines located in one or more of the territories of the United States from damage caused by hurricanes and typhoons.

''(ii) The project is likely to substantially reduce the risk of future damage, hardship, loss, or suffering.

''(iii) The project addresses one or more problems that have been repetitive or that pose a significant risk to public health and safety.

''(iv) The project is not likely to cost more than the value of the reduction in direct damage and other negative impacts that the project is designed to prevent or mitigate. The cost benefit analysis required by this criterion shall be computed on a net present value basis.

''(v) The project design has taken into consideration long-term changes to the areas and persons it is designed to protect and has manageable future maintenance and modification requirements.

''(vi) The project plan includes an analysis of a range of options to address the problem it is designed to prevent or mitigate and a justification for the selection of the project in light of that analysis.

''(vii) The applicant has demonstrated to the Secretary that the matching funds required by subparagraph (D) are available.

''(C) PRIORITY.—When making grants under this paragraph, the Secretary shall give priority to grants for projects which are likely to—

''(i) have the greatest impact on reducing future disaster losses; and

''(ii) best conform with plans that have been approved by the Federal Government or the government of the territory where the project is to be carried out for development or hazard mitigation for that territory.

''(D) MATCHING REQUIREMENT.—The Federal share of the cost for a project for which a grant is provided under this paragraph shall not exceed 75 percent of the total cost of that project. The non-Federal share of the cost may be provided in the form of cash or services.

''(E) TREATMENT OF FUNDS FOR CERTAIN PURPOSES.—Grants provided under this paragraph shall not be considered as income, a resource, or a duplicative program when determining eligibility or benefit levels for Federal major disaster and emergency assistance.

''(F) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $5,000,000 for each fiscal year beginning after the date of the enactment of this paragraph.''.

DIVISION G

SEC. 7101. BUY AMERICAN.

No funds authorized under this Act shall be available to any person or entity that has been convicted of violating the Buy American Act (41 U.S.C. 10a–10c).

SA 2125. Mr. BAUCUS proposed an amendment to the bill H.R. 3090, to provide tax incentives for economic recovery; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Economic Recovery and Homeland Defense Act of 2001''.

(b) REFERENCES TO INTERNAL REVENUE CODE OF 1986.—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) TABLE OF CONTENTS.—

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Sec. 201. Special depreciation allowance for certain property.
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Sec. 301. Expansion of work opportunity tax credit targeted categories to include certain employees in New York City.
Sec. 302. Tax-exempt private activity bonds for rebuilding portion of New York City damaged in the September 11, 2001, terrorist attack.
Sec. 303. Gain or loss from property damaged or destroyed in New York Recovery Zone.
Sec. 304. Reenactment of exceptions for qualified-mortgage-bond-financed loans to victims of Presidentially declared disasters.
Sec. 305. One-year expansion of authority for Indian tribes to issue tax-exempt private activity bonds.

Subtitle B—Victims of Terrorism Tax Relief

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PART I—RELIEF PROVISIONS FOR VICTIMS OF APRIL 19, 1995, AND SEPTEMBER 11, 2001, TERRORIST ATTACKS

Sec. 311. Income and employment taxes of victims of terrorist attacks.
Sec. 312. Estate tax reduction.
Sec. 313. Payments by charitable organizations treated as exempt payments.
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TITLE IV—EXTENSIONS OF CERTAIN EXPIRING TAX PROVISIONS

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Sec. 406. Qualified zone academy bonds.
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TITLE V—EXTENSION OF CERTAIN TRADE PROVISIONS EXPIRING IN 2001.

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TITLE VI—HEALTH INSURANCE

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Sec. 601. Premium assistance for COBRA continuation coverage for individuals and their families.
Sec. 602. State option to provide temporary medicaid coverage for certain uninsured individuals.
Sec. 603. State option to provide temporary coverage under medicaid for the unsubsidized portion of COBRA continuation premiums.
Sec. 604. Temporary increases of medicaid FMAP for fiscal year 2002.
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Sec. 612. Increase in floor for treatment as an extremely low DSH State to 3 percent in fiscal year 2002.
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TITLE VII—TEMPORARY ENHANCED UNEMPLOYMENT BENEFITS

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Sec. 908. No impact on social security trust funds.
Sec. 909. Emergency designation.

TITLE X—HOMELAND DEFENSE

TITLE I—SUPPLEMENTAL REBATE FOR INDIVIDUAL TAXPAYERS

SEC. 101. SUPPLEMENTAL REBATE.

(a) IN GENERAL.—Section 6428 (relating to acceleration of 10 percent income tax rate bracket benefit for 2001) is amended by adding at the end the following new subsection:

''(f) SUPPLEMENTAL REBATE.—

''(1) IN GENERAL.—Each individual who was an eligible individual for such individual's first taxable year beginning in 2000 and who, before October 16, 2001—

''(A) filed a return of tax imposed by subtitle A for such taxable year, or

''(B) filed a return of income tax with the government of American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, or the Virgin Islands of the United States,

shall be treated as having made a payment against the tax imposed by chapter 1 for such first taxable year in an amount equal to the supplemental refund amount for such taxable year.

''(2) SUPPLEMENTAL REFUND AMOUNT.—For purposes of this subsection, the supplemental refund amount is an amount equal to the excess (if any) of—

''(A)(i) $600 in the case of taxpayers to whom section 1(a) applies,

''(ii) $500 in the case of taxpayers to whom section 1(b) applies, and

''(iii) $300 in the case of taxpayers to whom subsections (c) or (d) of section 1 applies, over

''(B) the amount of any advance refund amount paid to the taxpayer under subsection (e).

''(3) TIMING OF PAYMENTS.—In the case of any overpayment attributable to this subsection, the Secretary shall, subject to the provisions of this title, refund or credit such overpayment as rapidly as possible.

''(4) NO INTEREST.—No interest shall be allowed on any overpayment attributable to this subsection.

''(5) SPECIAL RULE FOR CERTAIN NONRESIDENTS.—The determination under subsection (c)(2) as to whether an individual who filed a return of tax described in paragraph (1)(B) is a nonresident alien individual shall, under rules prescribed by the Secretary, be made by reference to the possession or Commonwealth with which the return was filed and not the United States.''.

(b) TECHNICAL CORRECTION.—

(1) IN GENERAL.—Subsection (b) of section 6428 is amended to read as follows:

''(b) CREDIT TREATED AS NONREFUNDABLE PERSONAL CREDIT.—For purposes of this title, the credit allowed under this section shall be treated as a credit allowable under subpart A of part IV of subchapter A of chapter 1.''.

(2) CONFORMING AMENDMENTS.—

(A) Subsection (d) of section 6428 is amended to read as follows:

''(d) COORDINATION WITH ADVANCE REFUNDS OF CREDIT.—

''(1) IN GENERAL.—The amount of credit which would (but for this paragraph) be allowable under this section shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer under subsection (e). Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

''(2) JOINT RETURNS.—In the case of a refund or credit made or allowed under subsection (e) with respect to a joint return, half of such refund or credit shall be treated as having been made or allowed to each individual filing such return.''.

(B) Paragraph (2) of section 6428(e) is amended to read as follows:

''(2) ADVANCE REFUND AMOUNT.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such first taxable year if—

''(A) this section (other than subsections (b) and (d) and this subsection) had applied to such taxable year, and

''(B) the credit for such taxable year were not allowed to exceed the excess (if any) of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(ii) the sum of the credits allowable under part IV of subchapter A of chapter 1 (other than the credits allowable under subpart C thereof, relating to refundable credits).''.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 6428(d), as amended by subsection (b), is amended by striking ''subsection (e)'' and inserting ''subsections (e) and (f)''.

(2) Paragraph (2) of section 6428(d), as amended by subsection (b), is amended by striking ''subsection (e)'' and inserting ''subsection (e) or (f)''.

(3) Paragraph (3) of section 6428(e) is amended by striking ''December 31, 2001'' and inserting ''the date of the enactment of the Economic Recovery and Assistance for American Workers Act of 2001''.

(d) REPORTING REQUIREMENT.—For purposes of determining the individuals who are eligible for the supplemental rebate under section 6428(f) of the Internal Revenue Code of 1986, the governments of American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, and the Virgin Islands of the United States shall provide, at such time and in such manner as provided by the Secretary of the Treasury, the names, addresses, and taxpayer identifying numbers (within the meaning of section 6109 of the Internal Revenue Code of 1986) of residents who filed returns of income tax with such governments for 2000.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) TECHNICALS.—The amendments made by subsection (b) shall take effect as if included in the amendment made by section 101(b)(1) of the Economic Growth and Tax Relief Reconciliation Act of 2001.

TITLE II—TEMPORARY BUSINESS RELIEF PROVISIONS

SEC. 201. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN PROPERTY.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

''(k) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2002.—

''(1) ADDITIONAL ALLOWANCE.—In the case of any qualified property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 10 percent of the adjusted basis of the qualified property, and

''(B) the adjusted basis of the qualified property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) QUALIFIED PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified property' means property—

''(i)(I) to which this section applies which has an applicable recovery period of 20 years or less or which is water utility property,

''(II) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection,

''(III) which is qualified leasehold improvement property, or

''(IV) which is eligible for depreciation under section 167(g),

''(ii) the original use of which commences with the taxpayer after September 10, 2001,

''(iii) which is—

''(I) acquired by the taxpayer after September 10, 2001, and before September 11, 2002, but only if no written binding contract for the acquisition was in effect before September 11, 2001, or

''(II) acquired by the taxpayer pursuant to a written binding contract which was entered into after September 10, 2001, and before September 11, 2002, and

''(iv) which is placed in service by the taxpayer before January 1, 2003.

''(B) EXCEPTIONS.—

''(i) ALTERNATIVE DEPRECIATION PROPERTY.—The term 'qualified property' shall not include any property to which the alternative depreciation system under subsection (g) applies, determined—

''(I) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

''(II) after application of section 280F(b) (relating to listed property with limited business use).

''(ii) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(C) SPECIAL RULES.—

''(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of clause (iii) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after September 10, 2001, and before September 11, 2002.

''(ii) SALE-LEASEBACKS.—For purposes of subparagraph (A)(ii), if property—

''(I) is originally placed in service after September 10, 2001, by a person, and

''(II) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

''(D) COORDINATION WITH SECTION 280F.—For purposes of section 280F—

''(i) AUTOMOBILES.—In the case of a passenger automobile (as defined in section 280F(d)(5)) which is qualified property, the Secretary shall increase the limitation under section 280F(a)(1)(A)(i) by $1,600.

''(ii) LISTED PROPERTY.—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).

''(3) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified leasehold improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

''(I) by the lessee (or any sublessee) of such portion, or

''(II) by the lessor of such portion,

''(ii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

''(iii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefiting a common area, and

''(iv) the internal structural framework of the building.

''(C) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) BINDING COMMITMENT TO LEASE TREATED AS LEASE.—A binding commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively.

''(ii) RELATED PERSONS.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term 'related persons' means—

''(I) members of an affiliated group (as defined in section 1504), and

''(II) persons having a relationship described in subsection (b) of section 267; except that, for purposes of this clause, the phrase '80 percent or more' shall be substituted for the phrase 'more than 50 percent' each place it appears in such subsection.

''(D) IMPROVEMENTS MADE BY LESSOR.—In the case of an improvement made by the person who was the lessor of such improvement when such improvement was placed in service, such improvement shall be qualified leasehold improvement property (if at all) only so long as such improvement is held by such person.''.

(b) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 56(a)(1)(A) (relating to depreciation adjustment for alternative minimum tax) is amended by adding at the end the following new clause:

''(iii) ADDITIONAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2002.—The deduction under section 168(k) shall be allowed.''.

(2) CONFORMING AMENDMENT.—Clause (i) of section 56(a)(1)(A) is amended by striking ''clause (ii)'' both places it appears and inserting ''clauses (ii) and (iii)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 10, 2001, in taxable years ending after such date.

SEC. 202. INCREASE IN SECTION 179 EXPENSING.

(a) IN GENERAL.—The table contained in section 179(b)(1) (relating to dollar limitation) is amended to read as follows:

"If the taxable year begins in:	The applicable amount is:
2001	$24,000
2002	$35,000
2003 or thereafter	$25,000.''.

(b) TEMPORARY INCREASE IN AMOUNT OF PROPERTY TRIGGERING PHASEOUT OF MAXIMUM BENEFIT.—Paragraph (2) of section 179(b) is amended by inserting before the period ''($325,000 in the case of taxable years beginning during 2002)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 203. CARRYBACK OF CERTAIN NET OPERATING LOSSES ALLOWED FOR 5 YEARS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

''(H) In the case of a taxpayer which has a net operating loss for any taxable year ending in 2001, subparagraph (A)(i) shall be applied by substituting '5' for '2' and subparagraph (F) shall not apply.''.

(b) ELECTION TO DISREGARD 5-YEAR CARRYBACK.—Section 172 (relating to net operating loss deduction) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) ELECTION TO DISREGARD 5-YEAR CARRYBACK FOR CERTAIN NET OPERATING LOSSES.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''.

(c) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT ON CERTAIN NOL CARRYBACKS.—Subparagraph (A) of section 56(d)(1) (relating to general rule defining alternative tax net operating loss deduction) is amended to read as follows:

''(A) the amount of such deduction shall not exceed the sum of—

''(i) the lesser of—

''(I) the amount of such deduction attributable to net operating losses (other than the deduction attributable to carrybacks described in clause (ii)(I)), or

''(II) 90 percent of alternative minimum taxable income determined without regard to such deduction, plus

''(ii) the lesser of—

''(I) the amount of such deduction attributable to carrybacks of net operating losses for taxable years ending in 2001, or

''(II) alternative minimum taxable income determined without regard to such deduction reduced by the amount determined under clause (i), and''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to net operating losses for taxable years ending in 2001.

TITLE III—TAX INCENTIVES AND RELIEF FOR VICTIMS OF TERRORISM, DISASTERS, AND DISTRESSED CONDITIONS

Subtitle A—Tax Incentives for New York City and Distressed Areas

SEC. 301. EXPANSION OF WORK OPPORTUNITY TAX CREDIT TARGETED CATEGORIES TO INCLUDE CERTAIN EMPLOYEES IN NEW YORK CITY.

(a) IN GENERAL.—For purposes of section 51 of the Internal Revenue Code of 1986 (relating to work opportunity credit), a New York Recovery Zone business employee shall be treated as a member of a targeted group.

(b) NEW YORK RECOVERY ZONE BUSINESS EMPLOYEE.—For purposes of this section—

(1) IN GENERAL.—The term ''New York Recovery Zone business employee'' means, with respect to the period beginning after September 10, 2001, and ending before January 1, 2003, any employee of a New York Recovery Zone business if—

(A) substantially all the services performed during such period by such employee for such business are performed in a trade or business of such business located in an area described in paragraph (2), and

(B) with respect to any employee of such business described in paragraph (2)(B), such employee is certified by the New York State Department of Labor as not exceeding, when added to all other employees previously certified with respect to such period as New York Recovery Zone business employees with respect to such business, the number of employees of such business on September 11, 2001, in the New York Recovery Zone.

(2) NEW YORK RECOVERY ZONE BUSINESS.—The term ''New York Recovery Zone business'' means any business establishment which is—

(A) located in the New York Recovery Zone, or

(B) located in the City of New York, New York, outside the New York Recovery Zone, as the result of the destruction or damage of such establishment by the September 11, 2001, terrorist attack.

(3) NEW YORK RECOVERY ZONE.—The term ''New York Recovery Zone'' means the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan in the City of New York, New York.

(4) SPECIAL RULES FOR DETERMINING AMOUNT OF CREDIT.—For purposes of applying subpart E of part IV of subchapter B of chapter 1 of the Internal Revenue Code of 1986 to wages paid or incurred to any New York Recovery Zone business employee—

(A) section 51(a) of such Code shall be applied by substituting ''qualified wages'' for ''qualified first-year wages'',

(B) section 51(d)(12)(A)(i) of such Code shall be applied to the certification of individuals employed by a New York Recovery Zone business before April 1, 2002, by substituting ''on or before May 1, 2002'' for ''on or before the day on which such individual begins work for the employer'',

(C) subsections (c)(4) and (i)(2) of section 51 of such Code shall not apply, and

(D) in determining qualified wages, the following shall apply in lieu of section 51(b) of such Code:

(i) QUALIFIED WAGES.—The term ''qualified wages'' means the wages paid or incurred by the employer for work performed during the period beginning on September 11, 2001, and ending on December 31, 2002, to individuals who are New York Recovery Zone business employees of such employer.

(ii) ONLY FIRST $12,000 OF WAGES PER TAXABLE YEAR TAKEN INTO ACCOUNT.—The amount of the qualified wages which may be taken into account with respect to any individual shall not exceed $12,000 per taxable year of the employer.

(c) CREDIT ALLOWED AGAINST REGULAR AND MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 38 (relating to limitation based on amount of tax) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) SPECIAL RULES FOR NEW YORK RECOVERY ZONE BUSINESS EMPLOYEE CREDIT.—

''(A) IN GENERAL.—In the case of the New York Recovery Zone business employee credit—

''(i) this section and section 39 shall be applied separately with respect to such credit, and

''(ii) in applying paragraph (1) to such credit—

''(I) the tentative minimum tax shall be treated as being zero, and

''(II) the limitation under paragraph (1) (as modified by subclause (I)) shall be reduced by the credit allowed under subsection (a) for the taxable year (other than the New York Recovery Zone business employee credit).

''(B) NEW YORK RECOVERY ZONE BUSINESS EMPLOYEE CREDIT.—For purposes of this subsection, the term 'New York Recovery Zone business employee credit' means the portion of work opportunity credit under section 51 determined under section 301 of the Economic Recovery and Assistance for American Workers Act of 2001.''.

(2) CONFORMING AMENDMENT.—Subclause (II) of section 38(c)(2)(A)(ii) is amended by inserting ''or the New York Recovery Zone business employee credit'' after ''employment credit''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after September 11, 2001.

SEC. 302. TAX-EXEMPT PRIVATE ACTIVITY BONDS FOR REBUILDING PORTION OF NEW YORK CITY DAMAGED IN THE SEPTEMBER 11, 2001, TERRORIST ATTACK.

(a) TREATMENT AS QUALIFIED BONDS.—For purposes of the Internal Revenue Code of 1986, any qualified NYC recovery bond shall be treated as an exempt facility bond under section 141(e) of such Code.

(b) QUALIFIED NYC RECOVERY BOND.—For purposes of this section, the term ''qualified NYC recovery bond'' means any bond which—

(1) is issued by the State of New York or any political subdivision thereof (or any agency, instrumentality or constituted authority on behalf thereof), and

(2) meets the requirements of subsections (c) through (f).

(c) DESIGNATION REQUIREMENTS.—A bond meets the requirements of this subsection if it is issued as part of an issue designated as a qualified NYC recovery bond by the Mayor of the City of New York, New York, or an individual specifically appointed to make such designation.

(d) ISSUANCE AND VOLUME REQUIREMENTS.—

(1) IN GENERAL.—Except as provided in paragraph (3), a bond issued as part of an issue meets the requirements of this subsection if such bond is issued during 2002 (or during the period elected under paragraph (2)) and the aggregate face amount of the bonds issued pursuant to such issue, when added to the aggregate face amount of qualified NYC recovery bonds previously issued, does not exceed $15,000,000,000.

(2) ELECTIVE CARRYFORWARD OF UNUSED LIMITATION.—If the volume cap under paragraph (1) exceeds the aggregate amount of qualified NYC recovery bonds issued during 2002, the issuing authority under subsection (b) may elect to carry forward such excess volume cap for an additional 3-year period under rules similar to the rules of section 146(f) of the Internal Revenue Code of 1986 (other than paragraph (2) thereof).

(3) CERTAIN CURRENT REFUNDINGS NOT COUNTED.—For purposes of paragraph (1), there shall not be taken into account any current refunding bond the proceeds of which are used to refund any bond described in paragraph (1) to the extent the face amount of such current refunding bond does not exceed the outstanding face amount of the refunded bond.

(e) QUALIFIED PROJECT REQUIREMENTS.—

(1) IN GENERAL.—A bond meets the requirements of this subsection if it is issued as part of an issue at least 95 percent of the net proceeds of which are to be used for qualified project costs.

(2) QUALIFIED PROJECT COSTS.—For purposes of this subsection—

(A) IN GENERAL.—The term ''qualified project costs'' means—

(i) with respect to a qualified project described in paragraph (3)(A)(i), the costs of acquisition, construction, reconstruction, and renovation of commercial real property and residential rental real property, including—

(I) buildings and their structural components,

(II) fixed tenant improvements, and

(III) public utility property, and

(ii) with respect to a qualified project described in paragraph (3)(A)(ii), the costs of acquisition, construction, reconstruction, and renovation of commercial real property, including—

(I) buildings and their structural components, and

(II) fixed tenant improvements.

(B) LIMITATIONS.—

(i) RESIDENTIAL RENTAL REAL PROPERTY.—Such term shall not include costs with respect to residential rental real property to the extent such costs for all such property exceed 20 percent of the aggregate face amount of the bonds issued under this section.

(ii) RETAIL SALES PROPERTY.—Such term shall not include costs with respect to property used for retail sales of tangible property and functionally related and subordinate property to the extent such costs for all such property exceeds 10 percent of the aggregate face amount of the bonds issued under this section.

(iii) MOVABLE FIXTURES AND EQUIPMENT.—Such term shall not include costs with respect to movable fixtures and equipment.

(3) QUALIFIED PROJECTS.—For purposes of this subsection—

(A) IN GENERAL.—The term ''qualified project'' means any project—

(i) located within the New York Recovery Zone, or

(ii) located within the City of New York, New York, but outside of the New York Recovery Zone, but only if—

(I) such project consists of at least 100,000 square feet of usable office or other commercial space located in a single building or multiple adjacent buildings, and

(II) the aggregate face amount of the bonds issued to finance such project, when added to the aggregate face amount of all bonds issued to finance all other projects described in this clause, does not exceed $7,000,000,000.

(B) NEW YORK RECOVERY ZONE.—The term ''New York Recovery Zone'' means the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan in the City of New York, New York.

(f) GENERAL REQUIREMENTS.—A bond meets the requirements of this subsection if it is issued as part of an issue which meets the requirements of part IV of subchapter B of chapter 1 of the Internal Revenue Code of 1986 applicable to an exempt facility bond, except as follows:

(1) Sections 142(d) and 150(b)(2) (relating to qualified residential rental project), and section 146 (relating to volume cap) of such Code shall not apply to bonds issued under this section.

(2) The application of section 147(c) of such Code (relating to limitation on use for land acquisition) shall be determined by reference to the aggregate authorized face amount of all bonds issued under this section rather than the net proceeds of each issue.

(3) Section 147(d) of such Code (relating to acquisition of existing property not permitted) shall be applied by substituting ''50 percent'' for ''15 percent'' each place it appears.

(4) Section 148(f)(4)(C) of such Code (relating to exception from rebate for certain proceeds to be used to finance construction expenditures) shall apply to construction proceeds of bonds issued under this section.

(5) Rules similar to the rules of section 143(a)(2)(A)(iv) of such Code (relating to use of loan repayments) shall apply to bonds issued under this section.

(g) BOND INTEREST NOT AN AMT PREFERENCE ITEM.—For purposes of section 57(a)(5) of the Internal Revenue Code of 1986, a qualified NYC recovery bond shall not be treated as a specified private activity bond.

(h) SEPARATE ISSUE TREATMENT OF PORTIONS OF AN ISSUE.—This section shall not apply to the portion of the proceeds of an issue which (if issued as a separate issue) would be treated as a qualified bond or as a bond that is not a private activity bond (determined without regard to subsection (a)), if the issuer elects to so treat such portion.

(i) NET PROCEEDS.—For purposes of this section, the term ''net proceeds'' has the meaning given such term by section 150(a)(3) of the Internal Revenue Code of 1986.

(j) INTEREST ON DEBT USED TO PURCHASE OR CARRY QUALIFIED NYC RECOVERY BONDS.—

(1) IN GENERAL.—Section 265(b)(3) (relating to exception for certain tax-exempt obligations) is amended—

(A) by inserting ''a tax-exempt obligation issued pursuant to section 302 of the Economic Recovery and Assistance for American Workers Act of 2001 or'' after ''means'' in subparagraph (B)(i),

(B) by inserting ''other than an obligation issued pursuant to section 302 of the Economic Recovery and Assistance for American Workers Act of 2001'' after ''of a qualified tax-exempt obligation'' in subparagraph (D)(ii), and

(C) by adding at the end of subparagraph (D) the following new clause:

''(iv) REFUNDINGS OF CERTAIN OBLIGATIONS.—In the case of a refunding (or a series of refundings) of a qualified tax-exempt obligation that is an obligation issued pursuant to section 302 of the Economic Recovery and Assistance for American Workers Act of 2001, the refunding obligation shall be treated as a qualified tax-exempt obligation if the refunding obligation meets the requirements of such section.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending on or after the date of the enactment of this Act.

SEC. 303. GAIN OR LOSS FROM PROPERTY DAMAGED OR DESTROYED IN NEW YORK RECOVERY ZONE.

(a) GENERAL RULE.—For purposes of the Internal Revenue Code of 1986, if a taxpayer elects the application of this section with respect to any eligible property, then any gain or loss on the disposition of the property shall be determined without regard to any compensation (by insurance or otherwise) received by the taxpayer for damages sustained to the property as a result of the terrorist attacks occurring on September 11, 2001. Such election shall be made at such time and in such manner as the Secretary of the Treasury may prescribe, and, once made, is irrevocable.

(b) LIMITATION BASED ON PURCHASE OF REPLACEMENT PROPERTY.—

(1) IN GENERAL.—Subsection (a) shall apply to compensation received with respect to eligible property only to the extent of the cost of any qualified replacement property purchased by the taxpayer.

(2) ALLOCATION.—If the aggregate compensation received by a taxpayer with respect to all eligible property exceeds the aggregate cost of all qualified replacement property purchased by the taxpayer, such cost shall be allocated to such eligible property in accordance with rules prescribed by the Secretary.

(3) SPECIAL RULE FOR CONSOLIDATED GROUPS.—For purposes of paragraph (1), an affiliated group filing a consolidated return may elect to treat any qualified replacement property purchased by a member of the group as purchased by another member of the group.

(c) ELIGIBLE PROPERTY.—For purposes of this section, the term ''eligible property'' means any tangible property—

(1) which is section 1245 property (as defined in section 1245(a)(3) of the Internal Revenue Code of 1986) or qualified leasehold improvement property (as defined in section 168(k)(3) of such Code),

(2) substantially all of the use of which as of September 11, 2001, was in a business establishment of the taxpayer located in the New York Recovery Zone, and

(3) which was damaged or destroyed in the terrorist attacks of September 11, 2001.

(d) QUALIFIED REPLACEMENT PROPERTY.—For purposes of this section—

(1) IN GENERAL.—The term ''qualified replacement property'' means tangible property—

(A) which is described in subsection (c)(1),

(B) which is purchased by the taxpayer on or after September 11, 2001, and placed in service in the City of New York, New York, before January 1, 2007,

(C) the original use of which in such city begins with the taxpayer, and

(D) substantially all of the use of which is reasonably expected to be in connection with a business establishment of the taxpayer located in such city.

(2) RECAPTURE.—The Secretary shall, by regulations, provide for the recapture of any Federal tax benefit provided by this section in cases where a taxpayer ceases to use property as qualified replacement property and such recapture is necessary to prevent the avoidance of the purposes of this section.

(e) COORDINATION WITH OTHER PROVISIONS OF CODE.—For purposes of the Internal Revenue Code of 1986—

(1) SPECIAL RULE FOR TREATMENT OF UNRECOGNIZED GAIN IN ELIGIBLE PROPERTY.—Sections 1245 and 1250 of such Code shall not apply to any gain on the disposition of eligible property not recognized by reason of this section.

(2) LOSS ELECTION NOT TO APPLY TO ELIGIBLE PROPERTY.—If a taxpayer elects the application of this section with respect to any eligible property, the taxpayer may not make an election under section 165(i) of such Code with respect to any loss attributable to the property.

(3) BASIS ADJUSTMENTS OF QUALIFIED REPLACEMENT PROPERTY.—

(A) IN GENERAL.—The basis of any qualified replacement property shall be reduced by the amount of any compensation disregarded by reason of subsection (a).

(B) SPECIAL RULES FOR RECAPTURE.—For purposes of sections 1245 and 1250 of such Code, any reduction under subparagraph (A) shall be treated as a deduction allowed for depreciation, except that for purposes of section 1250(b) of such Code, the determination of what would have been the depreciation adjustments under the straight line method shall be made as if there had been no reduction under subparagraph (A).

(4) SPECIAL RULES FOR APPLYING SECTION 1033.—For purposes of applying section 1033 of such Code to converted property which is eligible property with respect to which an election under subsection (a) has been made—

(A) the amount realized from the eligible property shall not include any compensation

received by the taxpayer which is disregarded by reason of subsection (a), and

(B) any qualified replacement property shall be disregarded in determining whether property was acquired for the purposes of replacing the converted property.

(f) OTHER DEFINITIONS AND RULES.—For purposes of this section—

(1) NEW YORK RECOVERY ZONE.—The term ''New York Recovery Zone'' means the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan in the City of New York, New York.

(2) TIME FOR ASSESSMENT.—Rules similar to the rules of subparagraphs (C) and (D) of section 1033(a)(2) of such Code shall apply for purposes of this section.

(3) RELATED PARTY LIMITATION.—Section 1033(i) of such Code shall apply for purposes of this section.

SEC. 304. REENACTMENT OF EXCEPTIONS FOR QUALIFIED-MORTGAGE-BOND-FINANCED LOANS TO VICTIMS OF PRESIDENTIALLY DECLARED DISASTERS.

Section 143(k)(11) (relating to special rules for residences located in disaster areas) is amended—

(1) by inserting ''damaged or destroyed by a disaster and'' after ''In the case of a residence'',

(2) by inserting after subparagraph (B) the following new subparagraph:

''(C) Paragraph (4) of this subsection shall be applied by substituting '$25,000' for '$15,000'.'', and

(3) by inserting '', and after December 31, 2001, and before January 1, 2003'' after ''1999'' in the last sentence.

SEC. 305. ONE-YEAR EXPANSION OF AUTHORITY FOR INDIAN TRIBES TO ISSUE TAX-EXEMPT PRIVATE ACTIVITY BONDS.

(a) IN GENERAL.—Section 7871(c) (relating to additional requirements for tax-exempt bonds) is amended by adding at the end the following new paragraph:

''(4) EXCEPTION FOR QUALIFIED INDIAN PRIVATE ACTIVITY BONDS.—

''(A) IN GENERAL.—In the case of any qualified Indian private activity bond—

''(i) paragraph (2) shall not apply,

''(ii) such bond shall be treated as a qualified bond under section 141(e), and

''(iii) section 146 shall not apply.

''(B) QUALIFIED INDIAN PRIVATE ACTIVITY BOND.—For purposes of this paragraph, the term 'qualified Indian private activity bond' means any bond which—

''(i) is issued by a qualified Indian tribal government—

''(I) as part of an issue 95 percent or more of the net proceeds of which are to be used to provide qualified residential rental projects (as determined under section 142(d), by substituting 'statewide median gross income' for 'area median gross income'),

''(II) as part of a qualified mortgage issue (as defined in section 143(a)(2)),

''(III) as part of an issue 95 percent or more of the net proceeds of which are to be used to provide any facility described in section 1394(b)(1) for any business (whether tribally owned or not) that would qualify as an enterprise zone business if the Indian reservation (as defined in section 168(j)(6)) over which the qualified Indian tribal government exercises general governmental authority were treated as an empowerment zone, or

''(IV) as part of an issue to be used for more than 1 of the purposes described in the preceding subclauses, and

''(ii) meets the requirements of subparagraphs (D) and (E).

''(C) QUALIFIED INDIAN TRIBAL GOVERNMENT.—For purposes of this paragraph, the term 'qualified Indian tribal government' means an Indian tribal government which exercises general governmental authority over an Indian reservation (as so defined) with an unemployment rate among members of the tribe of at least 25 percent. For purposes of the preceding sentence, determinations of unemployment shall be made with respect to any issuance of a bond under this section on the basis of the most recent report published by the Bureau of Indian Affairs under section 17(a) of the Indian Employment, Training and Related Services Demonstration Act of 1992 (25 U.S.C. 3416(a)) before such issuance.

''(D) DESIGNATION REQUIREMENTS.—A bond meets the requirements of this subparagraph if it is issued as part of an issue designated as a qualified Indian private activity bond for a purpose described in subclause (I), (II), or (III) of subparagraph (B)(i) by the qualified Indian tribal government.

''(E) VOLUME REQUIREMENTS.—

''(i) IN GENERAL.—A bond issued as part of an issue meets the requirements of this subparagraph if such bond is issued during 2002 (or during the period elected under clause (ii)) and the aggregate face amount of the bonds issued pursuant to such issue, when added to the aggregate face amount of qualified Indian private activity bonds previously issued by such qualified Indian tribal government, does not exceed $10,000,000.

''(ii) ELECTIVE CARRYFORWARD OF UNUSED LIMITATION.—If the volume cap under clause (i) exceeds the aggregate amount of qualified Indian private activity bonds issued during 2002, the qualified Indian tribal government may elect to carry forward such excess volume cap for an additional 3-year period under rules similar to the rules of section 146(f) (other than paragraph (2) thereof).

''(F) APPLICATION OF SECTION 42 TO RESIDENTIAL RENTAL PROJECTS FINANCED BY BONDS UNDER THIS PARAGRAPH.—In the case of bonds described in subparagraph (B)(i)(I), issuance under the requirements of subparagraph (E) shall be treated as issuance under the requirements of section 146 for purposes of determining the application of section 42 to projects financed by the net proceeds of such bonds.

''(G) SPECIAL RULE FOR DETERMINING ENTERPRISE ZONE BUSINESS.—For purposes of subparagraph (B)(i)(III), an enterprise zone business shall not include any facility a principal business of which is the sale of tobacco products or highway motor fuels, unless the qualified Indian tribal government has entered into an agreement with the State in which such facility is located to collect applicable State taxes on such products or fuels.

''(H) BOND INTEREST NOT AN AMT PREFERENCE ITEM.—For purposes of section 57(a)(5), a bond designated under subparagraph (D) as a qualified Indian private activity bond shall not be treated as a specified private activity bond.

''(I) REPORT.—The Secretary shall compile necessary data from reports required under section 149(e) relating to the issuance of bonds under this paragraph and shall report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than September 30 of any year following the calendar year in which Indian tribal governments issued bonds under this paragraph and the activities for which such bonds were issued.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 7871(c)(2) is amended by striking ''paragraph (3)'' and inserting ''paragraphs (3) and (4)''.

(2) Section 7871 is amended—

(A) by striking clause (iii) of subsection (c)(3)(E), and

(B) by adding at the end the following new subsection:

''(f) NET PROCEEDS.—For purposes of this section, the term 'net proceeds' has the meaning given such term by section 150(a)(3).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after December 31, 2001.

Subtitle B—Victims of Terrorism Tax Relief

SEC. 310. SHORT TITLE.

This subtitle may be cited as the ''Victims of Terrorism Tax Relief Act of 2001''.

PART I—RELIEF PROVISIONS FOR VICTIMS OF APRIL 19, 1995, AND SEPTEMBER 11, 2001, TERRORIST ATTACKS

SEC. 311. INCOME AND EMPLOYMENT TAXES OF VICTIMS OF TERRORIST ATTACKS.

(a) IN GENERAL.—Section 692 (relating to income taxes of members of Armed Forces on death) is amended by adding at the end the following new subsection:

''(d) CERTAIN INDIVIDUALS DYING AS A RESULT OF APRIL 19, 1995, AND SEPTEMBER 11, 2001, TERRORIST ATTACKS.—

''(1) IN GENERAL.—In the case of any individual who dies as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on April 19, 1995, or September 11, 2001, any tax imposed by this subtitle shall not apply—

''(A) with respect to the taxable year in which falls the date of such individual's death, and

''(B) with respect to any prior taxable year in the period beginning with the last taxable year ending before the taxable year in which the wounds or injury were incurred.

''(2) EXCEPTIONS.—

''(A) TAXATION OF CERTAIN BENEFITS.—Subject to such rules as the Secretary may prescribe, paragraph (1) shall not apply to the amount of any tax imposed by this subtitle which would be computed by only taking into account the items of income, gain, or other amounts attributable to—

''(i) amounts payable in the taxable year by reason of the death of an individual described in paragraph (1) which would have been payable in such taxable year if the death had occurred by reason of an event other than the terrorist attacks against the United States on April 19, 1995, or September 11, 2001, or

''(ii) amounts payable in the taxable year which would not have been payable in such taxable year but for an action taken after April 19, 1995, or after September 11, 2001 (as the case may be).

''(B) NO RELIEF FOR PERPETRATORS.—Paragraph (1) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in any such terrorist attack, or a representative of such individual.''.

(b) REFUND OF OTHER TAXES PAID.—Section 692, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(e) REFUND OF OTHER TAXES PAID.—In determining the amount of tax under this section to be credited or refunded as an overpayment with respect to any individual for any period, such amount shall be increased by an amount equal to the amount of taxes imposed and collected under chapter 21 and sections 3201(a), 3211(a)(1), and 3221(a) with respect to such individual for such period.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 5(b)(1) is amended by inserting ''and victims of certain terrorist attacks'' before ''on death''.

(2) Section 6013(f)(2)(B) is amended by inserting ''and victims of certain terrorist attacks'' before ''on death''.

(d) CLERICAL AMENDMENTS.—

(1) The heading of section 692 is amended to read as follows:

"SEC. 692. INCOME AND EMPLOYMENT TAXES OF MEMBERS OF ARMED FORCES AND VICTIMS OF CERTAIN TERRORIST ATTACKS ON DEATH.".

(2) The item relating to section 692 in the table of sections for part II of subchapter J of chapter 1 is amended to read as follows:

"Sec. 692. Income and employment taxes of members of Armed Forces and victims of certain terrorist attacks on death.".

(d) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending before, on, or after September 11, 2001.

(2) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 312. ESTATE TAX REDUCTION.

(a) IN GENERAL.—Section 2201 is amended to read as follows:

"SEC. 2201. COMBAT ZONE-RELATED DEATHS OF MEMBERS OF THE ARMED FORCES AND DEATHS OF VICTIMS OF CERTAIN TERRORIST ATTACKS.

"(a) IN GENERAL.—Unless the executor elects not to have this section apply, in applying section 2001 to the estate of a qualified decedent, the rate schedule set forth in subsection (c) shall be deemed to be the rate schedule set forth in section 2001(c).

"(b) QUALIFIED DECEDENT.—For purposes of this section, the term 'qualified decedent' means—

"(1) any citizen or resident of the United States dying while in active service of the Armed Forces of the United States, if such decedent—

"(A) was killed in action while serving in a combat zone, as determined under section 112(c), or

"(B) died as a result of wounds, disease, or injury suffered while serving in a combat zone (as determined under section 112(c)), and while in the line of duty, by reason of a hazard to which such decedent was subjected as an incident of such service, or

"(2) any individual who died as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on April 19, 1995, or September 11, 2001.

Paragraph (2) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in any such terrorist attack, or a representative of such individual.

"(c) RATE SCHEDULE.—

"If the amount with respect to which the tentative tax to be computed is:	The tentative tax is:
Not over $150,000	1 percent of the amount by which such amount exceeds $100,000.
Over $150,000 but not over $200,000.	$500 plus 2 percent of the excess over $150,000.
Over $200,000 but not over $300,000.	$1,500 plus 3 percent of the excess over $200,000.
Over $300,000 but not over $500,000.	$4,500 plus 4 percent of the excess over $300,000.
Over $500,000 but not over $700,000.	$12,500 plus 5 percent of the excess over $500,000.
Over $700,000 but not over $900,000.	$22,500 plus 6 percent of the excess over $700,000.
Over $900,000 but not over $1,100,000.	$34,500 plus 7 percent of the excess over $900,000.
Over $1,100,000 but not over $1,600,000.	$48,500 plus 8 percent of the excess over $1,100,000.
Over $1,600,000 but not over $2,100,000.	$88,500 plus 9 percent of the excess over $1,600,000.
Over $2,100,000 but not over $2,600,000.	$133,500 plus 10 percent of the excess over $2,100,000.
Over $2,600,000 but not over $3,100,000.	$183,500 plus 11 percent of the excess over $2,600,000.
Over $3,100,000 but not over $3,600,000.	$238,500 plus 12 percent of the excess over $3,100,000.
Over $3,600,000 but not over $4,100,000.	$298,500 plus 13 percent of the excess over $3,600,000.
Over $4,100,000 but not over $5,100,000.	$363,500 plus 14 percent of the excess over $4,100,000.
Over $5,100,000 but not over $6,100,000.	$503,500 plus 15 percent of the excess over $5,100,000.
Over $6,100,000 but not over $7,100,000.	$653,500 plus 16 percent of the excess over $6,100,000.
Over $7,100,000 but not over $8,100,000.	$813,500 plus 17 percent of the excess over $7,100,000.
Over $8,100,000 but not over $9,100,000.	$983,500 plus 18 percent of the excess over $8,100,000.
Over $9,100,000 but not over $10,100,000.	$1,163,500 plus 19 percent of the excess over $9,100,000.
Over $10,100,000	$1,353,500 plus 20 percent of the excess over $10,100,000.

"(d) DETERMINATION OF UNIFIED CREDIT.—In the case of an estate to which this section applies, subsection (a) shall not apply in determining the credit under section 2010.".

(b) CONFORMING AMENDMENTS.—

(1) Section 2011 is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(2) Section 2053(d)(3)(B) is amended by striking "section 2011(e)" and inserting "section 2011(d)".

(3) Paragraph (9) of section 532(c) of the Economic Growth and Tax Relief Reconciliation Act of 2001 is repealed.

(c) CLERICAL AMENDMENT.—The item relating to section 2201 in the table of sections for subchapter C of chapter 11 is amended to read as follows:

"Sec. 2201. Combat zone-related deaths of members of the Armed Forces and deaths of victims of certain terrorist attacks.".

(d) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents—

(A) dying on or after September 11, 2001, and

(B) in the case of individuals dying as a result of the April 19, 1995, terrorist attack, dying on or after April 19, 1995.

(2) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 313. PAYMENTS BY CHARITABLE ORGANIZATIONS TREATED AS EXEMPT PAYMENTS.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986—

(1) payments made by an organization described in section 501(c)(3) of such Code by reason of the death, injury, or wounding of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, shall be treated as related to the purpose or function constituting the basis for such organization's exemption under section 501 of such Code if such payments are made using an objective formula which is consistently applied, and

(2) in the case of a private foundation (as defined in section 509 of such Code), any payment described in paragraph (1) shall not be treated as made to a disqualified person for purposes of section 4941 of such Code.

(b) EFFECTIVE DATE.—This section shall apply to payments made on or after September 11, 2001.

SEC. 314. EXCLUSION OF CERTAIN CANCELLATIONS OF INDEBTEDNESS.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986—

(1) gross income shall not include any amount which (but for this section) would be includible in gross income by reason of the discharge (in whole or in part) of indebtedness of any taxpayer if the discharge is by reason of the death of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, and

(2) return requirements under section 6050P of such Code shall not apply to any discharge described in paragraph (1).

(b) EFFECTIVE DATE.—This section shall apply to discharges made on or after September 11, 2001, and before January 1, 2002.

PART II—GENERAL RELIEF FOR VICTIMS OF DISASTERS AND TERRORISTIC OR MILITARY ACTIONS

SEC. 321. EXCLUSION FOR DISASTER RELIEF PAYMENTS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and inserting after section 138 the following new section:

"SEC. 139. DISASTER RELIEF PAYMENTS.

"(a) GENERAL RULE.—Gross income shall not include—

"(1) any amount received as payment under section 406 of the Air Transportation Safety and System Stabilization Act, or

"(2) any amount received by an individual as a qualified disaster relief payment.

"(b) QUALIFIED DISASTER RELIEF PAYMENT DEFINED.—For purposes of this section, the term 'qualified disaster relief payment' means any amount paid to or for the benefit of an individual—

"(1) to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster,

"(2) to reimburse or pay reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence or repair or replacement of its contents to the extent that the need for such repair, rehabilitation, or replacement is attributable to a qualified disaster,

"(3) by a person engaged in the furnishing or sale of transportation as a common carrier by reason of the death or personal physical injuries incurred as a result of a qualified disaster, or

"(4) if such amount is paid by a Federal, State, or local government, or agency or instrumentality thereof, in connection with a qualified disaster in order to promote the general welfare,

but only to the extent any expense compensated by such payment is not otherwise compensated for by insurance or otherwise.

"(c) QUALIFIED DISASTER DEFINED.—For purposes of this section, the term 'qualified disaster' means—

"(1) a disaster which results from a terroristic or military action (as defined in section 692(c)(2)),

"(2) a Presidentially declared disaster (as defined in section 1033(h)(3)),

''(3) a disaster which results from an accident involving a common carrier, or from any other event, which is determined by the Secretary to be of a catastrophic nature, or

''(4) with respect to amounts described in subsection (b)(4), a disaster which is determined by an applicable Federal, State, or local authority (as determined by the Secretary) to warrant assistance from the Federal, State, or local government or agency or instrumentality thereof.

''(d) COORDINATION WITH EMPLOYMENT TAXES.—For purposes of chapter 2 and subtitle C, a qualified disaster relief payment shall not be treated as net earnings from self-employment, wages, or compensation subject to tax.

''(e) NO RELIEF FOR CERTAIN INDIVIDUALS.—Subsection (a) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in a terroristic action (as so defined), or a representative of such individual.''.

(b) CONFORMING AMENDMENTS.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

''Sec. 139. Disaster relief payments.

''Sec. 140. Cross references to other Acts.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after September 11, 2001.

SEC. 322. AUTHORITY TO POSTPONE CERTAIN DEADLINES AND REQUIRED ACTIONS.

(a) EXPANSION OF AUTHORITY RELATING TO DISASTERS AND TERRORISTIC OR MILITARY ACTIONS.—Section 7508A is amended to read as follows:

''SEC. 7508A. AUTHORITY TO POSTPONE CERTAIN DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER OR TERRORISTIC OR MILITARY ACTIONS.

''(a) IN GENERAL.—In the case of a taxpayer determined by the Secretary to be affected by a Presidentially declared disaster (as defined in section 1033(h)(3)) or a terroristic or military action (as defined in section 692(c)(2)), the Secretary may specify a period of up to one year that may be disregarded in determining, under the internal revenue laws, in respect of any tax liability of such taxpayer—

''(1) whether any of the acts described in paragraph (1) of section 7508(a) were performed within the time prescribed therefor (determined without regard to extension under any other provision of this subtitle for periods after the date (determined by the Secretary) of such disaster or action),

''(2) the amount of any interest, penalty, additional amount, or addition to the tax for periods after such date, and

''(3) the amount of any credit or refund.

''(b) SPECIAL RULES REGARDING PENSIONS, ETC.—In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a disaster or action described in subsection (a), the Secretary may specify a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this title. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.

''(c) SPECIAL RULES FOR OVERPAYMENTS.—The rules of section 7508(b) shall apply for purposes of this section.''.

(b) CLARIFICATION OF SCOPE OF ACTS SECRETARY MAY POSTPONE.—Section 7508(a)(1)(K) (relating to time to be disregarded) is amended by striking ''in regulations prescribed under this section''.

(c) CONFORMING AMENDMENTS TO ERISA.—

(1) Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

''SEC. 518. AUTHORITY TO POSTPONE CERTAIN DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER OR TERRORISTIC OR MILITARY ACTIONS.

''In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Presidentially declared disaster (as defined in section 1033(h)(3) of the Internal Revenue Code of 1986) or a terroristic or military action (as defined in section 692(c)(2) of such Code), the Secretary may, notwithstanding any other provision of law, prescribe, by notice or otherwise, a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this Act. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.''.

(2) Section 4002 of Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302) is amended by adding at the end the following new subsection:

''(i) SPECIAL RULES REGARDING DISASTERS, ETC.—In the case of a pension or other employee benefit plan, or any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Presidentially declared disaster (as defined in section 1033(h)(3) of the Internal Revenue Code of 1986) or a terroristic or military action (as defined in section 692(c)(2) of such Code), the corporation may, notwithstanding any other provision of law, prescribe, by notice or otherwise, a period of up to one year which may be disregarded in determining the date by which any action is required or permitted to be completed under this Act. No plan shall be treated as failing to be operated in accordance with the terms of the plan solely as the result of disregarding any period by reason of the preceding sentence.''.

(d) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 6404 is amended—

(A) by striking subsection (h),

(B) by redesignating subsection (i) as subsection (h), and

(C) by adding at the end the following new subsection:

''(i) CROSS REFERENCE.—

''For authority of the Secretary to abate certain amounts by reason of Presidentially declared disaster or terroristic or military action, see section 7508A.''.

(2) Section 6081(c) is amended to read as follows:

''(c) CROSS REFERENCES.—

''For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terroristic or military action, see section 7508A.''.

(3) Section 6161(d) is amended by adding at the end the following new paragraph:

''(3) POSTPONEMENT OF CERTAIN ACTS.—

''For time for performing certain acts postponed by reason of war, see section 7508, and by reason of Presidentially declared disaster or terroristic or military action, see section 7508A.''.

(d) CLERICAL AMENDMENTS.—

(1) The item relating to section 7508A in the table of sections for chapter 77 is amended to read as follows:

''Sec. 7508A. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terroristic or military actions.''.

(2) The table of contents for the Employee Retirement Income Security Act of 1974 is amended by inserting after the item relating to section 517 the following new item:

''Sec. 518. Authority to postpone certain deadlines by reason of Presidentially declared disaster or terroristic or military actions.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to disasters and terroristic or military actions occurring on or after September 11, 2001, with respect to any action of the Secretary of the Treasury, the Secretary of Labor, or the Pension Benefit Guaranty Corporation occurring on or after the date of the enactment of this Act.

SEC. 323. INTERNAL REVENUE SERVICE DISASTER RESPONSE TEAM.

(a) IN GENERAL.—Section 7508A, as amended by section 322(a), is amended by adding at the end the following new subsection:

''(d) DUTIES OF DISASTER RESPONSE TEAM.—The Secretary shall establish as a permanent office in the national office of the Internal Revenue Service a disaster response team which, in coordination with the Federal Emergency Management Agency, shall assist taxpayers in clarifying and resolving Federal tax matters associated with or resulting from any Presidentially declared disaster (as defined in section 1033(h)(3)) or a terroristic or military action (as defined in section 692(c)(2)).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 324. APPLICATION OF CERTAIN PROVISIONS TO TERRORISTIC OR MILITARY ACTIONS.

(a) EXCLUSION FOR DEATH BENEFITS.—Section 101 (relating to certain death benefits) is amended by adding at the end the following new subsection:

''(i) CERTAIN EMPLOYEE DEATH BENEFITS PAYABLE BY REASON OF DEATH FROM TERRORISTIC OR MILITARY ACTIONS.—

''(1) IN GENERAL.—Gross income does not include amounts which are received (whether in a single sum or otherwise) if such amounts are paid by an employer by reason of the death of an employee incurred as a result of a terroristic or military action (as defined in section 692(c)(2)).

''(2) NO RELIEF FOR CERTAIN INDIVIDUALS.—Paragraph (1) shall not apply with respect to any individual identified by the Attorney General to have been a participant or conspirator in a terroristic action (as so defined), or a representative of such individual.

''(3) TREATMENT OF SELF-EMPLOYED INDIVIDUALS.—For purposes of this subsection, the term 'employee' includes a self-employed person (as described in section 401(c)(1)).''.

(b) DISABILITY INCOME.—Section 104(a)(5) (relating to compensation for injuries or sickness) is amended by striking ''a violent attack'' and all that follows through the period and inserting ''a terroristic or military action (as defined in section 692(c)(2)).''.

(c) EXEMPTION FROM INCOME TAX FOR CERTAIN MILITARY OR CIVILIAN EMPLOYEES.—Section 692(c) is amended—

(1) by striking ''outside the United States'' in paragraph (1), and

(2) by striking ''SUSTAINED OVERSEAS'' in the heading.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending on or after September 11, 2001.

SEC. 325. CLARIFICATION OF DUE DATE FOR AIRLINE EXCISE TAX DEPOSITS.

(a) IN GENERAL.—Paragraph (3) of section 301(a) of the Air Transportation Safety and System Stabilization Act (Public Law 107–42) is amended to read as follows:

''(3) AIRLINE-RELATED DEPOSIT.—For purposes of this subsection, the term 'airline-related deposit' means any deposit of taxes imposed by subchapter C of chapter 33 of such Code (relating to transportation by air).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 301 of the Air Transportation Safety and System Stabilization Act (Public Law 107–42).

SEC. 326. COORDINATION WITH AIR TRANSPORTATION SAFETY AND SYSTEM STABILIZATION ACT.

No reduction in Federal tax liability by reason of any provision of, or amendment made by, this title shall be considered as being received from a collateral source for purposes of section 402(4) of the Air Transportation Safety and System Stabilization Act (Public Law 107–42).

TITLE IV—EXTENSIONS OF CERTAIN EXPIRING PROVISIONS

SEC. 401. ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS AGAINST REGULAR AND MINIMUM TAX LIABILITY.

(a) IN GENERAL.—Paragraph (2) of section 26(a) is amended—

(1) by striking ''RULE FOR 2000 AND 2001.—'' and inserting ''RULE FOR 2000, 2001, AND 2002.—'', and

(2) by striking ''during 2000 or 2001,'' and inserting ''during 2000, 2001, or 2002,''.

(b) CONFORMING AMENDMENTS.—

(1) Section 904(h) is amended by striking ''during 2000 or 2001'' and inserting ''during 2000, 2001, or 2002''.

(2) The amendments made by sections 201(b), 202(f), and 618(b) of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to taxable years beginning during 2002.

(c) TECHNICAL CORRECTION.—Section 24(d)(1)(B) is amended by striking ''amount of credit allowed by this section'' and inserting ''aggregate amount of credits allowed by this subpart''.

(d) EFFECTIVE DATES.—

(1) The amendments made by subsections (a) and (b) shall apply to taxable years beginning after December 31, 2001.

(2) The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2000.

SEC. 402. WORK OPPORTUNITY CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 51(c)(4) is amended by striking ''2001'' and inserting ''2002''.

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

SEC. 403. WELFARE-TO-WORK CREDIT.

(a) IN GENERAL.—Subsection (f) of section 51A is amended by striking ''2001'' and inserting ''2002''.

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

SEC. 404. CREDIT FOR ELECTRICITY PRODUCED FROM RENEWABLE RESOURCES.

(a) IN GENERAL.—Subparagraphs (A), (B), and (C) of section 45(c)(3) are each amended by striking ''2002'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 405. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) is amended by striking ''2002'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

SEC. 406. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) is amended by striking ''2000, and 2001'' and inserting ''2000, 2001, and 2002''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 407. SUBPART F EXEMPTION FOR ACTIVE FINANCING.

(a) IN GENERAL.—

(1) Section 953(e)(10) is amended—

(A) by striking ''2002'' and inserting ''2003'', and

(B) by striking ''2001'' and inserting ''2002''.

(2) Section 954(h)(9) is amended by striking ''2002'' and inserting ''2003''.

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

SEC. 408. COVER OVER OF TAX ON DISTILLED SPIRITS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''2002'' and inserting ''2003''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 409. DELAY IN EFFECTIVE DATE OF REQUIREMENT FOR APPROVED DIESEL OR KEROSENE TERMINALS.

Paragraph (2) of section 1032(f) of the Taxpayer Relief Act of 1997 (Public Law 105–34) is amended by striking ''2002'' and inserting ''2003''.

SEC. 410. DEDUCTION FOR CLEAN-FUEL VEHICLES AND CERTAIN REFUELING PROPERTY.

(a) IN GENERAL.—Section 179A is amended—

(1) in subsection (b)(1)(B)—

(A) by striking ''December 31, 2001,'' and inserting ''December 31, 2002,'', and

(B) in clauses (i), (ii), and (iii), by striking ''2002'', ''2003'', and ''2004'', respectively, and inserting ''2003'', ''2004'', and ''2005'', respectively, and

(2) in subsection (f), by striking ''2004'' and inserting ''2005''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 411. CREDIT FOR QUALIFIED ELECTRIC VEHICLES.

(a) IN GENERAL.—Section 30 is amended—

(1) in subsection (b)(2)—

(A) by striking ''December 31, 2001,'' and inserting ''December 31, 2002,'', and

(B) in subparagraphs (A), (B), and (C), by striking ''2002'', ''2003'', and ''2004'', respectively, and inserting ''2003'', ''2004'', and ''2005'', respectively, and

(2) in subsection (e), by striking ''2004'' and inserting ''2005''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 280F(a)(1) is amended by adding at the end the following new clause

''(iii) APPLICATION OF SUBPARAGRAPH.—This subparagraph shall apply to property placed in service after August 5, 1997, and before January 1, 2005.''.

(2) Subsection (b) of section 971 of the Taxpayer Relief Act of 1997 is amended by striking ''and before January 1, 2005''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 412. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) IN GENERAL.—Subsection (f) of section 9812 is amended by striking ''2001'' and inserting ''2002''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to plan years beginning after December 31, 2001.

SEC. 413. COMBINED EMPLOYMENT TAX REPORTING.

(a) DEMONSTRATION PROJECT.—Section 976 of the Taxpayer Relief Act of 1997 is amended by striking ''with the date which is 5 years after the date of the enactment of this Act'' and inserting ''on December 31, 2002''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

TITLE V—EXTENSION OF ADDITIONAL PROVISIONS EXPIRING IN 2001.

SEC. 501. GENERALIZED SYSTEM OF PREFERENCES.

(a) EXTENSION OF DUTY-FREE TREATMENT UNDER SYSTEM.—Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking ''September 30, 2001'' and inserting ''December 31, 2002''.

(b) RETROACTIVE APPLICATION FOR CERTAIN LIQUIDATIONS AND RELIQUIDATIONS.—

(1) IN GENERAL.—

(A) ENTRY OF CERTAIN ARTICLES.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, and subject to paragraph (2), the entry—

(i) of any article to which duty-free treatment under title V of the Trade Act of 1974 would have applied if the entry had been made on September 30, 2001;

(ii) that was made after September 30, 2001, and before the date of enactment of this Act; and

(iii) to which duty-free treatment under title V of that Act did not apply,

shall be liquidated or reliquidated as free of duty, and the Secretary of the Treasury shall refund any duty paid with respect to such entry.

(B) ENTRY.—In this subsection, the term ''entry'' includes a withdrawal from warehouse for consumption.

(2) REQUESTS.—Liquidation or reliquidation may be made under paragraph (1) with respect to an entry only if a request therefor is filed with the Customs Service, within 180 days after the date of enactment of this Act, that contains sufficient information to enable the Customs Service—

(A) to locate the entry; or

(B) to reconstruct the entry if it cannot be located.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2001.

SEC. 502. ANDEAN TRADE PREFERENCE ACT.

(a) IN GENERAL.—Section 208(b) of the Andean Trade Preference Act (19 U.S.C. 3206(b))is amended by striking ''10 years after December 4, 1991'' and inserting ''after June 4, 2002''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on December 5, 2001.

SEC. 503. REAUTHORIZATION OF TRADE ADJUSTMENT ASSISTANCE.

(a) ASSISTANCE FOR WORKERS.—Section 245 of the Trade Act of 1974 (19 U.S.C. 2317) is amended by striking ''October 1, 1998, and ending September 30, 2001,'' each place it appears and inserting ''October 1, 2001, and ending December 31, 2002,''.

(b) ASSISTANCE FOR FIRMS.—Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by striking ''October 1, 1998, and ending September 30, 2001'' and inserting ''October 1, 2001, and ending December 31, 2002,''.

(c) TERMINATION.—Section 285(c) of the Trade Act of 1974 (19 U.S.C. 2771 note) is amended in paragraphs (1) and (2)(A), by striking ''September 30, 2001'' and inserting ''December 31, 2002''.

(d) TRAINING LIMITATION UNDER NAFTA PROGRAM.—Section 250(d)(2) of the Trade Act of 1974 (19 U.S.C. 2331(d)(2)) is amended by striking ''October 1, 1998, and ending September 30, 2001'' and inserting ''October 1, 2001, and ending December 31, 2002''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.

TITLE VI—HEALTH INSURANCE

Subtitle A—Health Insurance Coverage Options for Recently Unemployed Individuals and Their Families

SEC. 601. PREMIUM ASSISTANCE FOR COBRA CONTINUATION COVERAGE FOR INDIVIDUALS AND THEIR FAMILIES.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Labor, shall establish a program under which 75 percent of the premium for COBRA continuation coverage shall be provided for an individual who—

(A) at any time during the period that begins on September 11, 2001, and ends on December 31, 2002, is separated from employment; and

(B) is eligible for, and has elected coverage under, COBRA continuation coverage.

(2) INCLUSION OF CERTAIN INDIVIDUALS.—For purposes of paragraph (1), the spouse, child, or other individual who was an insured under health insurance coverage of an individual who was killed as a result of the terrorist-related aircraft crashes on September 11, 2001, or as a result of any other terrorist-related event occurring during the period described in that paragraph, and who is eligible for, and has elected coverage under, COBRA continuation coverage shall be eligible for premium assistance under the program established under this section.

(3) STATE OPTION TO ELECT ADMINISTRATION OF PROGRAM.—

(A) IN GENERAL.—A State may elect to administer the premium assistance program established under this section if the State submits to the Secretary of the Treasury, not later than January 1, 2002, a plan that describes how the State will administer such program on behalf of the individuals described in paragraph (1) or (2) who reside in the State beginning on that date.

(B) STATE ENTITLEMENT.—In the case of a State that submits a plan under subparagraph (A), the Secretary of the Treasury shall pay to each such State an amount for each quarter equal to the total amount of premium subsidies provided in that quarter on behalf of such individuals.

(4) IMMEDIATE IMPLEMENTATION.—The program established under this section shall be implemented without regard to whether or not final regulations to carry out such program have been promulgated by the date described in paragraph (1).

(b) LIMITATION OF PERIOD OF PREMIUM ASSISTANCE.—

(1) IN GENERAL.—Premium assistance provided in accordance with this section shall end with respect to an individual on the earlier of—

(A) the date the individual is no longer covered under COBRA continuation coverage; or

(B) 12 months after the date the individual is first enrolled in the premium assistance program established under this section.

(2) NO ASSISTANCE AFTER DECEMBER 31, 2002.—No premium assistance (including payment for such assistance) may be provided under this section after December 31, 2002.

(c) PAYMENT ARRANGEMENTS; CREDITING OF ASSISTANCE.—

(1) PROVISION OF ASSISTANCE.—

(A) IN GENERAL.—Premium assistance shall be provided under the program established under this section through direct payment arrangements with a group health plan (including a multiemployer plan), an issuer of health insurance coverage, an administrator, or an employer as appropriate with respect to the individual provided such assistance.

(B) ADDITIONAL OPTION FOR STATE-RUN PROGRAM.—In the case of a State that elects to administer the program established under this section, such assistance may be provided through the State public employment office or other agency responsible for administering the State unemployment compensation program.

(2) PREMIUMS PAYABLE BY INDIVIDUAL REDUCED BY AMOUNT OF ASSISTANCE.—Premium assistance provided under this section shall be credited by the group health plan, issuer of health insurance coverage, or an administrator against the premium otherwise owed by the individual involved for COBRA continuation coverage.

(d) PROGRAM REQUIREMENTS.—Premium assistance shall be provided under the program established under this section consistent with the following:

(1) ALL QUALIFYING INDIVIDUALS MAY APPLY.—All individuals described in paragraph (1) or (2) of subsection (a) may apply for such assistance at any time during the period described in subsection (a)(1)(A).

(2) SELECTION ON FIRST-COME, FIRST-SERVED BASIS.—Such assistance shall be provided to such individuals who apply for the assistance in the order in which they apply.

(e) LIMITATION ON ENTITLEMENT.—Nothing in this section shall be construed as establishing any entitlement of individuals described in paragraph (1) or (2) of subsection (a) to premium assistance under this section.

(f) DISREGARD OF SUBSIDIES FOR PURPOSES OF FEDERAL AND STATE PROGRAMS.—Notwithstanding any other provision of law, any premium assistance provided to, or on behalf of, an individual under this section, shall not be considered income or resources in determining eligibility for, or the amount of assistance or benefits provided under, any other Federal public benefit or State or local public benefit.

(g) CHANGE IN COBRA NOTICE.—

(1) GENERAL NOTICE.—

(A) IN GENERAL.—In the case of notices provided under section 4980B(f)(6) of the Internal Revenue Code of 1986, section 2206 of the Public Health Service Act (42 U.S.C. 300bb–6), section 606 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1166), or section 8905a(f)(2)(A) of title 5, United States Code, with respect to individuals who, during the period described in subsection (a)(1)(A), become entitled to elect COBRA continuation coverage, such notices shall include an additional notification to the recipient of the availability of premium assistance for such coverage under this section and for temporary medicaid assistance under section 603 for the remaining portion of COBRA continuation premiums.

(B) ALTERNATIVE NOTICE.—In the case of COBRA continuation coverage to which the notice provision under such sections does not apply, the Secretary of the Treasury, in consultation with the Secretary of Labor, shall, in coordination with administrators of the group health plans (or other entities) that provide or administer the COBRA continuation coverage involved, assure the provision of such notice.

(C) FORM.—The requirement of the additional notification under this paragraph may be met by amendment of existing notice forms or by inclusion of a separate document with the notice otherwise required.

(2) SPECIFIC REQUIREMENTS.—Each additional notification under paragraph (1) shall include—

(A) the forms necessary for establishing eligibility and enrollment in the premium assistance program established under this section in connection with the coverage with respect to each covered employee or other qualified beneficiary;

(B) the name, address, and telephone number necessary to contact the administrator and any other person maintaining relevant information in connection with the premium assistance; and

(C) the following statement displayed in a prominent manner:

''You may be eligible to receive assistance with payment of 75 percent of your COBRA continuation coverage premiums and with temporary medicaid coverage for the remaining premium portion for a duration of not to exceed 12 months.''.

(3) NOTICE RELATING TO RETROACTIVE COVERAGE.—In the case of such notices previously transmitted before the date of enactment of this Act in the case of an individual described in paragraph (1) who has elected (or is still eligible to elect) COBRA continuation coverage as of the date of enactment of this Act, the administrator of the group health plan (or other entity) involved or the Secretary of the Treasury, in consultation with the Secretary of Labor, (in the case described in the paragraph (1)(B)) shall provide (within 60 days after the date of enactment of this Act) for the additional notification required to be provided under paragraph (1).

(4) MODEL NOTICES.—Not later than 30 days after the date of enactment of this Act, the Secretary of the Treasury shall prescribe models for the additional notification required under this subsection.

(h) REPORTS.—Beginning on January 1, 2002, and every 3 months thereafter until January 1, 2003, the Secretary of the Treasury shall submit a report to Congress regarding the premium assistance program established under this section that includes the following:

(1) The status of the implementation of the program.

(2) The number of individuals provided assistance under the program as of the date of the report.

(3) The average dollar amount (monthly and annually) of the premium assistance provided under the program.

(4) The number and identification of the States that have elected to administer the program.

(5) The total amount of expenditures incurred (with administrative expenditures noted separately) under the program as of the date of the report.

(i) APPROPRIATION.—

(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, there is appropriated to carry out this section, such sums as are necessary for each of fiscal years 2002 and 2003.

(2) OBLIGATION OF FUNDS.—This section constitutes budget authority in advance of appropriations Acts and represents the obligation of the Federal Government to provide for the payment of premium assistance under this section.

(j) SUNSET.—No premium assistance (including payment for such assistance) may be provided under this section after December 31, 2002.

SEC. 602. STATE OPTION TO PROVIDE TEMPORARY MEDICAID COVERAGE FOR CERTAIN UNINSURED INDIVIDUALS.

(a) STATE OPTION.—Notwithstanding any other provision of law, a State may elect to provide under its medicaid program under

title XIX of the Social Security Act medical assistance in the case of an individual—

(1) who at any time during the period that begins on September 11, 2001, and ends on December 31, 2002, is separated from employment;

(2) who is not eligible for COBRA continuation coverage;

(3) who is uninsured; and

(4) whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish.

(b) LIMITATION OF PERIOD OF COVERAGE.—Medical assistance provided in accordance with this section shall end with respect to an individual on the earlier of—

(1) the date the individual is no longer uninsured; or

(2) subject to subsection (c)(4), 12 months after the date the individual first receives such assistance.

(c) SPECIAL RULES.—In the case of medical assistance provided under this section—

(1) the Federal medical assistance percentage under section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) shall be the enhanced FMAP (as defined in section 2105(b) of such Act (42 U.S.C. 1397ee(b)));

(2) a State may elect to apply any income, asset, or resource limitation permitted under the State medicaid plan or under title XIX of such Act;

(3) the provisions of section 1916(g) of the Social Security Act (42 U.S.C. 1396o) shall apply to the provision of such assistance in the same manner as the provisions of such section apply with respect to individuals provided medical assistance only under subclause (XV) or (XVI) of section 1902(a)(10)(A)(ii) of such Act (42 U.S.C. 1396a(a)(10)(A)(ii));

(4) a State may elect to provide such assistance in accordance with section 1902(a)(34) of the Social Security Act (42 U.S.C. 1396a(a)(34)) and any assistance provided with respect to a month described in that section shall not be included in the determination of the 12-month period under subsection (b)(2);

(5) a State may elect to make eligible for such medical assistance a dependent spouse or children of an individual eligible for medical assistance under subsection (a), if such spouse or children are uninsured;

(6) individuals eligible for medical assistance under this section shall be deemed to be described in the list of individuals described in the matter preceding paragraph (1) of section 1905(a) of such Act (42 U.S.C. 1396d(a));

(7) a State may elect to provide such medical assistance without regard to any limitation under sections 401(a), 402(b), 403, and 421 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(a), 1612(b), 1613, and 1631) and no debt shall accrue under an affidavit of support against any sponsor of an individual who is an alien who is provided such assistance, and the cost of such assistance shall not be considered as an unreimbursed cost; and

(8) the Secretary of Health and Human Services shall not count, for purposes of section 1108(f) of the Social Security Act (42 U.S.C. 1308(f)), such amount of payments under this section as bears a reasonable relationship to the average national proportion of payments made under this section for the 50 States and the District of Columbia to the payments otherwise made under title XIX for such States and District.

(d) SUNSET.—No medical assistance may be provided under this section after December 31, 2002.

SEC. 603. STATE OPTION TO PROVIDE TEMPORARY COVERAGE UNDER MEDICAID FOR THE UNSUBSIDIZED PORTION OF COBRA CONTINUATION PREMIUMS.

(a) STATE OPTION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a State may elect to provide under its medicaid program under title XIX of the Social Security Act medical assistance in the form of payment for the portion of the premium for COBRA continuation coverage for which an individual does not receive a subsidy under the premium assistance program established under section 601 in the case of an individual—

(A) who at any time during the period that begins on September 11, 2001, and ends on December 31, 2002, is separated from employment;

(B) who is eligible for, and has elected coverage under, COBRA continuation coverage;

(C) who is receiving premium assistance under the program established under section 601; and

(D) whose family income does not exceed 200 percent of the poverty line.

(2) INCLUSION OF CERTAIN INDIVIDUALS.—For purposes of paragraph (1), the spouse, child, or other individual who was an insured under health insurance coverage of an individual who was killed as a result of the terrorist-related aircraft crashes on September 11, 2001, or as a result of any other terrorist-related event occurring during the period described in that paragraph, and who satisfies the requirements of subparagraphs (B), (C), and (D) of paragraph (1) shall be eligible for medical assistance under this section.

(b) LIMITATION OF PERIOD OF COVERAGE.—Medical assistance provided in accordance with this section shall end with respect to an individual on the earlier of—

(1) the date the individual is no longer covered under COBRA continuation coverage; or

(2) 12 months after the date the individual first receives such assistance under this section.

(c) SPECIAL RULES.—In the case of medical assistance provided under this section—

(1) such assistance may be provided without regard to—

(A) whether the State otherwise has elected to make medical assistance available for COBRA premiums under section 1902(a)(10)(F) of the Social Security Act (42 U.S.C. 1396a(a)(10)(F)); or

(B) the conditions otherwise imposed for the provision of medical assistance for such COBRA premiums under clause (XII) of the matter following section 1902(a)(10)(G) of the Social Security Act (42 U.S.C. 1396a(a)(10)(G)), or paragraphs (1)(B), (1)(C), (1)(D), and (4) of section 1902(u) of such Act (42 U.S.C. 1396a(u)); and

(2) paragraphs (1), (2), (4), (5), (7), and (8) of subsection (c) of section 602 apply to such assistance in the same manner as such paragraphs apply to the provision of medical assistance under that section.

(d) SUNSET.—No medical assistance may be provided under this section after December 31, 2002.

SEC. 604. TEMPORARY INCREASES OF MEDICAID FMAP FOR FISCAL YEAR 2002.

(a) PERMITTING MAINTENANCE OF FISCAL YEAR 2001 FMAP.—Notwithstanding any other provision of law, but subject to subsection (d), if the FMAP determined without regard to this section for a State for fiscal year 2002 is less than the FMAP as so determined for fiscal year 2001, the FMAP for the State for fiscal year 2001 shall be substituted for the State's FMAP for fiscal year 2002, before the application of this section.

(b) GENERAL 1.50 PERCENTAGE POINTS INCREASE.—Notwithstanding any other provision of law, but subject to subsections (d) and (e), for each State for each calendar quarter in fiscal year 2002, the FMAP (taking into account the application of subsection (a)) shall be increased by 1.50 percentage points.

(c) FURTHER INCREASE FOR STATES WITH HIGH UNEMPLOYMENT RATES.—

(1) IN GENERAL.—Notwithstanding any other provision of law, but subject to subsections (d) and (e), the FMAP for a high unemployment State for a calendar quarter in fiscal year 2002 (and any subsequent calendar quarter in such fiscal year regardless of whether the State continues to be a high unemployment State for a calendar quarter in such fiscal year) shall be increased (after the application of subsections (a) and (b)) by 1.50 percentage points.

(2) HIGH UNEMPLOYMENT STATE.—For purposes of this subsection, a State is a high unemployment State for a calendar quarter if, for any 3 consecutive months beginning on or after June 2001 and ending with the second month before the beginning of the calendar quarter, the State has an unemployment rate that exceeds the national average unemployment rate. Such unemployment rates for such months shall be determined based on publications of the Bureau of Labor Statistics of the Department of Labor.

(d) 1-YEAR INCREASE IN CAP ON MEDICAID PAYMENTS TO TERRITORIES.—Notwithstanding any other provision of law, with respect to fiscal year 2002, the amounts otherwise determined for Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa under section 1108 of the Social Security Act (42 U.S.C. 1308) shall each be increased by an amount equal to 3.093 percentage points of such amounts.

(e) SCOPE OF APPLICATION.—The increases in the FMAP for a State under this section shall apply only for purposes of title XIX of the Social Security Act and shall not apply with respect to—

(1) disproportionate share hospital payments described in section 1923 of such Act (42 U.S.C. 1396r–4); and

(2) payments under titles IV and XXI of such Act (42 U.S.C. 601 et seq. and 1397aa et seq.).

(f) STATE ELIGIBILITY.—A State is eligible for an increase in its FMAP under subsection (b) or (c) only if the eligibility under its State plan under title XIX of the Social Security Act (including any waiver under such title or under section 1115 of such Act (42 U.S.C. 1315)) is no more restrictive than the eligibility under such plan (or waiver) as in effect on October 1, 2001.

SEC. 605. DEFINITIONS.

In this subtitle:

(1) ADMINISTRATOR.—The term ''administrator'' has the meaning given that term in section 3(16)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(16)(A)).

(2) COBRA CONTINUATION COVERAGE.—

(A) IN GENERAL.—The term ''COBRA continuation coverage'' means coverage under a group health plan provided by an employer pursuant to title XXII of the Public Health Service Act, section 4980B of the Internal Revenue Code of 1986, part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, or section 8905a of title 5, United States Code.

(B) APPLICATION TO EMPLOYERS IN STATES REQUIRING SUCH COVERAGE.—Such term includes such coverage provided by an employer in a State that has enacted a law that requires the employer to provide such coverage even though the employer would not otherwise be required to provide such coverage under the provisions of law referred to in subparagraph (A).

(3) COVERED EMPLOYEE.—The term ''covered employee'' has the meaning given that term in section 607(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(2)).

(4) FEDERAL PUBLIC BENEFIT.—The term ''Federal public benefit'' has the meaning given that term in section 401(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1611(c)).

(5) FMAP.—The term ''FMAP'' means the Federal medical assistance percentage, as defined in section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)).

(6) GROUP HEALTH PLAN.—The term ''group health plan'' has the meaning given that term in section 2791(a) of the Public Health Service Act (42 U.S.C. 300gg–91(a)) and in section 607(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(1)).

(7) HEALTH INSURANCE COVERAGE.—The term ''health insurance coverage'' has the meaning given that term in section 2791(b)(1) of the Public Health Service Act (42 U.S.C. 300gg–91(b)(1)).

(8) MULTIEMPLOYER PLAN.—The term ''multiemployer plan'' has the meaning given that term in section 3(37) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(37)).

(9) POVERTY LINE.—The term ''poverty line'' has the meaning given that term in section 2110(c)(5) of the Social Security Act (42 U.S.C. 1397jj(c)(5)).

(10) QUALIFIED BENEFICIARY.—The term ''qualified beneficiary'' has the meaning given that term in section 607(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(3)).

(11) STATE.—The term ''State'' has the meaning given such term for purposes of title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(12) STATE OR LOCAL PUBLIC BENEFIT.—The term ''State or local public benefit'' has the meaning given that term in section 411(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1621(c)).

(13) UNINSURED.—

(A) IN GENERAL.—The term ''uninsured'' means, with respect to an individual, that the individual is not covered under—

(i) a group health plan;

(ii) health insurance coverage; or

(iii) a program under title XVIII, XIX, or XXI of the Social Security Act (other than under such title XIX pursuant to section 602).

(B) EXCLUSION.—Such coverage under clause (i) or (ii) shall not include coverage consisting solely of coverage of excepted benefits (as defined in section 2791(c) of the Public Health Service Act (42 U.S.C. 300gg–91(c)).

Subtitle B—Other Provisions

SEC. 611. INCLUSION OF INDIAN WOMEN WITH BREAST OR CERVICAL CANCER IN OPTIONAL MEDICAID ELIGIBILITY CATEGORY.

(a) IN GENERAL.—Notwithstanding any other provision of law, during fiscal year 2002, the subsection (aa) of section 1902 of the Social Security Act (42 U.S.C. 1396a) added by section 2(a)(2) of the Breast and Cervical Cancer Prevention and Treatment Act of 2000 (Public Law 106–354; 114 Stat. 1381) shall be applied as if '', but applied without regard to paragraph (1)(F) of such section'' were inserted before the period in paragraph (4).

(b) TECHNICAL AMENDMENTS.—

(1) Section 1902 of the Social Security Act (42 U.S.C. 1396a), as amended by section 702(b) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106–554) (114 Stat. 2763A–572), is amended by redesignating the subsection (aa) added by such section as subsection (bb).

(2) Section 1902(a)(15) of the Social Security Act (42 U.S.C. 1396a(a)(15)), as added by section 702(a)(2) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as so enacted into law) (114 Stat. 2763A–572), is amended by striking ''subsection (aa)'' and inserting ''subsection (bb)''.

(3) Section 1915(b) of the Social Security Act (42 U.S.C. 1396n(b)), as amended by section 702(c)(2) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as so enacted into law) (114 Stat. 2763A–574), is amended by striking ''1902(aa)'' and inserting ''1902(bb)''.

(4) The amendments made this subsection shall take effect as if included in the enactment of section 702 of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106–554) (114 Stat.2763A–572).

SEC. 612. INCREASE IN FLOOR FOR TREATMENT AS AN EXTREMELY LOW DSH STATE TO 3 PERCENT IN FISCAL YEAR 2002.

Section 1923(f)(5) of the Social Security Act (42 U.S.C. 1396r–4(f)(5)) is amended—

(1) by striking ''In the case of'' and inserting the following:

''(A) IN GENERAL.—In the case of''; and

(2) by adding at the end the following new subparagraph:

''(B) FISCAL YEAR 2002.—With respect to fiscal year 2002, subparagraph (A) shall be applied—

''(i) as if 'fiscal year 2000' were substituted for 'fiscal year 1999';

''(ii) as if 'August 31, 2001' were substituted for 'August 31, 2000';

''(iii) as if '3 percent' were substituted for '1 percent' each place it appears;

''(iv) as if 'fiscal year 2002' were substituted for 'fiscal year 2001'; and

''(v) without regard to the second sentence of that subparagraph.''.

SEC. 613. MORATORIUM ON CHANGES TO CERTAIN UPPER PAYMENT LIMITS UNDER MEDICAID.

(a) IN GENERAL.—Except as provided in subsection (b), during the period that begins on October 1, 2001, and ends on March 31, 2002, the Secretary of Health and Human Services (in this section referred to as the ''Secretary'') may not implement any modification to the upper payment limit requirements under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) for services furnished by non-State government-owned or operated hospitals.

(b) EXCEPTION.—The Secretary may implement any changes to such limits that were published in the Federal Register as a final rule before October 1, 2001.

SEC. 614. REVISION AND SIMPLIFICATION OF THE TRANSITIONAL MEDICAL ASSISTANCE PROGRAM (TMA).

(a) OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS; OPTION OF CONTINUING COVERAGE FOR UP TO AN ADDITIONAL YEAR.—

(1) OPTION OF CONTINUOUS ELIGIBILITY FOR 12 MONTHS BY MAKING REPORTING REQUIREMENTS OPTIONAL.—Section 1925(b) of the Social Security Act (42 U.S.C. 1396r–6(b)) is amended—

(A) in paragraph (1), by inserting '', at the option of a State,'' after ''and which'';

(B) in paragraph (2)(A), by inserting ''Subject to subparagraph (C)—'' after ''(A) NOTICES.—'';

(C) in paragraph (2)(B), by inserting ''Subject to subparagraph (C)—'' after ''(B) REPORTING REQUIREMENTS.—'';

(D) by adding at the end the following new subparagraph:

''(C) STATE OPTION TO WAIVE NOTICE AND REPORTING REQUIREMENTS.—A State may waive some or all of the reporting requirements under clauses (i) and (ii) of subparagraph (B). Insofar as it waives such a reporting requirement, the State need not provide for a notice under subparagraph (A) relating to such requirement.''; and

(E) in paragraph (3)(A)(iii), by inserting ''the State has not waived under paragraph (2)(C) the reporting requirement with respect to such month under paragraph (2)(B) and if'' after ''6-month period if''.

(2) STATE OPTION TO EXTEND ELIGIBILITY FOR LOW-INCOME INDIVIDUALS FOR UP TO 12 ADDITIONAL MONTHS.—Section 1925 of such Act (42 U.S.C. 1396r–6) is further amended—

(A) by redesignating subsections (c) through (f) as subsections (d) through (g); and

(B) by inserting after subsection (b) the following new subsection:

''(c) STATE OPTION OF UP TO 12 MONTHS OF ADDITIONAL ELIGIBILITY.—

''(1) IN GENERAL.—Notwithstanding any other provision of this title, each State plan approved under this title may provide, at the option of the State, that the State shall offer to each family which received assistance during the entire 6-month period under subsection (b) and which meets the applicable requirement of paragraph (2), in the last month of the period the option of extending coverage under this subsection for the succeeding period not to exceed 12 months.

''(2) INCOME RESTRICTION.—The option under paragraph (1) shall not be made available to a family for a succeeding period unless the State determines that the family's average gross monthly earnings (less such costs for such child care as is necessary for the employment of the caretaker relative) as of the end of the 6-month period under subsection (b) does not exceed 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.

''(3) APPLICATION OF EXTENSION RULES.—The provisions of paragraphs (2), (3), (4), and (5) of subsection (b) shall apply to the extension provided under this subsection in the same manner as they apply to the extension provided under subsection (b)(1), except that for purposes of this subsection—

''(A) any reference to a 6-month period under subsection (b)(1) is deemed a reference to the extension period provided under paragraph (1) and any deadlines for any notices or reporting and the premium payment periods shall be modified to correspond to the appropriate calendar quarters of coverage provided under this subsection; and

''(B) any reference to a provision of subsection (a) or (b) is deemed a reference to the corresponding provision of subsection (b) or of this subsection, respectively.''.

(b) STATE OPTION TO WAIVE RECEIPT OF MEDICAID FOR 3 OF PREVIOUS 6 MONTHS TO QUALIFY FOR TMA.—Section 1925(a)(1) of such Act (42 U.S.C. 1396r–6(a)(1)) is amended by adding at the end the following: ''A State may, at its option, also apply the previous sentence in the case of a family that was receiving such aid for fewer than 3 months, or that had applied for and was eligible for such aid for fewer than 3 months, during the 6 immediately preceding months described in such sentence.''.

(c) CMS REPORT ON ENROLLMENT AND PARTICIPATION RATES UNDER TMA.—Section 1925 of such Act (42 U.S.C. 1396r–6), as amended by subsection (a)(2)(A), is amended—

(1) by further redesignating subsection (g) as subsection (i); and

(2) by inserting after subsection (f) the following new subsection:

''(g) ADDITIONAL PROVISIONS.—

''(1) COLLECTION AND REPORTING OF PARTICIPATION INFORMATION.—

''(A) IN GENERAL.—Each State shall—

''(i) collect and submit to the Secretary, in a format specified by the Secretary, information on average monthly enrollment and average monthly participation rates for adults and children under this section; and

''(ii) make such information publicly available.

''(B) TIMING OF SUBMISSION.—Information required to be submitted under subparagraph (A)(i) shall be submitted under that subparagraph at the same time and frequency in which other enrollment information under this title is submitted to the Secretary.

''(C) ANNUAL REPORT TO CONGRESS.—The Secretary shall submit to Congress annual reports concerning such rates using the information required to be submitted under subparagraph (A)(i).''.

(d) COORDINATION OF WORK.—Section 1925(g) of such Act (42 U.S.C. 1396r–6), as added by subsection (c), is amended by adding at the end the following new paragraph:

''(2) COORDINATION WITH ADMINISTRATION FOR CHILDREN AND FAMILIES.—The Administrator of the Centers for Medicare & Medicaid Services, in carrying out this section, shall work with the Assistant Secretary for the Administration for Children and Families to develop guidance or other technical assistance for States regarding best practices in guaranteeing access to transitional medical assistance under this section.''.

(e) ELIMINATION OF TMA REQUIREMENT FOR STATES THAT EXTEND COVERAGE TO CHILDREN AND PARENTS THROUGH 185 PERCENT OF POVERTY.—

(1) IN GENERAL.—Section 1925 of such Act (42 U.S.C. 1396r–6), as amended by subsection (c), is further amended by inserting after subsection (g) the following new subsection:

''(h) PROVISIONS OPTIONAL FOR STATES THAT EXTEND COVERAGE TO CHILDREN AND PARENTS THROUGH 185 PERCENT OF POVERTY.—A State may (but is not required to) meet the requirements of subsections (a) and (b) if it provides for medical assistance under this title (whether under section 1931, through a waiver under section 1115, or otherwise) to families (including both children and caretaker relatives) the average gross monthly earning of which (less such costs for such child care as is necessary for the employment of a caretaker relative) is at or below a level that is at least 185 percent of the official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 673(2) of the Omnibus Budget Reconciliation Act of 1981) applicable to a family of the size involved.''.

(2) CONFORMING AMENDMENTS.—Section 1925 of such Act (42 U.S.C. 1396r–6) is further amended, in subsections (a)(1) and (b)(1), by inserting '', but subject to subsection (h),'' after ''Notwithstanding any other provision of this title,'' each place it appears.

(f) REQUIREMENT OF NOTICE FOR ALL FAMILIES LOSING TANF.—Subsection (a)(2) of section 1925 of such Act (42 U.S.C. 1396r–6) is amended by adding after and below subparagraph (B), the following:

''Each State shall provide, to families whose aid or assistance under part A or E of title IV has terminated but whose eligibility for medical assistance under this title continues, written notice of their ongoing eligibility for such medical assistance. If a State makes a determination that any member of a family whose aid or assistance under part A or E of title IV is being terminated is also no longer eligible for medical assistance under this title, the notice of such determination shall be supplemented by a 1-page notification form describing the different ways in which individuals and families may qualify for such medical assistance and explaining that individuals and families do not have to be receiving aid or assistance under part A or E of title IV in order to qualify for such medical assistance.''.

(g) EXTENDING USE OF OUTSTATIONED WORKERS TO ACCEPT APPLICATIONS FOR TRANSITIONAL MEDICAL ASSISTANCE.—Section 1902(a)(55) of the Social Security Act (42 U.S.C. 1396a(a)(55)) is amended by inserting ''and under section 1931'' after ''(a)(10)(A)(ii)(IX)''.

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3) , the amendments made by this section shall apply to calendar quarters beginning on or after October 1, 2001, without regard to whether final regulations to carry out such amendments have been promulgated by such date.

(2) NOTICE REQUIREMENT.—The amendment made by subsection (f) shall take effect on the date that is 6 months after the date of enactment of this Act.

(3) EXTENSION OF EFFECTIVE DATES FOR STATE LAW AMENDMENT.—In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary of Health and Human Services determines requires State legislation (other than legislation appropriating funds) in order for the plan to meet the additional requirements imposed by the amendments made by this section, the State plan shall not be regarded as failing to comply with the requirements of such title solely on the basis of its failure to meet these additional requirements before the first day of the first calendar quarter beginning after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act. For purposes of the previous sentence, in the case of a State that has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

TITLE VII—TEMPORARY ENHANCED UNEMPLOYMENT BENEFITS

SEC. 701. SHORT TITLE.

This title may be cited as the ''Temporary Unemployment Compensation Act of 2001''.

SEC. 702. FEDERAL-STATE AGREEMENTS.

(a) IN GENERAL.—Any State which desires to do so may enter into and participate in an agreement under this title with the Secretary of Labor (in this title referred to as the ''Secretary''). Any State which is a party to an agreement under this title may, upon providing 30 days' written notice to the Secretary, terminate such agreement.

(b) PROVISIONS OF AGREEMENT.—

(1) IN GENERAL.—Any agreement under subsection (a) shall provide that the State agency of the State will make—

(A) payments of regular compensation to individuals in amounts and to the extent that such payments would be determined if the State law were applied with the modifications described in paragraph (2); and

(B) payments of temporary supplemental unemployment compensation to individuals who—

(i) have exhausted all rights to regular compensation under the State law;

(ii) do not, with respect to a week, have any rights to compensation (excluding extended compensation) under the State law of any other State (whether one that has entered into an agreement under this title or otherwise) nor compensation under any other Federal law (other than under the Federal-State Extended Unemployment Compensation Act of 1970 (26 U.S.C. 3304 note)), and are not paid or entitled to be paid any additional compensation under any Federal or State law; and

(iii) are not receiving compensation with respect to such week under the unemployment compensation law of Canada.

(2) MODIFICATIONS DESCRIBED.—The modifications described in this paragraph are as follows:

(A) ALTERNATIVE BASE PERIOD.—An individual shall be eligible for regular compensation if the individual would be so eligible, determined by applying—

(i) the base period that would otherwise apply under the State law if this title had not been enacted; or

(ii) a base period ending at the close of the calendar quarter most recently completed before the date of the individual's application for benefits, provided that wage data for that quarter has been reported to the State; whichever results in the greater amount.

(B) PART-TIME EMPLOYMENT.—An individual shall not be denied regular compensation under the State law's provisions relating to availability for work, active search for work, or refusal to accept work, solely by virtue of the fact that such individual is seeking, or is available for, only part-time (and not full-time) work, if—

(i) the individual's employment on which eligibility for the regular compensation is based was part-time employment; or

(ii) the individual can show good cause for seeking, or being available for, only part-time (and not full-time) work.

(C) INCREASED BENEFITS.—

(i) IN GENERAL.—The amount of regular compensation (including dependents' allowances) payable for any week shall be equal to the amount determined under the State law (before the application of this subparagraph), plus an amount equal to the greater of—

(I) 15 percent of the amount so determined; or

(II) $25.

(ii) ROUNDING.—For purposes of determining the amount under clause (i)(I), such amount shall be rounded to the dollar amount specified under State law.

(c) NONREDUCTION RULE.—Under the agreement, subsection (b)(2)(C) shall not apply (or shall cease to apply) with respect to a State upon a determination by the Secretary that the method governing the computation of regular compensation under the State law of that State has been modified in a way such that—

(1) the average weekly amount of regular compensation which will be payable during the period of the agreement (determined disregarding the modifications described in subsection (b)(2)) will be less than

(2) the average weekly amount of regular compensation which would otherwise have been payable during such period under the State law, as in effect on September 11, 2001.

(d) COORDINATION RULES.—

(1) REGULAR COMPENSATION PAYABLE UNDER A FEDERAL LAW.—The modifications described in subsection (b)(2) shall also apply in determining the amount of benefits payable under any Federal law to the extent that those benefits are determined by reference to regular compensation payable under the State law of the State involved.

(2) TSUC TO SERVE AS SECOND-TIER BENEFITS.—Notwithstanding any other provision of law, extended benefits shall not be payable to any individual for any week for which temporary supplemental unemployment compensation is payable to such individual.

(e) EXHAUSTION OF BENEFITS.—For purposes of subsection (b)(1)(B)(i), an individual shall be considered to have exhausted such individual's rights to regular compensation under a State law when—

(1) no payments of regular compensation can be made under such law because such individual has received all regular compensation available to such individual based on

employment or wages during such individual's base period; or

(2) such individual's rights to such compensation have been terminated by reason of the expiration of the benefit year with respect to which such rights existed.

(f) WEEKLY BENEFIT AMOUNT, TERMS AND CONDITIONS, ETC. RELATING TO TSUC.—For purposes of any agreement under this title—

(1) the amount of temporary supplemental unemployment compensation which shall be payable to an individual for any week of total unemployment shall be equal to the amount of regular compensation (including dependents' allowances) payable to such individual under the State law for a week for total unemployment during such individual's benefit year;

(2) the terms and conditions of the State law which apply to claims for regular compensation and to the payment thereof shall apply to claims for temporary supplemental unemployment compensation and the payment thereof, except where inconsistent with the provisions of this title or with the regulations or operating instructions of the Secretary promulgated to carry out this title; and

(3) the maximum amount of temporary supplemental unemployment compensation payable to any individual for whom a temporary supplemental unemployment compensation account is established under section 703 shall not exceed the amount established in such account for such individual.

SEC. 703. TEMPORARY SUPPLEMENTAL UNEMPLOYMENT COMPENSATION ACCOUNT.

(a) IN GENERAL.—Any agreement under this title shall provide that the State will establish, for each eligible individual who files an application for temporary supplemental unemployment compensation, a temporary supplemental unemployment compensation account.

(b) AMOUNT IN ACCOUNT.—

(1) IN GENERAL.—The amount established in an account under subsection (a) shall be equal to the lesser of—

(A) 50 percent of the total amount of regular compensation (including dependents' allowances) payable to the individual during the individual's benefit year under such law; or

(B) 13 times the individual's weekly benefit amount.

(2) WEEKLY BENEFIT AMOUNT.—For purposes of this subsection, an individual's weekly benefit amount for any week is the amount of regular compensation (including dependents' allowances) under the State law payable to such individual for such week for total unemployment.

(3) RULE OF CONSTRUCTION.—For purposes of any computation under paragraph (1) (and any determination of amount under section 702(f)(1)), the modification described in section 702(b)(2)(C) (relating to increased benefits) shall be deemed to have been in effect with respect to the entirety of the benefit year involved.

SEC. 704. PAYMENTS TO STATES HAVING AGREEMENTS UNDER THIS TITLE.

(a) GENERAL RULE.—There shall be paid to each State which has entered into an agreement under this title an amount equal to—

(1) 100 percent of any regular compensation made payable to individuals by such State by virtue of the modifications which are described in section 702(b)(2) and deemed to be in effect with respect to such State pursuant to section 702(b)(1)(A);

(2) 100 percent of any regular compensation—

(A) which is paid to individuals by such State by reason of the fact that its State law contains provisions comparable to the modifications described in subparagraphs (A) and (B) of section 702(b)(2); but only

(B) to the extent that those amounts would, if such amounts were instead payable by virtue of the State law's being deemed to be so modified pursuant to section 702(b)(1)(A), have been reimbursable under paragraph (1); and

(3) 100 percent of the temporary supplemental unemployment compensation paid to individuals by the State pursuant to such agreement.

(b) DETERMINATION OF AMOUNT.—Sums under subsection (a) payable to any State by reason of such State having an agreement under this title shall be payable, either in advance or by way of reimbursement (as may be determined by the Secretary), in such amounts as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any amount by which the Secretary finds that the Secretary's estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made on the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency of the State involved.

(c) ADMINISTRATIVE EXPENSES, ETC.—There is hereby appropriated out of the employment security administration account of the Unemployment Trust Fund (as established by section 901(a) of the Social Security Act (42 U.S.C. 1101(a))) $500,000,000 to reimburse States for the costs of the administration of agreements under this title (including any improvements in technology in connection therewith) and to provide reemployment services to unemployment compensation claimants in States having agreements under this title. Each State's share of the amount appropriated by the preceding sentence shall be determined by the Secretary according to the factors described in section 302(a) of the Social Security Act (42 U.S.C. 501(a)) and certified by the Secretary to the Secretary of the Treasury.

SEC. 705. FINANCING PROVISIONS.

(a) BENEFITS.—There is hereby appropriated, without fiscal year limitation, out of funds in the Treasury not otherwise appropriated such sums as may be necessary for the making of payments (described in section 704(a)) to States having agreements entered into under this title.

(b) ADDITIONAL AMOUNTS.—There is hereby appropriated, without fiscal year limitation, out of funds in the Treasury not otherwise appropriated $6,000,000,000 to the extended unemployment compensation account (as established by section 905(a) of the Social Security Act (42 U.S.C. 1105(a))).

SEC. 706. FRAUD AND OVERPAYMENTS.

(a) IN GENERAL.—If an individual knowingly has made, or caused to be made by another, a false statement or representation of a material fact, or knowingly has failed, or caused another to fail, to disclose a material fact, and as a result of such false statement or representation or of such nondisclosure such individual has received any regular compensation or temporary supplemental unemployment compensation under this title to which he was not entitled, such individual—

(1) shall be ineligible for any further benefits under this title in accordance with the provisions of the applicable State unemployment compensation law relating to fraud in connection with a claim for unemployment compensation; and

(2) shall be subject to prosecution under section 1001 of title 18, United States Code.

(b) REPAYMENT.—In the case of individuals who have received any regular compensation or temporary supplemental unemployment compensation under this title to which such individuals were not entitled, the State shall require such individuals to repay those benefits to the State agency, except that the State agency may waive such repayment if it determines that—

(1) the payment of such benefits was without fault on the part of any such individual; and

(2) such repayment would be contrary to equity and good conscience.

(c) RECOVERY BY STATE AGENCY.—

(1) IN GENERAL.—The State agency may recover the amount to be repaid, or any part thereof, by deductions from any regular compensation or temporary supplemental unemployment compensation payable to such individual under this title or from any unemployment compensation payable to such individual under any Federal unemployment compensation law administered by the State agency or under any other Federal law administered by the State agency which provides for the payment of any assistance or allowance with respect to any week of unemployment, during the 3-year period after the date such individuals received the payment of the regular compensation or temporary supplemental unemployment compensation to which such individuals were not entitled, except that no single deduction may exceed 50 percent of the weekly benefit amount from which such deduction is made.

(2) OPPORTUNITY FOR HEARING.—No repayment shall be required, and no deduction shall be made, until a determination has been made, notice thereof and an opportunity for a fair hearing has been given to the individual, and the determination has become final.

(d) REVIEW.—Any determination by a State agency under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in that manner and to that extent.

SEC. 707. DEFINITIONS.

For purposes of this title:

(1) IN GENERAL.—The terms ''compensation'', ''regular compensation'', ''extended compensation'', ''additional compensation'', ''benefit year'', ''base period'', ''State'', ''State agency'', ''State law'', and ''week'' have the respective meanings given such terms under section 205 of the Federal-State Extended Unemployment Compensation Act of 1970, subject to paragraph (2).

(2) STATE LAW AND REGULAR COMPENSATION.—In the case of a State entering into an agreement under this title—

(A) ''State law'' shall be considered to refer to the State law of such State, applied in conformance with the modifications described in section 702(b)(2), subject to section 702(c); and

(B) ''regular compensation'' shall be considered to refer to such compensation, determined under its State law (applied in the manner described in subparagraph (A));

except as otherwise provided or where the context clearly indicates otherwise.

SEC. 708. APPLICABILITY.

(a) IN GENERAL.—An agreement entered into under this title shall apply to weeks of unemployment—

(1) beginning after the date on which such agreement is entered into; and

(2) ending before January 1, 2003.

(b) SPECIFIC RULES.—

(1) IN GENERAL.—Under such an agreement, the following rules shall apply:

(A) ALTERNATIVE BASE PERIODS.—The modification described in section 702(b)(2)(A) (relating to alternative base periods) shall not apply except in the case of initial claims filed on or after the first day of the week that includes September 11, 2001.

(B) PART-TIME EMPLOYMENT AND INCREASED BENEFITS.—The modifications described in subparagraphs (B) and (C) of section 702(b)(2) (relating to part-time employment and increased benefits, respectively) shall apply to weeks of unemployment described in subsection (a), regardless of the date on which an individual's initial claim for benefits is filed.

(C) ELIGIBILITY FOR TSUC.—The payments described in section 702(b)(1)(B) (relating to temporary supplemental unemployment compensation) shall not apply except in the case of individuals exhausting their rights to regular compensation (as described in clause (i) of such section) on or after the first day of the week that includes September 11, 2001.

(2) REAPPLICATION PROCESS.—

(A) ALTERNATIVE BASE PERIODS.—In the case of an individual who filed an initial claim for regular compensation on or after the first day of the week that includes September 11, 2001, and before the date that the State entered into an agreement under subsection (a)(1) that was denied as a result of the application of the base period that applied under the State law prior to the date on which the State entered into the such agreement, such individual—

(i) may refile a claim for regular compensation based on the modification described in section 702(b)(2)(A) (relating to alternative base periods) on or after the date on which the State enters into such agreement and before the date on which such agreement terminates; and

(ii) if eligible, shall be entitled to such compensation only for weeks of unemployment described in subsection (a) beginning on or after the date on which the individual files such claim.

(B) PART-TIME EMPLOYMENT.—In the case of an individual who before the date that the State entered into an agreement under subsection (a)(1) was denied regular compensation under the State law's provisions relating to availability for work, active search for work, or refusal to accept work, solely by virtue of the fact that such individual is seeking, or available for, only part-time (and not full-time) work, such individual—

(i) may refile a claim for regular compensation based on the modification described in section 702(b)(2)(B) (relating to part-time employment) on or after the date on which the State enters into the agreement under subsection (a)(1) and before the date on which such agreement terminates; and

(ii) if eligible, shall be entitled to such compensation only for weeks of unemployment described in subsection (a) beginning on or after the date on which the individual files such claim.

(3) NO RETROACTIVE PAYMENTS FOR WEEKS PRIOR TO AGREEMENT.—No amounts shall be payable to an individual under an agreement entered into under this title for any week of unemployment prior to the week beginning after the date on which such agreement is entered into.

TITLE VIII—EMERGENCY AGRICULTURE ASSISTANCE

Subtitle A—Income Loss Assistance

SEC. 801. INCOME LOSS ASSISTANCE.

(a) IN GENERAL.—The Secretary of Agriculture (referred to in this title as the ''Secretary'') shall use $1,800,000,000 of funds of the Commodity Credit Corporation to make emergency financial assistance available to producers on a farm that have incurred qualifying income losses in calendar year 2001.

(b) ADMINISTRATION.—The Secretary shall make assistance available under this section in the same manner as provided under section 815 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Public Law 105–277; 114 Stat. 1549A–55), including using the same loss thresholds for the quantity and economic losses as were used in administering that section.

(c) USE OF FUNDS FOR CASH PAYMENTS.—The Secretary may use funds made available under this section to make, in a manner consistent with this section, cash payments not for crop disasters, but for income loss to carry out the purposes of this section.

SEC. 802. LIVESTOCK ASSISTANCE PROGRAM.

(a) IN GENERAL.—The Secretary shall use $500,000,000 of the funds of the Commodity Credit Corporation to make and administer payments for livestock losses to producers for 2001 losses in a county that has received an emergency designation by the President or the Secretary after January 1, 2001.

(b) ADMINISTRATION.—The Secretary shall make assistance available under this section in the same manner as provided under section 806 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Public Law 105–277; 114 Stat. 1549A–51).

SEC. 803. COMMODITY PURCHASES.

(a) IN GENERAL.—The Secretary shall use $220,000,000 of funds of the Commodity Credit Corporation to purchase agricultural commodities, especially agricultural commodities that have experienced low prices during the 2001 calendar year, as determined by the Secretary.

(b) GEOGRAPHIC DIVERSITY.—The Secretary is encouraged to purchase agricultural commodities under this section in a manner that reflects the geographic diversity of agricultural production in the United States, particularly agricultural production in the Northeast and Mid-Atlantic States.

(c) OTHER PURCHASES.—The Secretary shall ensure that purchases of agricultural commodities under this section are in addition to purchases by the Secretary under any other law.

(d) TRANSPORTATION AND DISTRIBUTION COSTS.—The Secretary may use not more than $20,000,000 of the funds made available under subsection (a) to provide assistance to States to cover costs incurred by the States in transporting and distributing agricultural commodities purchased under this section.

(e) PURCHASES FOR SCHOOL NUTRITION PROGRAMS.—The Secretary shall use not less than $55,000,000 of the funds made available under subsection (a) to purchase agricultural commodities of the type distributed under section 6(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(a)) for distribution to schools and service institutions in accordance with section 6(a) of that Act.

Subtitle B—Administration

SEC. 811. COMMODITY CREDIT CORPORATION.

The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this title.

SEC. 812. ADMINISTRATIVE EXPENSES.

(a) IN GENERAL.—In addition to funds otherwise available, not later than 30 days after the date of enactment of this Act, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of Agriculture to pay the salaries and expenses of the Department of Agriculture in carrying out this title $50,400,000, to remain available until expended.

(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under subsection (a), without further appropriation.

SEC. 813. REGULATIONS.

(a) IN GENERAL.—The Secretary may promulgate such regulations as are necessary to implement this title.

(b) PROCEDURE.—The promulgation of the regulations and administration of this subtitle shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly known as the ''Paperwork Reduction Act'').

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this section, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

TITLE IX—ADDITIONAL PROVISIONS

SEC. 901. CREDIT TO HOLDERS OF QUALIFIED AMTRAK BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new subpart:

"Subpart H—Nonrefundable Credit for Holders of Qualified Amtrak Bonds

''Sec. 54. Credit to holders of qualified Amtrak bonds.

"SEC. 54. CREDIT TO HOLDERS OF QUALIFIED AMTRAK BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified Amtrak bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified Amtrak bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified Amtrak bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

''(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (2), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the date of sale of the issue) on outstanding long-term corporate debt obligations (determined in such manner as the Secretary prescribes).

''(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term includes the last day on which the bond is outstanding.

''(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

''(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this part (other than this subpart and subpart C).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(d) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(e) QUALIFIED AMTRAK BOND.—For purposes of this part, the term 'qualified Amtrak bond' means any bond issued as part of an issue if—

''(1) 95 percent or more of the proceeds from the sale of such issue are to be used for expenditures incurred after the date of the enactment of this section for any qualified project,

''(2) the bond is issued by the National Railroad Passenger Corporation, is in registered form, and meets the bond limitation requirements under subsection (f),

''(3) the issuer designates such bond for purposes of this section,

''(4) the issuer certifies that it meets the State contribution requirement of subsection (k) with respect to such project, as in effect on the date of issuance,

''(5) the issuer certifies that it has obtained the written approval of the Secretary of Transportation for such project in accordance with subsection (l),

''(6) the term of each bond which is part of such issue does not exceed 20 years,

''(7) the payment of principal with respect to such bond is the obligation of the National Railroad Passenger Corporation, and

''(8) the issue meets the requirements of subsection (g) (relating to arbitrage).

''(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a qualified Amtrak bond limitation for each calendar year. Such limitation is—

''(A) for 2002—

''(i) with respect to qualified projects described in subparagraphs (A), (B), and (C) of subsection (j)(1), $7,000,000,000, and

''(ii) with respect to the qualified project described in subsection (j)(1)(D), $2,000,000,000, and

''(B) except as provided in paragraph (4), zero thereafter.

''(2) LIMITS ON BONDS FOR NORTHEAST RAIL CORRIDOR AND INDIVIDUAL STATES.—

''(A) NORTHEAST RAIL CORRIDOR.—Not more than $2,000,000,000 of the limitation under paragraph (1) may be designated for qualified projects on the northeast rail corridor between Washington, D.C., and Boston, Massachusetts.

''(B) INDIVIDUAL STATES.—Not more than $2,000,000,000 of the limitation under paragraph (1) may be designated for any individual State. The dollar limitation under this subparagraph is in addition to the dollar limitation for the qualified projects described in subparagraph (A).

''(3) SET ASIDE FOR BONDS FOR NON-FEDERALLY DESIGNATED HIGH-SPEED RAIL CORRIDOR PROJECTS.—Not less than 15 percent of the limitation under paragraph (1) shall be designated for qualified projects described in subsection (j)(1)(C).

''(4) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

''(A) the qualified Amtrak limitation amount, exceeds

''(B) the amount of bonds issued during such year which are designated under subsection (e)(3),

the qualified Amtrak limitation amount for the following calendar year shall be increased by the amount of such excess.

Any carryforward of a qualified Amtrak limitation amount may be carried only to calendar year 2003 or 2004.

''(g) SPECIAL RULES RELATING TO ARBITRAGE.—

''(1) IN GENERAL.—Subject to paragraph (2), an issue shall be treated as meeting the requirements of this subsection if as of the date of issuance, the issuer reasonably expects—

''(A) to spend at least 95 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 3-year period beginning on such date,

''(B) to incur a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue, or to commence construction, with respect to such projects within the 6-month period beginning on such date, and

''(C) to proceed with due diligence to complete such projects and to spend the proceeds from the sale of the issue.

''(2) RULES REGARDING CONTINUING COMPLIANCE AFTER 3-YEAR DETERMINATION.—If at least 95 percent of the proceeds from the sale of the issue is not expended for 1 or more qualified projects within the 3-year period beginning on the date of issuance, but the requirements of paragraph (1) are otherwise met, an issue shall be treated as continuing to meet the requirements of this subsection if either—

''(A) the issuer uses all unspent proceeds from the sale of the issue to redeem bonds of the issue within 90 days after the end of such 3-year period, or

''(B) the following requirements are met:

''(i) The issuer spends at least 75 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 3-year period beginning on the date of issuance.

''(ii) Either—

''(I) the issuer spends at least 95 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 4-year period beginning on the date of issuance, or

''(II) the issuer pays to the Federal Government any earnings on the proceeds from the sale of the issue that accrue after the end of the 3-year period beginning on the date of issuance and uses all unspent proceeds from the sale of the issue to redeem bonds of the issue within 90 days after the end of the 4-year period beginning on the date of issuance.

''(h) RECAPTURE OF PORTION OF CREDIT WHERE CESSATION OF COMPLIANCE.—

''(1) IN GENERAL.—If any bond which when issued purported to be a qualified Amtrak bond ceases to be such a qualified bond, the issuer shall pay to the United States (at the time required by the Secretary) an amount equal to the sum of—

''(A) the aggregate of the credits allowable under this section with respect to such bond (determined without regard to subsection (c)) for taxable years ending during the calendar year in which such cessation occurs and the 2 preceding calendar years, and

''(B) interest at the underpayment rate under section 6621 on the amount determined under subparagraph (A) for each calendar year for the period beginning on the first day of such calendar year.

''(2) FAILURE TO PAY.—If the issuer fails to timely pay the amount required by paragraph (1) with respect to such bond, the tax imposed by this chapter on each holder of any such bond which is part of such issue shall be increased (for the taxable year of the holder in which such cessation occurs) by the aggregate decrease in the credits allowed under this section to such holder for taxable years beginning in such 3 calendar years which would have resulted solely from denying any credit under this section with respect to such issue for such taxable years.

''(3) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (2) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

''(B) NO CREDITS AGAINST TAX.—Any increase in tax under paragraph (2) shall not be treated as a tax imposed by this chapter for purposes of determining—

''(i) the amount of any credit allowable under this part, or

''(ii) the amount of the tax imposed by section 55.

''(i) TRUST ACCOUNT.—

''(1) IN GENERAL.—The following amounts shall be held in a trust account by a trustee independent of the National Railroad Passenger Corporation:

''(A) The proceeds from the sale of all bonds designated for purposes of this section.

''(B) The amount of any matching contributions with respect to such bonds.

''(C) The investment earnings on proceeds from the sale of such bonds.

''(D) Any earnings on any amounts described in subparagraph (A), (B), or (C).

''(2) USE OF FUNDS.—Amounts in the trust account may be used only to pay costs of qualified projects and redeem qualified Amtrak bonds, except that amounts withdrawn from the trust account to pay costs of qualified projects may not exceed the aggregate proceeds from the sale of all qualified Amtrak bonds issued under this section.

''(3) USE OF REMAINING FUNDS IN TRUST ACCOUNT.—Upon the redemption of all qualified Amtrak bonds issued under this section, any remaining amounts in the trust account described in paragraph (1) shall be available to the issuer for any qualified project.

''(j) QUALIFIED PROJECT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified project' means—

''(A) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements (including the introduction of new high-speed technologies such as magnetic levitation systems), including track or signal improvements or the elimination of grade crossings, for the northeast rail corridor between Washington, D.C., and Boston, Massachusetts,

''(B) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements (including the introduction of new high-speed technologies such as magnetic levitation systems), including development of intermodal facilities, track or signal improvements, or the elimination of grade crossings, for the improvement of train speeds or safety (or both) on the high-speed rail corridors designated under section 104(d)(2) of title 23, United States Code, as in effect on the date of the enactment of this section,

''(C) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements, including station rehabilitation or construction, development of intermodal facilities, track or signal improvements, or the elimination of grade crossings, for the improvement of train speeds or safety (or both) for other intercity passenger rail corridors and for the Alaska Railroad, and

''(D) construction, installation of facilities, performance of railroad force account

work, and environmental impact studies that facilitate and maximize intercity and regional rail system capacity and connectivity intended to benefit all users, including the National Passenger Rail Corporation, related to the construction of the Trans Hudson Tunnel, an additional railroad passenger tunnel connecting Newark, New Jersey to the City of New York, New York.

''(2) REFINANCING RULES.—For purposes of paragraph (1), a refinancing shall constitute a qualified project only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by the issuer—

''(A) after the date of the enactment of this section,

''(B) for a term of not more than 3 years,

''(C) to finance or acquire capital improvements described in paragraph (1), and

''(D) in anticipation of being refinanced with proceeds of a qualified Amtrak bond.

''(k) STATE CONTRIBUTION REQUIREMENTS.—

''(1) IN GENERAL.—For purposes of subsection (e)(4), the State contribution requirement of this subsection is met with respect to any qualified project if the National Railroad Passenger Corporation has received from 1 or more States, not later than the date of issuance of the bond, matching contributions of not less than 20 percent of the cost of the qualified project.

''(2) NO STATE CONTRIBUTION REQUIREMENT FOR CERTAIN QUALIFIED PROJECTS.—The State contribution requirement of this subsection is zero with respect to any project described in subsection (j)(1)(C) for the Alaska Railroad.

''(3) STATE MATCHING CONTRIBUTIONS MAY NOT INCLUDE FEDERAL FUNDS.—For purposes of this subsection, State matching contributions shall not be derived, directly or indirectly, from Federal funds, including any transfers from the Highway Trust Fund under section 9503.

''(l) DEPARTMENT OF TRANSPORTATION APPROVAL FOR QUALIFIED PROJECTS.—

''(1) IN GENERAL.—The written approval of a qualified project by the Secretary of Transportation required for purposes of subsection (e)(5) shall include—

''(A) the finding by the Inspector General of the Department of Transportation described in paragraph (2),

''(B) the certification by the Secretary of Transportation described in paragraph (3), and

''(C) the agreement by the National Railroad Passenger Corporation described in paragraph (4).

''(2) FINDING BY INSPECTOR GENERAL.—For purposes of paragraph (1), the finding described in this paragraph is a finding by the Inspector General of the Department of Transportation that there is a reasonable likelihood that the proposed project will result in a positive financial contribution to the National Railroad Passenger Corporation and that the investment evaluation process includes consideration of a return on investment, leveraging of funds (including State capital and operating contributions), cost effectiveness, safety improvement, mobility improvement, and feasibility.

''(3) CERTIFICATION.—For purposes of paragraph (1), the certification described in this paragraph is a certification by the Secretary of Transportation that the issuer of the qualified Amtrak bond—

''(A) except with respect to projects described in subsection (j)(1)(C), has entered into a written agreement with the owners of rail properties which are to be improved by the project to be funded by the qualified Amtrak bond, as to the scope and estimated cost of such project and the impact on rail freight capacity, and

''(B) has met the State contribution requirements described in subsection (k).

The National Railroad Passenger Corporation shall not exercise its rights under section 24308(a)(2) of title 49, United States Code, to resolve disputes with respect to a project to be funded by a qualified Amtrak bond, or with respect to the cost of such a project, unless the project is intended to result in railroad speeds of 79 miles per hour or less.

''(4) AGREEMENT BY AMTRAK TO ISSUE ADDITIONAL BONDS FOR PROJECTS OF OTHER CARRIERS.—

''(A) IN GENERAL.—For purposes of paragraph (1), the agreement described in this paragraph is an agreement by the National Railroad Passenger Corporation with the Secretary of Transportation to issue bonds which meet the requirements of this section for use in financing projects described in subparagraph (B).

''(B) PROJECTS COVERED.—For purposes of subparagraph (A), the projects described in this subparagraph are any project described in subsection (j)(1)(B) or (j)(1)(C) for an intercity rail passenger carrier other than the National Railroad Passenger Corporation or for the Alaska Railroad.

''(C) RESPONSIBILITY OF INTERCITY RAIL PASSENGER CARRIER.—Any project financed by bonds referred to in subparagraph (A) shall be carried out by the intercity rail passenger carrier other than the National Railroad Passenger Corporation, through a contract entered into by the National Railroad Passenger Corporation with such carrier.

''(D) INTERCITY RAIL PASSENGER CARRIER DEFINED.—For purposes of this paragraph, the term 'intercity rail passenger carrier' means any rail carrier (as defined in section 24102(7) of such title 49, as in effect on the date of the enactment of this section) which is part of the interstate system of rail transportation and which provides intercity rail passenger transportation (as defined in section 24102(5) of such title 49 (as so in effect)).

''(5) ADDITIONAL SELECTION CRITERIA.—In determining projects to be approved under this subsection (other than projects for the Alaska Railroad), or to be included in an agreement under paragraph (4), the Secretary of Transportation—

''(A) shall base such approval on—

''(i) the results of alternatives analysis and preliminary engineering, and

''(ii) a comprehensive review of mobility improvements, environmental benefits, cost effectiveness, and operating efficiencies, and

''(B) shall give preference to—

''(i) projects supported by evidence of stable and dependable financing sources to construct, maintain, and operate the system or extension,

''(ii) projects expected to have a significant impact on air traffic congestion,

''(iii) projects expected to also improve commuter rail operations,

''(iv) projects that anticipate fares designed to recover costs and generate a return on investment, and

''(v) projects that promote regional balance in infrastructure investment and the national interest in ensuring the development of a nationwide high-speed rail transportation network.

''(m) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) BOND.—The term 'bond' includes any obligation.

''(2) TREATMENT OF CHANGES IN USE.—For purposes of subsection (e)(1), the proceeds from the sale of an issue shall not be treated as used for a qualified project to the extent that the issuer takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall specify remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a qualified Amtrak bond.

''(3) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—In the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

''(4) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified Amtrak bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

''(5) REPORTING.—Issuers of qualified Amtrak bonds shall submit reports similar to the reports required under section 149(e).''.

(b) AMENDMENTS TO OTHER CODE SECTIONS.—

(1) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(8) REPORTING OF CREDIT ON QUALIFIED AMTRAK BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54(d) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54(b)(4)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(2) TREATMENT FOR ESTIMATED TAX PURPOSES.—

(A) INDIVIDUAL.—Section 6654 (relating to failure by individual to pay estimated income tax) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) SPECIAL RULE FOR HOLDERS OF QUALIFIED AMTRAK BONDS.—For purposes of this section, the credit allowed by section 54 to a taxpayer by reason of holding a qualified Amtrak bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.''.

(B) CORPORATE.—Section 6655 (relating to failure by corporation to pay estimated income tax) is amended by adding at the end of subsection (g) the following new paragraph:

''(5) SPECIAL RULE FOR HOLDERS OF QUALIFIED AMTRAK BONDS.—For purposes of this section, the credit allowed by section 54 to a taxpayer by reason of holding a qualified Amtrak bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.''.

(3) EXCLUSION FROM GROSS INCOME OF CONTRIBUTIONS BY AMTRAK TO OTHER RAIL CARRIERS.—

(A) IN GENERAL.—Section 118 (relating to contributions to the capital of a corporation) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) SPECIAL RULE FOR CONTRIBUTIONS BY AMTRAK TO OTHER RAIL CARRIERS.—For purposes of this section, the term 'contribution to the capital of the taxpayer' includes any

contribution by the National Railroad Passenger Corporation of personal or real property funded by the proceeds of qualified Amtrak bonds under section 54.''.

(B) CONFORMING AMENDMENT.—Subsection (b) of such section 118 is amended by striking ''subsection (c)'' and inserting ''subsections (c) and (d)''.

(4) PROTECTION OF HIGHWAY TRUST FUND.—Section 9503 (relating to Highway Trust Fund) is amended by adding at the end the following new subsection:

''(g) SPECIAL RULES RELATING TO NATIONAL RAILROAD PASSENGER CORPORATION.—

''(1) IN GENERAL.—Except as provided in subsection (c), as in effect on the date of the enactment of this subsection, amounts in the Highway Trust Fund may not be used, either directly or indirectly through a State or local transit authority, to provide funds to the National Railroad Passenger Corporation for any purpose, including issuance of any qualified Amtrak bond pursuant to section 54. The preceding sentence may not be waived by any provision of law which is not contained or referenced in this title, whether such provision of law is a subsequently enacted provision or directly or indirectly seeks to waive the application of such sentence.

''(2) CERTIFICATION BY THE SECRETARY.—The issuance of any qualified Amtrak bonds by the National Railroad Passenger Corporation pursuant to section 54 is conditioned on certification by the Secretary, after consultation with the Secretary of Transportation, within 30 days of a request by the issuer, that with respect to funds of the Highway Trust Fund described under paragraph (1), the issuer either—

''(A) has not received such funds during calendar years commencing with 2002 and ending before the calendar year the bonds are issued, or

''(B) has repaid to the Highway Trust Fund any such funds which were received during such calendar years.

''(3) NO RETROACTIVE EFFECT.—Nothing in this subsection shall adversely affect the entitlement of the holders of qualified Amtrak bonds to the tax credit allowed pursuant to section 54 or to repayment of principal upon maturity.''.

(c) CLERICAL AMENDMENTS.—

(1) The table of subparts for part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Subpart H. Nonrefundable Credit for Holders of Qualified Amtrak Bonds.''.

(2) Section 6401(b)(1) is amended by striking ''and G'' and inserting ''G, and H''.

(d) ANNUAL REPORT BY TREASURY ON AMTRAK TRUST ACCOUNT.—The Secretary of the Treasury shall annually report to Congress as to whether the amount deposited in the trust account established by the National Railroad Passenger Corporation under section 54(i) of the Internal Revenue Code of 1986, as added by this section, is sufficient to fully repay at maturity the principal of any outstanding qualified Amtrak bonds issued pursuant to section 54 of such Code (as so added), together with amounts expected to be deposited into such account, as certified by the National Railroad Passenger Corporation in accordance with procedures prescribed by the Secretary of the Treasury.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

(f) MULTI-YEAR CAPITAL SPENDING PLAN AND OVERSIGHT.—

(1) AMTRAK CAPITAL SPENDING PLAN.—

(A) IN GENERAL.—The National Railroad Passenger Corporation shall annually submit to the President and Congress a multi-year capital spending plan, as approved by the Board of Directors of the Corporation.

(B) CONTENTS OF PLAN.—Such plan shall identify the capital investment needs of the Corporation over a period of not less than 5 years and the funding sources available to finance such needs and shall prioritize such needs according to corporate goals and strategies.

(C) INITIAL SUBMISSION DATE.—The first plan shall be submitted before the issuance of any qualified Amtrak bonds by the National Railroad Passenger Corporation pursuant to section 54 of the Internal Revenue Code of 1986 (as added by this section).

(2) OVERSIGHT OF AMTRAK TRUST ACCOUNT AND QUALIFIED PROJECTS.—

(A) TRUST ACCOUNT OVERSIGHT.—The Secretary of the Treasury shall annually report to Congress as to whether the amount deposited in the trust account established by the National Railroad Passenger Corporation under section 54(i) of such Code (as so added) is sufficient to fully repay at maturity the principal of any outstanding qualified Amtrak bonds issued pursuant to section 54 of such Code (as so added), together with amounts expected to be deposited into such account, as certified by the National Railroad Passenger Corporation in accordance with procedures prescribed by the Secretary of the Treasury.

(B) PROJECT OVERSIGHT.—The National Railroad Passenger Corporation shall contract for an annual independent assessment of the costs and benefits of the qualified projects financed by such qualified Amtrak bonds, including an assessment of the investment evaluation process of the Corporation. The annual assessment shall be included in the plan submitted under paragraph (1).

SEC. 902. BROADBAND INTERNET ACCESS TAX CREDIT.

(a) IN GENERAL.—Subpart E of part IV of chapter 1 (relating to rules for computing investment credit) is amended by inserting after section 48 the following:

''SEC. 48A. BROADBAND CREDIT.

''(a) GENERAL RULE.—For purposes of section 46, the broadband credit for any taxable year is the sum of—

''(1) the current generation broadband credit, plus

''(2) the next generation broadband credit.

''(b) CURRENT GENERATION BROADBAND CREDIT; NEXT GENERATION BROADBAND CREDIT.—For purposes of this section—

''(1) CURRENT GENERATION BROADBAND CREDIT.—The current generation broadband credit for any taxable year is equal to 10 percent of the qualified expenditures incurred with respect to qualified equipment providing current generation broadband services to qualified subscribers and taken into account with respect to such taxable year.

''(2) NEXT GENERATION BROADBAND CREDIT.—The next generation broadband credit for any taxable year is equal to 20 percent of the qualified expenditures incurred with respect to qualified equipment providing next generation broadband services to qualified subscribers and taken into account with respect to such taxable year.

''(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—For purposes of this section—

''(1) IN GENERAL.—Qualified expenditures with respect to qualified equipment shall be taken into account with respect to the first taxable year in which—

''(A) current generation broadband services are provided through such equipment to qualified subscribers, or

''(B) next generation broadband services are provided through such equipment to qualified subscribers.

''(2) LIMITATION.—

''(A) IN GENERAL.—Qualified expenditures shall be taken into account under paragraph (1) only with respect to qualified equipment—

''(i) the original use of which commences with the taxpayer, and

''(ii) which is placed in service,

after December 31, 2001.

''(B) LEASED EQUIPMENT.—Except as provided in regulations, rules similar to the rules of section 203(b)(3) of the Tax Reform Act of 1986 shall apply.

''(d) SPECIAL ALLOCATION RULES.—

''(1) CURRENT GENERATION BROADBAND SERVICES.—For purposes of determining the current generation broadband credit under subsection (a)(1) with respect to qualified equipment through which current generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified expenditures shall be multiplied by a fraction—

''(A) the numerator of which is the sum of the number of potential qualified subscribers within the rural areas and the underserved areas which the equipment is capable of serving with current generation broadband services, and

''(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with current generation broadband services.

''(2) NEXT GENERATION BROADBAND SERVICES.—For purposes of determining the next generation broadband credit under subsection (a)(2) with respect to qualified equipment through which next generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified expenditures shall be multiplied by a fraction—

''(A) the numerator of which is the sum of—

''(i) the number of potential qualified subscribers within the rural areas and underserved areas, plus

''(ii) the number of potential qualified subscribers within the area consisting only of residential subscribers not described in clause (i),

which the equipment is capable of serving with next generation broadband services, and

''(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with next generation broadband services.

''(e) DEFINITIONS.—For purposes of this section—

''(1) ANTENNA.—The term 'antenna' means any device used to transmit or receive signals through the electromagnetic spectrum, including satellite equipment.

''(2) CABLE OPERATOR.—The term 'cable operator' has the meaning given such term by section 602(5) of the Communications Act of 1934 (47 U.S.C. 522(5)).

''(3) COMMERCIAL MOBILE SERVICE CARRIER.—The term 'commercial mobile service carrier' means any person authorized to provide commercial mobile radio service as defined in section 20.3 of title 47, Code of Federal Regulations.

''(4) CURRENT GENERATION BROADBAND SERVICE.—The term 'current generation broadband service' means the transmission of signals at a rate of at least 1,000,000 bits per second to the subscriber and at least 128,000 bits per second from the subscriber.

''(5) MULTIPLEXING OR DEMULTIPLEXING.—The term 'multiplexing' means the transmission of 2 or more signals over a single channel, and the term 'demultiplexing' means the separation of 2 or more signals previously combined by compatible multiplexing equipment.

''(6) NEXT GENERATION BROADBAND SERVICE.—The term 'next generation broadband service' means the transmission of signals at a rate of at least 22,000,000 bits per second to the subscriber and at least 5,000,000 bits per second from the subscriber.

''(7) NONRESIDENTIAL SUBSCRIBER.—The term 'nonresidential subscriber' means a person who purchases broadband services which are delivered to the permanent place of business of such person.

''(8) OPEN VIDEO SYSTEM OPERATOR.—The term 'open video system operator' means any person authorized to provide service under section 653 of the Communications Act of 1934 (47 U.S.C. 573).

''(9) OTHER WIRELESS CARRIER.—The term 'other wireless carrier' means any person (other than a telecommunications carrier, commercial mobile service carrier, cable operator, open video system operator, or satellite carrier) providing current generation broadband services or next generation broadband service to subscribers through the radio transmission of energy.

''(10) PACKET SWITCHING.—The term 'packet switching' means controlling or routing the path of a digitized transmission signal which is assembled into packets or cells.

''(11) PROVIDER.—The term 'provider' means, with respect to any qualified equipment—

''(A) a cable operator,

''(B) a commercial mobile service carrier,

''(C) an open video system operator,

''(D) a satellite carrier,

''(E) a telecommunications carrier, or

''(F) any other wireless carrier,

providing current generation broadband services or next generation broadband services to subscribers through such qualified equipment.

''(12) PROVISION OF SERVICES.—A provider shall be treated as providing services to a subscriber if—

''(A) a subscriber has been passed by the provider's equipment and can be connected to such equipment for a standard connection fee,

''(B) the provider is physically able to deliver current generation broadband services or next generation broadband services, as applicable, to such subscribers without making more than an insignificant investment with respect to any such subscriber,

''(C) the provider has made reasonable efforts to make such subscribers aware of the availability of such services,

''(D) such services have been purchased by one or more such subscribers, and

''(E) such services are made available to such subscribers at average prices comparable to those at which the provider makes available similar services in any areas in which the provider makes available such services.

''(13) QUALIFIED EQUIPMENT.—

''(A) IN GENERAL.—The term 'qualified equipment' means equipment which provides current generation broadband services or next generation broadband services—

''(i) at least a majority of the time during periods of maximum demand to each subscriber who is utilizing such services, and

''(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no credit is allowed under subsection (a)(1).

''(B) ONLY CERTAIN INVESTMENT TAKEN INTO ACCOUNT.—Except as provided in subparagraph (C) or (D), equipment shall be taken into account under subparagraph (A) only to the extent it—

''(i) extends from the last point of switching to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a telecommunications carrier,

''(ii) extends from the customer side of the mobile telephone switching office to a transmission/receive antenna (including such antenna) owned or leased by a subscriber in the case of a commercial mobile service carrier,

''(iii) extends from the customer side of the headend to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a cable operator or open video system operator, or

''(iv) extends from a transmission/receive antenna (including such antenna) which transmits and receives signals to or from multiple subscribers to a transmission/receive antenna (including such antenna) on the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a satellite carrier or other wireless carrier, unless such other wireless carrier is also a telecommunications carrier.

''(C) PACKET SWITCHING EQUIPMENT.—Packet switching equipment, regardless of location, shall be taken into account under subparagraph (A) only if it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of packet switching for current generation broadband services or next generation broadband services, but only if such packet switching is the last in a series of such functions performed in the transmission of a signal to a subscriber or the first in a series of such functions performed in the transmission of a signal from a subscriber.

''(D) MULTIPLEXING AND DEMULTIPLEXING EQUIPMENT.—Multiplexing and demultiplexing equipment shall be taken into account under subparagraph (A) only to the extent it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of multiplexing and demultiplexing packets or cells of data and making associated application adaptions, but only if such multiplexing or demultiplexing equipment is located between packet switching equipment described in subparagraph (C) and the subscriber's premises.

''(14) QUALIFIED EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified expenditure' means any amount—

''(i) chargeable to capital account with respect to the purchase and installation of qualified equipment (including any upgrades thereto) for which depreciation is allowable under section 168, and

''(ii) incurred after December 31, 2001, and before January 1, 2003.

''(B) CERTAIN SATELLITE EXPENDITURES EXCLUDED.—Such term shall not include any expenditure with respect to the launching of any satellite equipment.

''(15) QUALIFIED SUBSCRIBER.—The term 'qualified subscriber' means—

''(A) with respect to the provision of current generation broadband services—

''(i) a nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

''(ii) a residential subscriber residing in a dwelling located in a rural area or underserved area which is not a saturated market, and

''(B) with respect to the provision of next generation broadband services—

''(i) a nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

''(ii) a residential subscriber.

''(16) RESIDENTIAL SUBSCRIBER.—The term 'residential subscriber' means an individual who purchases broadband services which are delivered to such individual's dwelling.

''(17) RURAL AREA.—The term 'rural area' means any census tract which—

''(A) is not within 10 miles of any incorporated or census designated place containing more than 25,000 people, and

''(B) is not within a county or county equivalent which has an overall population density of more than 500 people per square mile of land.

''(18) RURAL SUBSCRIBER.—The term 'rural subscriber' means a residential subscriber residing in a dwelling located in a rural area or nonresidential subscriber maintaining a permanent place of business located in a rural area.

''(19) SATELLITE CARRIER.—The term 'satellite carrier' means any person using the facilities of a satellite or satellite service licensed by the Federal Communications Commission and operating in the Fixed-Satellite Service under part 25 of title 47 of the Code of Federal Regulations or the Direct Broadcast Satellite Service under part 100 of title 47 of such Code to establish and operate a channel of communications for distribution of signals, and owning or leasing a capacity or service on a satellite in order to provide such distribution.

''(20) SATURATED MARKET.—The term 'saturated market' means any census tract in which, as of the date of the enactment of this section—

''(A) current generation broadband services have been provided by one or more providers to 85 percent or more of the total number of potential residential subscribers residing in dwellings located within such census tract, and

''(B) such services can be utilized—

''(i) at least a majority of the time during periods of maximum demand by each such subscriber who is utilizing such services, and

''(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no credit is allowed under subsection (a)(1).

''(21) SUBSCRIBER.—The term 'subscriber' means a person who purchases current generation broadband services or next generation broadband services.

''(22) TELECOMMUNICATIONS CARRIER.—The term 'telecommunications carrier' has the meaning given such term by section 3(44) of the Communications Act of 1934 (47 U.S.C. 153(44)), but—

''(A) includes all members of an affiliated group of which a telecommunications carrier is a member, and

''(B) does not include a commercial mobile service carrier.

''(23) TOTAL POTENTIAL SUBSCRIBER POPULATION.—The term 'total potential subscriber population' means, with respect to any area and based on the most recent census data, the total number of potential residential subscribers residing in dwellings located in such area and potential nonresidential subscribers maintaining permanent places of business located in such area.

''(24) UNDERSERVED AREA.—The term 'underserved area' means any census tract which is located in—

''(A) an empowerment zone or enterprise community designated under section 1391,

''(B) the District of Columbia Enterprise Zone established under section 1400,

''(C) a renewal community designated under section 1400E, or

''(D) a low-income community designated under section 45D.

''(25) UNDERSERVED SUBSCRIBER.—The term 'underserved subscriber' means a residential subscriber residing in a dwelling located in an underserved area or nonresidential subscriber maintaining a permanent place of business located in an underserved area.

''(f) DESIGNATION OF CENSUS TRACTS.—The Secretary shall, not later than 90 days after the date of the enactment of this section,

designate and publish those census tracts meeting the criteria described in paragraphs (17), (20), and (24) of subsection (e). In making such designations, the Secretary shall consult with such other departments and agencies as the Secretary determines appropriate.''.

(b) CREDIT TO BE PART OF INVESTMENT CREDIT.—Section 46 (relating to the amount of investment credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following:

''(4) the broadband credit.''

(c) SPECIAL RULE FOR MUTUAL OR COOPERATIVE TELEPHONE COMPANIES.—Section 501(c)(12)(B) (relating to list of exempt organizations) is amended by striking ''or'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', or'', and by adding at the end the following:

''(v) from the sale of property subject to a lease described in section 48A(c)(2)(B), but only to the extent such income does not in any year exceed an amount equal to the credit for qualified expenditures which would be determined under section 48A for such year if the mutual or cooperative telephone company was not exempt from taxation and was treated as the owner of the property subject to such lease.''.

(d) CONFORMING AMENDMENT.—The table of sections for subpart E of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 48 the following:

''Sec. 48A. Broadband credit.''.

(e) REGULATORY MATTERS.—

(1) PROHIBITION.—No Federal or State agency or instrumentality shall adopt regulations or ratemaking procedures that would have the effect of confiscating any credit or portion thereof allowed under section 48A of the Internal Revenue Code of 1986 (as added by this section) or otherwise subverting the purpose of this section.

(2) TREASURY REGULATORY AUTHORITY.—It is the intent of Congress in providing the broadband credit under section 48A of the Internal Revenue Code of 1986 (as added by this section) to provide incentives for the purchase, installation, and connection of equipment and facilities offering expanded broadband access to the Internet for users in certain low income and rural areas of the United States, as well as to residential users nationwide, in a manner that maintains competitive neutrality among the various classes of providers of broadband services. Accordingly, the Secretary of the Treasury shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 48A of such Code, including—

(A) regulations to determine how and when a taxpayer that incurs qualified expenditures satisfies the requirements of section 48A of such Code to provide broadband services, and

(B) regulations describing the information, records, and data taxpayers are required to provide the Secretary to substantiate compliance with the requirements of section 48A of such Code.

Until the Secretary prescribes such regulations, taxpayers may base such determinations on any reasonable method that is consistent with the purposes of section 48A of such Code.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures incurred after December 31, 2001, and before January 1, 2003.

SEC. 903. CITRUS TREE CANKER RELIEF.

(a) EXPANSION OF PERIOD WITHIN WHICH CONVERTED CITRUS TREE PROPERTY MUST BE REPLACED.—

(1) IN GENERAL.—Section 1033 (relating to period within which property must be replaced) is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

''(k) COMMERCIAL TREES DESTROYED BECAUSE OF CITRUS TREE CANKER.—In the case of commercial citrus trees which are compulsorily or involuntarily converted under a public order as a result of the citrus tree canker, clause (i) of subsection (a)(2)(B) shall be applied as if such clause reads: '4 years after the close of the taxable year in which a State or Federal plant health authority determines that the land on which such trees grew is free from the bacteria that causes citrus tree canker'.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to taxable years beginning before, on, or after the date of the enactment of this Act.

(b) 10-YEAR RATABLE INCOME INCLUSION FOR CITRUS CANKER TREE PAYMENTS.—

(1) IN GENERAL.—Part I of subchapter Q of chapter 1 (relating to income averaging) is amended by inserting after section 1301 the following new section:

''SEC. 1302. 10-YEAR RATABLE INCOME INCLUSION FOR CITRUS CANKER TREE PAYMENTS.

''(a) IN GENERAL.—At the election of the taxpayer, any amount taken into account as income or gain by reason of receiving a citrus canker tree payment shall be included in the income of the taxpayer ratably over the 10–year period beginning with the taxable year in which the payment is received or accrued by the taxpayer. Any election under the preceding sentence shall be irrevocable.

''(b) CITRUS CANKER TREE PAYMENT.—For purposes of subsection (a), the term 'citrus canker tree payment' means a payment made to an owner of a commercial citrus grove to recover income that was lost as a result of the removal of commercial citrus trees to control canker under the amendments to the citrus canker regulations (7 C.F.R. 301) made by the final rule published in the Federal Register by the Secretary of Agriculture on June 18, 2001 (66 Fed. Reg. 32713, Docket No. 00-37-4).''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter Q of chapter 1 is amended by inserting after the item relating to section 1301 the following new item:

''Sec. 1302. 10-year ratable income inclusion for citrus canker tree payments.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made before, on, or after the date of the enactment of this Act.

SEC. 904. ALLOWANCE OF ELECTRONIC 1099S.

Except as otherwise provided by the Secretary of the Treasury, any person required to furnish a statement under any section of subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 for any taxable year ending after the date of the enactment of this Act and before January 1, 2003, may electronically furnish such statement to any recipient who has consented to the electronic provision of the statement in a manner similar to the one permitted under regulations issued under section 6051 of such Code or in such other manner as provided by the Secretary.

SEC. 905. CLARIFICATION OF EXCISE TAX EXEMPTIONS FOR AGRICULTURAL AERIAL APPLICATORS.

(a) NO WAIVER BY FARM OWNER, TENANT, OR OPERATOR NECESSARY.—Subparagraph (B) of section 6420(c)(4) (relating to certain farming use other than by owner, etc.) is amended to read as follows:

''(B) if the person so using the gasoline is an aerial or other applicator of fertilizers or other substances and is the ultimate purchaser of the gasoline, then subparagraph (A) of this paragraph shall not apply and the aerial or other applicator shall be treated as having used such gasoline on a farm for farming purposes.''.

(b) EXEMPTION INCLUDES FUEL USED BETWEEN AIRFIELD AND FARM.—Section 6420(c)(4), as amended by subsection (a), is amended by adding at the end the following new flush sentence:

''For purposes of this paragraph, in the case of an aerial applicator, gasoline shall be treated as used on a farm for farming purposes if the gasoline is used for the direct flight between the airfield and 1 or more farms.''.

(c) EXEMPTION FROM TAX ON AIR TRANSPORTATION OF PERSONS FOR FORESTRY PURPOSES EXTENDED TO FIXED-WING AIRCRAFT.—Subsection (f) of section 4261 (relating to tax on air transportation of persons) is amended to read as follows:

''(f) EXEMPTION FOR CERTAIN USES.—No tax shall be imposed under subsection (a) or (b) on air transportation—

''(1) by helicopter for the purpose of transporting individuals, equipment, or supplies in the exploration for, or the development or removal of, hard minerals, oil, or gas, or

''(2) by helicopter or by fixed-wing aircraft for the purpose of the planting, cultivation, cutting, or transportation of, or caring for, trees (including logging operations),

but only if the helicopter or fixed-wing aircraft does not take off from, or land at, a facility eligible for assistance under the Airport and Airway Development Act of 1970, or otherwise use services provided pursuant to section 44509 or 44913(b) or subchapter I of chapter 471 of title 49, United States Code, during such use. In the case of helicopter transportation described in paragraph (1), this subsection shall be applied by treating each flight segment as a distinct flight.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel use or air transportation after December 31, 2001, and before January 1, 2003.

SEC. 906. RECOVERY PERIOD FOR CERTAIN WIRELESS TELECOMMUNICATIONS EQUIPMENT.

(a) 5-YEAR RECOVERY PERIOD FOR CERTAIN WIRELESS TELECOMMUNICATIONS EQUIPMENT.—

(1) IN GENERAL.—Subparagraph (A) of section 168(i)(2) (defining qualified technological equipment) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following:

''(iv) any wireless telecommunication equipment.''.

(2) DEFINITION OF WIRELESS TELECOMMUNICATION EQUIPMENT.—Paragraph (2) of section 168(i) is amended by adding at the end the following:

''(D) WIRELESS TELECOMMUNICATION EQUIPMENT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'wireless telecommunication equipment' means equipment which is—

''(I) used in the transmission, reception, coordination, or switching of wireless telecommunications service, and

''(II) placed in service before September 11, 2002.

For purposes of this clause, the term 'wireless telecommunications service' includes any commercial mobile radio service as defined in title 47 of the Code of Federal Regulations.

''(ii) EXCEPTION.—The term 'wireless telecommunication equipment' shall not include towers, buildings, T–1 lines, or other cabling which connects cell sites to mobile switching centers.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 10, 2001.

SEC. 907. SPECIAL RULES FOR TAXATION OF LIFE INSURANCE COMPANIES FOR 2001 AND 2002.

(a) REDUCTION IN MUTUAL LIFE INSURANCE COMPANY DEDUCTIONS NOT TO APPLY IN 2001.—

(1) IN GENERAL.—Section 809 (relating to reduction in certain deductions of material life insurance companies) is amended by adding at the end the following:

''(j) DIFFERENTIAL EARNINGS RATE TREATED AS ZERO FOR 2001.—Notwithstanding subsection (c) or (f), the differential earnings rate shall be treated as zero for purposes of computing both the differential earnings amount and the recomputed differential earnings amount for a mutual life insurance company's first taxable year beginning in 2001.''

(2) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

(b) DISTRIBUTIONS DURING 2002 TO SHAREHOLDERS FROM PRE-1984 POLICYHOLDERS SURPLUS ACCOUNT.—

(1) IN GENERAL.—Section 815 (relating to distributions to shareholders from pre-1984 policyholders surplus account) is amended by adding at the end the following:

''(g) SPECIAL RULES APPLICABLE DURING 2002.—In the case of a stock life insurance company's first taxable year beginning in 2002—

''(1) the amount under subsection (a)(2) for such taxable year shall be treated as zero, and

''(2) notwithstanding subsection (b), in determining any subtractions from an account under subsections (c)(3) and (d)(3), any distribution to shareholders during such taxable year shall be treated as made first out of the policyholders surplus account, then out of the shareholders surplus account, and finally out of other accounts.''

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

SEC. 908. NO IMPACT ON SOCIAL SECURITY TRUST FUND.

(a) IN GENERAL.—Nothing in this Act (or an amendment made by this Act) shall be construed to alter or amend title II of the Social Security Act (or any regulation promulgated under that Act).

(b) TRANSFERS.—

(1) ESTIMATE OF SECRETARY.—The Secretary of the Treasury shall annually estimate the impact that the enactment of this Act has on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401).

(2) TRANSFER OF FUNDS.—If, under paragraph (1), the Secretary of the Treasury estimates that the enactment of this Act has a negative impact on the income and balances of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401), the Secretary shall transfer, not less frequently than quarterly, from the general revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of such trust funds are not reduced as a result of the enactment of this Act.

SEC. 909. EMERGENCY DESIGNATION.

Congress designates as emergency requirements pursuant to section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 the following amounts:

(1) An amount equal to the amount by which revenues are reduced by this Act below the recommended levels of Federal revenues for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011, provided in the conference report accompanying H. Con. Res. 83, the concurrent resolution on the budget for fiscal year 2002.

(2) Amounts equal to the amounts of new budget authority and outlays provided in this Act in excess of the allocations under section 302(a) of the Congressional Budget Act of 1974 to the Committee on Finance of the Senate for fiscal year 2002, the total of fiscal years 2002 through 2006, and the total of fiscal years 2002 through 2011.

TITLE X—HOMELAND DEFENSE

CHAPTER 1

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

For an additional amount for ''Office of the Secretary'', $95,000,000.

DEPARTMENTAL ADMINISTRATION

For an additional amount for ''Departmental Administration'', $20,000,000.

OFFICE OF THE INSPECTOR GENERAL

For an additional amount for ''Office of the Inspector General'', $15,000,000.

AGRICULTURAL RESEARCH SERVICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $40,000,000.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for ''Salaries and Expenses'', $267,100,000, of which $115,000,000 may be transferred and merged with the Agriculture Quarantine Inspection User Fee Account, and of which $108,000,000 shall remain available until September 30, 2003.

BUILDINGS AND FACILITIES

For an additional amount for ''Buildings and Facilities'', $14,081,400, to remain available until September 30, 2003.

FOOD SAFETY AND INSPECTION SERVICE

For an additional amount for ''Food Safety and Inspection Service'', $23,900,000.

FOOD AND NUTRITION SERVICE

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

For an additional amount for ''Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)'', $39,000,000.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $164,300,000.

INDEPENDENT AGENCY

COMMODITY FUTURES TRADING COMMISSION

For an additional amount for ''Commodity Futures Trading Commission'', $10,196,000.

CHAPTER 2

DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

LEGAL ACTIVITIES OFFICE AUTOMATION

For an additional amount for ''Legal Activities Office Automation'', $56,000,000, to remain available until September 30, 2003.

SECTION 405 PATRIOT ACT ACTIVITIES

For necessary expenses for ''Patriot Act Activities'', $100,000,000, to remain available until September 30, 2003, for a report on the feasibility of enhancing the Integrated Automated Fingerprint Identification System (IAFIS) of the Federal Bureau of Investigation and other identification systems and for implementation of such enhancements as deemed necessary, as authorized by Section 405 of Public Law 107–56.

LEGAL ACTIVITIES

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

For an additional amount for ''Salaries and Expenses'', $25,000,000.

COURT SECURITY

For an additional amount for ''Court Security'', $25,000,000, to remain available until September 30, 2003.

CONSTRUCTION

For an additional amount for ''Construction'', $36,000,000, to remain available until September 30, 2003.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $573,000,000, to remain available until September 30, 2003, for necessary computer modernization and infrastructure improvements.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $600,000 for continuing expenses associated with the September 11, 2001 terrorist attacks, to remain available until September 30, 2002, and $58,400,000 for communications interception, intelligence capabilities, and increased security measures, to remain available until September 30, 2003.

IMMIGRATION AND NATURALIZATION SERVICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $25,100,000, to remain available until September 30, 2003, for the Student and Exchange Visitor Program (SEVP).

CONSTRUCTION

For an additional amount for ''Construction'', $700,000,000, to remain available until September 30, 2003, for construction, maintenance, repair and rehabilitation.

OFFICE OF JUSTICE PROGRAMS

JUSTICE ASSISTANCE

For an additional amount for ''Justice Assistance'', $2,000,000,000, to remain available until September 30, 2003, for grants, cooperative agreements, and other assistance authorized by sections 819 and 821 of the Antiterrorism and Effective Death Penalty Act of 1996 and for other counter terrorism programs.

THE JUDICIARY

SUPREME COURT OF THE UNITED STATES

CARE OF THE BUILDINGS AND GROUNDS

For an additional amount for ''Care of the Building and Grounds'', $20,000,000 for security upgrades and enhancements for the Supreme Court building, to remain available until September 30, 2003.

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

COURT SECURITY

For an additional amount for ''Court Security'', $36,000,000, to remain available until September 30, 2003.

DEPARTMENT OF STATE AND RELATED AGENCY

DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS

For an additional amount for ''Diplomatic and Consular Programs'', $45,661,000, to remain available until September 30, 2002. In addition, for an additional amount for the costs of worldwide security upgrades, $182,900,000, to remain available until September 30, 2003.

RELATED AGENCY

BROADCASTING BOARD OF GOVERNORS

INTERNATIONAL BROADCASTING OPERATIONS

For an additional amount for ''International Broadcasting Operations'', $4,700,000.

RELATED AGENCY

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

OPERATIONS AND TRAINING

For an additional amount for ''Operations and Training'', $11,000,000, to remain available until September 30, 2003, for a port security program. Of this amount, $6,000,000 shall be for port assessments and $5,000,000 shall be for security personnel training.

MARITIME GUARANTEED LOAN (TITLE XI) PROGRAM ACCOUNT

For an additional amount for the ''Maritime Guaranteed Loan Program Account'', $12,000,000, to remain available until September 30, 2003, for port security infra-structure upgrades and equipment.

CHAPTER 3

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY CORPS OF ENGINEERS—CIVIL

OPERATION AND MAINTENANCE, GENERAL

For an additional amount for ''Operation and Maintenance, General'', $150,000,000 for increased security at critical Corps of Engineers owned and operated facilities.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION WATER AND RELATED RESOURCES

For an additional amount for ''Water and Related Resources'', $35,000,000, to enhance preparedness for possible attacks against Bureau of Reclamation dams, power plants, and other critical features.

DEPARTMENT OF ENERGY

ATOMIC ENERGY DEFENSE ACTIVITIES

NATIONAL NUCLEAR SECURITY ADMINISTRATION

WEAPONS ACTIVITIES

For an additional amount for ''Weapons Activities'', $294,000,000 to increase the security of the Nation's nuclear weapons complex.

DEFENSE NUCLEAR NONPROLIFERATION

For an additional amount for ''Defense Nuclear Non-proliferation'', $205,000,000 for nonproliferation and verification research and development, international material protection, control, and accounting, and other nonproliferation safety and security upgrades.

INDEPENDENT AGENCY

NUCLEAR REGULATORY COMMISSION

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $15,000,000 to enhance security at the Nation's nuclear power plants.

CHAPTER 4

DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

MANAGEMENT OF LANDS AND RESOURCES

For expenses necessary for the protection and use of the Dalton Highway and the Trans-Alaska Pipeline System, $4,500,000: *Provided*, That of that amount, up to $4,250,000 may be made available to the State of Alaska to assist the Federal Government in its security functions.

NATIONAL PARK SERVICE

CONSTRUCTION

For an additional amount for ''Construction'', $13,500,000, for the installation of permanent protective barriers at monuments and memorials within the National Capital Region.

CHAPTER 5

DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF THE SECRETARY

PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

For an additional amount for emergency expenses necessary to support activities related to countering potential biological, disease, and chemical threats to civilian populations, for ''Public Health and Social Services Emergency Fund'', $3,311,000,000. Of this amount, $1,302,000,000 shall be for the Centers for Disease Control and Prevention for improving State and local capacity; $50,000,000 shall be for grants to hospitals for improving response capabilities; $90,000,000 shall be for upgrading capacity at the centers for Disease Control and Prevention; $83,000,000 shall be for improving disaster response teams and the Office of the Secretary; $116,000,000 shall be for research and development on vaccines, antibiotics and anti-virals; $4,000,000 shall be for training and education regarding effective workplace responses to bioterrorism; $593,000,000 shall be for the National Pharmaceutical Stockpile; $1,000,000,000 shall be for the purchase and deployment of the smallpox vaccine; and $73,000,000 shall be for improving laboratory security at the National Institutes of Health and the centers for Disease Control and Prevention. At the discretion of the Secretary, these amounts may be transferred between categories subject to normal reprogramming procedures.

CHAPTER 6

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY OF TRANSPORTATION

SALARIES AND EXPENSES

For necessary expenses for aviation security activities, $1,200,000,000: *Provided*, That not to exceed $1,200,000,000 in fees authorized for this purpose shall be credited to this appropriation as offsetting collections and use for necessary and authorized expenses under this heading: *Provided further*, That the Secretary of Transportation may transfer amounts made available under this heading to other federal agencies consistent with authorizing law governing aviation security activities: *Provided further*, That no funds provided under this heading shall be available for obligation unless an act authorizing the collection of such fees and the crediting of such fees to serve as offsetting collections to the appropriation account for aviation security activities is enacted into law.

COAST GUARD

OPERATING EXPENSES

For an additional amount for the operation and maintenance of the Coast Guard, not otherwise provided for, $70,000,000.

FEDERAL AVIATION ADMINISTRATION

OPERATIONS

For an additional amount for necessary expenses of the Federal Aviation Administration, not otherwise provided for, $10,000,000.

RESEARCH, ENGINEERING, AND DEVELOPMENT

(AIRPORT AND AIRWAY TRUST FUND)

For an additional amount for necessary expenses for research, engineering, and development, $100,000,000, to be derived from the Airport and Airway Trust Fund.

GRANTS-IN-AID FOR AIRPORTS

(AIRPORT AND AIRWAY TRUST FUND)

To enable the Federal Aviation Administrator to compensate airports for a portion of the direct costs associated with new, additional or revised security requirements imposed on airport operators by the Administrator on or after September 11, 2001, $1,000,000,000.

FEDERAL RAILROAD ADMINISTRATION

SAFETY AND OPERATIONS

For an additional amount to enable the Federal Railroad Administrator to make grants for the purpose of enhancing security of the nation's freight railroads, $50,000,000.

CAPITAL GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION

For an additional amount of necessary expenses of capital improvements of the National Railroad Passenger Corporation as authorized by 49 U.S.C. 24104(a), $760,062,000.

FEDERAL TRANSIT ADMINISTRATION

FORMULA GRANTS

For an additional amount to enable the Federal Transit Administrator to make formula grants to the nation's transit systems for the purpose of enhancing security at said systems, $500,000,000: *Provided*, That the provisions of 49 U.S.C. 5307(e) and 49 U.S.C. 5311(g)(2) shall not apply to funds made available under this paragraph.

CAPITAL INVESTMENT GRANTS

For an additional amount to enable the Federal Transit Administrator to make discretionary grants to the nation's transit systems for the purpose of enhancing security at said systems and for the operation and capital expansion of systems severely impacted by the September 11, 2001, terrorist attacks on the United States, $750,000,000: *Provided*, That in administering funds made available under this paragraph, the Federal Transit Administrator shall consult with other appropriate federal agencies so as to direct funds to the most vulnerable and most severely impacted transit systems: *Provided further*, That the provisions of 49 U.S.C. 5309(h) shall not apply to funds made available under this paragraph.

CHAPTER 7

DEPARTMENT OF THE TREASURY

UNITED STATES CUSTOMS SERVICE

SALARIES AND EXPENSES

For an additional amount for ''Salaries and Expenses'', $327,000,000 shall be available until September 30, 2003; of this amount, not to exceed $125,000,000 shall be available for the procurement and deployment of non-intrusive and counterterrorism inspection technology; $31,070,000 shall be available for increased staffing to combat terrorism; not less than $77,500,000 shall be available for equipment and infrastructure improvements to combat terrorism; of which not less than $68,130,000 shall be available for seaport security; of which not to exceed $25,300,000 shall be used to establish a backup data center.

U.S. POSTAL SERVICE

PAYMENT TO THE POSTAL SERVICE FUND

For an additional payment to the Postal Service Fund to enable the Postal Service to build and establish a system for sanitizing and screening mail matter, to protect postal employees and postal customers from exposure to biohazardous material, and to replace or repair Postal Service facilities destroyed or damaged in New York City as a result of the September 11, 2001, terrorist attacks, $1,120,000,000, to remain available until September 30, 2003.

INDEPENDENT AGENCY

GENERAL SERVICES ADMINISTRATION

REAL PROPERTY ACTIVITIES

FEDERAL BUILDINGS FUND

LIMITATION ON AVAILABILITY OF REVENUE

For an additional amount, and to be deposited into the Federal Buildings Fund, $85,000,000, for Capital Improvements to

United States-Canada and United States-Mexico Border Facilities: *Provided*, That these funds shall not be available for expenses in connection with a construction, repair, alteration, or acquisition project for which a prospectus, if required by the Public Buildings Act of 1959, as amended, has not been approved, except that necessary funds may be expended for required expenses in connection with the development of a proposed prospectus.

FUNDS APPROPRIATED TO THE PRESIDENT

INFORMATION TECHNOLOGY SYSTEMS TO ENHANCE HOMELAND DEFENSE AND INFORMATION SECURITY

(INCLUDING TRANSFER OF FUNDS)

For an additional amount for expenses related to improving Federal agency information technology systems associated with homeland defense and information security, $1,000,000,000, to remain available until September 30, 2003: *Provided*, That these projects may include, but are not limited to, efforts to improve the Federal Government's information security systems; to protect critical infrastructure; to provide stronger defenses against natural and man-made threats to the nation; and to enable Federal agencies to take advantage of information technology in sharing information and conducting transactions with one another and with state and local governments in furtherance of the above goals: *Provided further*, That the funds made available shall be transferred, as necessary, by the Director of the Office of Management and Budget to all affected Federal Departments and Agencies, for expenses necessary to ensure that information technology that is used or acquired by the Federal government meets one or more of these goals: *Provided further*, That none of the funds provided under this heading may be transferred to any Department or Agency until fifteen days after the Director of the Office of Management and Budget has submitted to the House and Senate Committees on Appropriations, the House Committee on Government Reform and the Senate Governmental Affairs Committee a proposed allocation and plan for that Department or Agency to improve information technology systems: *Provided further*, That the transfer authority provided in this paragraph is in addition to any other transfer authority contained elsewhere in this or any other Act.

The Director of the Office of Management and Budget shall establish procedures for accepting and reviewing proposals for funding, and shall consult with interagency councils, including the Chief Information Officers Council, the Chief Financial Officers Council, and procurement councils, in establishing procedures and reviewing proposals. When reviewing proposals, the Director of the Office of Management and Budget shall observe and incorporate the following procedures—

(1) a project requiring substantial involvement or funding from a Department must be approved by a senior official with agency-wide authority on behalf of the Secretary or agency head, who shall report directly to the Secretary or agency head;

(2) agencies must demonstrate measurable mission benefits commensurate with the proposed costs;

(3) funded projects must adhere to fundamental capital planning and processes;

(4) agencies must assess the results of funded projects;

(5) agencies shall identify in their proposals resource commitments from any other agencies involved, and shall include plans for potential continuation of projects after funds from this appropriation are exhausted; and

(6) after considering the recommendations to the interagency councils, the Director of the Office of Management and Budget shall have final authority to determine which of the candidate projects shall be funded.

CHAPTER 8

INDEPENDENT AGENCY

FEDERAL EMERGENCY MANAGEMENT AGENCY

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

For an additional amount for ''Emergency management planning and assistance'', $600,000,000 for programs as authorized by section 33 of the Federal Fire Prevention and Control Act of 1974, as amended (15 U.S.C. 2201 et seq.): *Provided*, That up to 5 percent of this amount shall be transferred to ''Salaries and expenses'' for program administration.

CHAPTER 9

GENERAL PROVISION, THIS TITLE

SEC. 901. No part of any appropriation contained in this title shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SA 2126. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. PERMANENT REPEAL OF ESTATE TAXES.

Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended—

(1) by striking ''this Act'' and all that follows through ''2010.'' in subsection (a) and inserting ''this Act (other than title V) shall not apply to taxable, plan, or limitation years beginning after December 31, 2010.'', and

(2) by striking '', estates, gifts, and transfers'' in subsection (b).

SA 2127. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. PERSONAL TRAVEL CREDIT.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25B the following new section:

''SEC. 25C. PERSONAL TRAVEL CREDIT.

''(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 qualified personal travel expenses which are incurred and paid by the taxpayer on or after the date of the enactment of this section and before January 1, 2002.

''(b) MAXIMUM CREDIT.—The credit allowed to a taxpayer under subsection (a) for any taxable year shall not exceed $500 ($1,000, in the case of a joint return).

''(c) QUALIFIED PERSONAL TRAVEL EXPENSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified personal travel expenses' means reasonable expenses in connection with 1 qualifying personal trip away from the taxpayer's residence for—

''(A) travel by aircraft, rail, watercraft, or motor vehicle, and

''(B) lodging while away from home at any commercial lodging facility.

Such term does not include expenses for meals, entertainment, amusement, or recreation.

''(2) QUALIFYING PERSONAL TRIP.—

''(A) IN GENERAL.—The term 'qualifying personal trip' means travel within the United States (including the Commonwealth of Puerto Rico and the possessions of the United States)—

''(i) the farthest destination of which is at least 100 miles from the taxpayer's residence,

''(ii) involves an overnight stay at a commercial lodging facility and

''(iii) which is taken on or after the date of the enactment of this section.

''(B) ONLY PERSONAL TRAVEL INCLUDED.—Such term shall not include travel if, without regard to this section, any expenses in connection with such travel are deductible in connection with a trade or business or activity for the production of income.

''(3) COMMERCIAL LODGING FACILITY.—The term 'commercial lodging facility' includes any hotel, motel, resort, rooming house, or campground.

''(d) SPECIAL RULES.—

''(1) DENIAL OF CREDIT TO DEPENDENTS.—No credit shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(2) EXPENSES MUST BE SUBSTANTIATED.—No credit shall be allowed by subsection (a) unless the taxpayer substantiates by adequate records or by sufficient evidence corroborating the taxpayer's own statement the amount of the expenses described in subsection (c)(1).

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

(b) CONFORMING AMENDMENTS.—

(1) Section 24(b)(3)(B), as added and amended by the Economic Growth and Tax Relief Reconciliation Act of 2001, is amended by striking ''23 and 25B'' and inserting ''23, 25B, and 25C''.

(2) Section 25(e)(1)(C) is amended by striking ''23 and 1400C'' and by inserting ''23, 25C, and 1400C''.

(3) Section 25(e)(1)(C), as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001, is amended by inserting ''25C,'' after ''25B,''.

(4) Section 25B, as added by the Economic Growth and Tax Relief Reconciliation Act of 2001, is amended by striking ''section 23'' and inserting ''sections 23 and 25C''.

(5) Section 26(a)(1), as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001, is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(6) Section 1400C(d) is amended by inserting ''and section 25C'' after ''this section''.

(7) Section 1400C(d), as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001, is amended by striking ''and 25B'' and inserting ''25B, and 25C''.

(8) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting before the item relating to section 26 the following new item:

''Sec. 25C. Personal travel credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SA 2128. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE XI—SUBCHAPTER S MODERNIZATION

SEC. 1101. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the ''Subchapter S Modernization Act of 2001''.

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

Sec. 1101. Short title; table of contents.

Subtitle A—Eligible Shareholders of an S Corporation

Sec. 1111. Members of family treated as 1 shareholder.
Sec. 1112. Nonresident aliens allowed to be shareholders.
Sec. 1113. Expansion of bank S corporation eligible shareholders to include IRAs.
Sec. 1114. Increase in number of eligible shareholders to 150.

Subtitle B—Qualification and Eligibility Requirements of S Corporations

Sec. 1121. Issuance of preferred stock permitted.
Sec. 1122. Safe harbor expanded to include convertible debt.
Sec. 1123. Repeal of excessive passive investment income as a termination event.
Sec. 1124. Modifications to passive income rules.
Sec. 1125. Adjustment to basis of S corporation stock for certain charitable contributions.

SUBTITLE C—TREATMENT OF S CORPORATION SHAREHOLDERS

Sec. 1131. Treatment of losses to shareholders.
Sec. 1132. Transfer of suspended losses incident to divorce.
Sec. 1133. Use of passive activity loss and at-risk amounts by qualified subchapter S trust income beneficiaries.
Sec. 1134. Deductibility of interest expense incurred by an electing small business trust to acquire S corporation stock.
Sec. 1135. Disregard of unexercised powers of appointment in determining potential current beneficiaries of ESBT.
Sec. 1136. Clarification of electing small business trust distribution rules.
Sec. 1137. Allowance of charitable contributions deduction for electing small business trusts.
Sec. 1138. Shareholder basis not increased by income derived from cancellation of S corporation's debt.
Sec. 1139. Back to back loans as indebtedness.

SUBTITLE D—EXPANSION OF S CORPORATION ELIGIBILITY FOR BANKS.

Sec. 1141. Exclusion of investment securities income from passive income test for bank S corporations.
Sec. 1142. Treatment of qualifying director shares.
Sec. 1143. Recapture of bad debt reserves.

SUBTITLE E—QUALIFIED SUBCHAPTER S SUBSIDIARIES

Sec. 1151. Relief from inadvertently invalid qualified subchapter S subsidiary elections and terminations.
Sec. 1152. Information returns for qualified subchapter S subsidiaries.
Sec. 1153. Treatment of the sale of interest in a qualified subchapter S subsidiary.
Sec. 1154. Exception to application of step transaction doctrine for restructuring in connection with making qualified subchapter S subsidiary elections.

SUBTITLE F—ADDITIONAL PROVISIONS

Sec. 1161. Elimination of all earnings and profits attributable to pre-1983 years.
Sec. 1162. No gain or loss on deferred intercompany transactions because of conversion to S corporation or qualified S corporation subsidiary.
Sec. 1163. Treatment of charitable contribution and foreign tax credit carryforwards.
Sec. 1164. Distributions by an S corporation to an employee stock ownership plan.
Sec. 1165. Special rules of application.

Subtitle A—Eligible Shareholders of an S Corporation

SEC. 1111. MEMBERS OF FAMILY TREATED AS 1 SHAREHOLDER.

(a) IN GENERAL.—Paragraph (1) of section 1361(c) (relating to special rules for applying subsection (b)) is amended to read as follows:

''(1) MEMBERS OF FAMILY TREATED AS 1 SHAREHOLDER.—

''(A) IN GENERAL.—For purpose of subsection (b)(1)(A)—

''(i) except as provided in clause (ii), a husband and wife (and their estates) shall be treated as 1 shareholder, and

''(ii) in the case of a family with respect to which an election is in effect under subparagraph (E), all members of the family shall be treated as 1 shareholder.

''(B) MEMBERS OF THE FAMILY.—For purpose of subparagraph (A)(ii), the term 'members of the family' means the common ancestor, lineal descendants of the common ancestor and the spouses (or former spouses) of such lineal descendants or common ancestor.

''(C) COMMON ANCESTOR.—For purposes of this paragraph, an individual shall not be considered a common ancestor if, as of the later of the effective date of this paragraph or the time the election under section 1362(a) is made, the individual is more than 6 generations removed from the youngest generation of shareholders.

''(D) EFFECT OF ADOPTION, ETC.—In determining whether any relationship specified in subparagraph (B) or (C) exists, the rules of section 152(b)(2) shall apply.

''(E) ELECTION.—An election under subparagraph (A)(ii)—

''(i) must be made with the consent of shareholders (including those that are family members) holding in the aggregate more than one-half of the shares of stock in the corporation on the day the election is made,

''(ii) in the case of—

''(I) an electing small business trust, shall be made by the trustee of the trust, and

''(II) a qualified subchapter S trust, shall be made by the beneficiary of the trust,

''(iii) under regulations, shall remain in effect until terminated, and

''(iv) shall apply only with respect to 1 family in any corporation.''.

(b) RELIEF FROM INADVERTENT INVALID ELECTION OR TERMINATION.—Section 1362(f) (relating to inadvertent invalid elections or terminations), as amended by section 1151, is amended—

(1) by inserting ''or under section 1361(c)(1)(A)(ii)'' after ''section 1361(b)(3)(B)(ii)'' in paragraph (1), and

(2) by inserting ''or under section 1361(c)(1)(E)(iii)'' after ''section 1361(b)(3)(C)'' in paragraph (1)(B).

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to elections and terminations made after December 31, 2001.

SEC. 1112. NONRESIDENT ALIENS ALLOWED TO BE SHAREHOLDERS.

(a) NONRESIDENT ALIENS ALLOWED TO BE SHAREHOLDERS.—

(1) IN GENERAL.—Paragraph (1) of section 1361(b) (defining small business corporation) is amended—

(A) by adding ''and'' at the end of subparagraph (B),

(B) by striking subparagraph (C), and

(C) by redesignating subparagraph (D) as subparagraph (C).

(2) CONFORMING AMENDMENTS.—Paragraph (4) and (5)(A) of section 1361(c) (relating to special rules for applying subsection (b)) are each amended by striking ''subsection (b)(1)(D)'' and inserting ''subsection (b)(1)(C)''.

(b) NONRESIDENT ALIEN SHAREHOLDER TREATED AS ENGAGED IN TRADE OR BUSINESS WITHIN UNITED STATES.—

(1) IN GENERAL.—Section 875 is amended—

(A) by striking ''and'' at the end of paragraph (1),

(B) by striking the period at the end of paragraph (2) and inserting '', and'', and

(C) by adding at the end the following new paragraph:

''(3) a nonresident alien individual shall be considered as being engaged in a trade or business within the United States if the S corporation of which such individual is a shareholder is so engaged.''.

(2) APPLICATION OF WITHHOLDING TAX ON NONRESIDENT ALIEN SHAREHOLDERS.—Section 1446 (relating to withholding tax on foreign partners' share of effectively connected income) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) S CORPORATION TREATED AS PARTNERSHIP, ETC.—For purposes of this section—

''(1) an S corporation shall be treated as a partnership,

''(2) the shareholders of such corporation shall be treated as partners of such partnership,

''(3) any reference to section 704 shall be treated as a reference to section 1366, and

''(4) no withholding tax under subsection (a) shall be required in the case of any income realized by such corporation and allocable to a shareholder which is an electing small business trust (as defined in section 1361(e)).''.

(3) CONFORMING AMENDMENTS.—

(A) The heading of section 875 is amended to read as follows:

''SEC. 875. PARTNERSHIPS; BENEFICIARIES OF ESTATES AND TRUSTS; S CORPORATIONS.''.

(B) The heading of section 1446 is amended to read as follows:

''SEC. 1446. WITHHOLDING TAX ON FOREIGN PARTNERS' AND S CORPORATION SHAREHOLDERS' SHARE OF EFFECTIVELY CONNECTED INCOME.''.

(4) CLERICAL AMENDMENTS.—

(A) The item relating to section 875 in the table of sections for subpart A of part II of subchapter N of chapter 1 is amended to read as follows:

''Sec. 875. Partnerships; beneficiaries of estates and trusts; S corporations.''.

(B) The item relating to section 1446 in the table of sections for subchapter A of chapter 3 is amended to read as follows:

''Sec. 1446 Withholding tax on foreign partners' and S corporation shareholders' share of effectively connected income.''.

(C) PERMANENT ESTABLISHMENT OF PARTNERS AND S CORPORATION SHAREHOLDERS.—

Section 894 (relating to income affected by treaty) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) PERMANENT ESTABLISHMENT OF PARTNERS AND S CORPORATION SHAREHOLDERS.—If a partnership or S corporation has a permanent establishment in the United States (within the meaning of a treaty to which the United States is a party) at any time during a taxable year of such entity, a nonresident alien individual or foreign corporation which is a partner in such partnership, or a nonresident alien individual who is a shareholder in such S corporation, shall be treated as having a permanent establishment in the United States for purposes of such treaty.''.

(c) APPLICATION OF OTHER WITHHOLDING TAX RULES ON NONRESIDENT ALIEN SHAREHOLDERS.—

(1) SECTION 1441.—Section 1441 (relating to withholding of tax on nonresident aliens) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) S CORPORATION TREATED AS PARTNERSHIP, ETC.—For purposes of this section—

''(1) an S corporation shall be treated as a partnership,

''(2) the shareholders of such corporation shall be treated as partners of such partnership, and

''(3) no deduction or withholding under subsection (a) shall be required in the case of any item of income realized by such corporation and allocable to a shareholder which is an electing small business trust (as defined in section 1361(e)).''.

(2) SECTION 1445.—Section 1445(e) (relating to special rules relating to distributions, etc., by corporations, partnerships, trusts, or estates) is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

''(6) S CORPORATION TREATED AS PARTNERSHIP, ETC.—For purposes of this section—

''(A) an S corporation shall be treated as a partnership, and

''(B) the shareholders of such corporation shall be treated as partners of such partnership, and

''(C) no deduction or withholding under subsection (a) shall be required in the case of any gain realized by such corporation and allocable to a shareholder which is an electing small business trust (as defined in section 1361(e)).''.

(d) CONFORMING AMENDMENT.—Section 1361(e)(2) is amended by inserting ''(including a nonresident alien)'' after ''person'' the first place it appears.

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

SEC. 1113. EXPANSION OF BANK S CORPORATION ELIGIBLE SHAREHOLDERS TO INCLUDE IRAS.

(a) IN GENERAL.—Section 1361(c)(2)(A) (relating to certain trusts permitted as shareholders) is amended by inserting after clause (v) the following new clause:

''(vi) In the case of a corporation which is a bank (as defined in section 581), a trust which constitutes an individual retirement account under section 408(a), including one designated as a Roth IRA under section 408A, but only to the extent of the stock held by such trust in such bank as of the date of the enactment of this clause.''.

(b) TREATMENT AS SHAREHOLDER.—Section 1361(c)(2)(B) (relating to treatment as shareholders) is amended by adding at the end the following new clause:

''(vi) In the case of a trust described in clause (vi) of subparagraph (A), the individual for whose benefit the trust was created shall be treated as a shareholder.''.

(c) SALE OF STOCK IN IRA RELATING TO S CORPORATION ELECTION EXEMPT FROM PROHIBITED TRANSACTION RULES.—Section 4975(d) (relating to exemptions) is amended by striking ''or'' at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting ''; or'', and by adding at the end the following new paragraph:

''(16) a sale of stock held by a trust which constitutes an individual retirement account under section 408(a) to the individual for whose benefit such account is established if such sale is pursuant to an election under section 1362(a).''.

(d) CONFORMING AMENDMENT.—Section 512(e)(1) is amended by inserting ''1361(c)(2)(A)(vi) or'' before ''1361(c)(6)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to trusts which constitute individual retirement accounts on the date of the enactment of this Act.

SEC. 1114. INCREASE IN NUMBER OF ELIGIBLE SHAREHOLDERS TO 150.

(a) IN GENERAL.—Section 1361(b)(1)(A) (defining small business corporation) is amended by striking ''75'' and inserting ''150''.

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

Subtitle B—Qualification and Eligibility Requirements of S Corporations

SEC. 1121. ISSUANCE OF PREFERRED STOCK PERMITTED.

(a) IN GENERAL.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

''(f) TREATMENT OF QUALIFIED PREFERRED STOCK.—

''(1) IN GENERAL.—For purposes of this subchapter—

''(A) qualified preferred stock shall not be treated as a second class of stock, and

''(B) no person shall be treated as a shareholder of the corporation by reason of holding qualified preferred stock.

''(2) QUALIFIED PREFERRED STOCK DEFINED.—For purposes of this subsection, the term 'qualified preferred stock' means stock which meets the requirements of subparagraphs (A), (B), and (C) of section 1504(a)(4). Stock shall not fail to be treated as qualified preferred stock merely because it is convertible into other stock.

''(3) DISTRIBUTIONS.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualified preferred stock shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1361(b) is amended by inserting '', except as provided in subsection (f),'' before ''which does not''.

(2) Subsection (a) of section 1366 is amended by adding at the end the following new paragraph:

''(3) ALLOCATION WITH RESPECT TO QUALIFIED PREFERRED STOCK.—The holders of qualified preferred stock (as defined in section 1361(f)) shall not, with respect to such stock, be allocated any of the items described in paragraph (1).''.

(3) So much of clause (ii) of section 354(a)(2)(C) as precedes subclause (II) is amended to read as follows:

''(ii) RECAPITALIZATION OF FAMILY-OWNED CORPORATIONS AND S CORPORATIONS.—

''(I) IN GENERAL.—Clause (i) shall not apply in the case of a recapitalization under section 368(a)(I)(E) of a family-owned corporation or S corporation.''.

(4) Subsection (a) of section 1373 is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) no amount of an expense deductible under this subchapter by reason of section 1361(f)(3) shall be apportioned or allocated to such income.''.

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

SEC. 1122. SAFE HARBOR EXPANDED TO INCLUDE CONVERTIBLE DEBT.

(a) IN GENERAL.—Subparagraph (B) of section 1361(c)(5) (defining straight debt) is amended by striking clauses (ii) and (iii) and inserting the following new clauses:

''(ii) in any case in which the terms of such promise include a provision under which the obligation to pay may be converted (directly or indirectly) into stock of the corporation, such terms, taken as a whole, are substantially the same as the terms which could have been obtained on the effective date of the promise from a person which is not a related person (within the meaning of section 465(b)(3)(C)) to the S corporation or its shareholders, and

''(iii) the creditor is—

''(I) an individual,

''(II) an estate,

''(III) a trust described in paragraph (2),

''(IV) an exempt organization described in paragraph (6), or

''(V) a person which is actively and regularly engaged in the business of lending money.''.

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

SEC. 1123. REPEAL OF EXCESSIVE PASSIVE INVESTMENT INCOME AS A TERMINATION EVENT.

(a) IN GENERAL.—Section 1362(d) (relating to termination) is amended by striking paragraph (3).

(b) CONFORMING AMENDMENTS.—

(1) Section 1362(f)(1) is amended by striking ''or (3)''.

(2) Clause (i) of section 1042(c)(4)(A) is amended by striking ''section 1362(d)(3)(C)'' and inserting ''section 1375(b)(4)''.

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

SEC. 1124. MODIFICATIONS TO PASSIVE INCOME RULES.

(a) INCREASED LIMIT.—

(1) IN GENERAL.—Subsection (a)(2) of section 1375 (relating to tax imposed when passive investment income of corporation having accumulated earnings and profits exceeds 25 percent of gross receipts) is amended by striking **''25 percent'' and inserting** ''60 percent''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (J) of section 26(b)(2) is amended by striking ''25 percent'' and inserting ''60 percent''.

(B) Clause (i) of section 1375(b)(1)(A) is amended by striking ''25 percent'' and inserting ''60 percent''.

(C) The heading for section 1375 is amended by striking ''25 percent'' and inserting ''60 percent''.

(D) The table of sections for part III of subchapter S of chapter 1 is amended by striking ''25 percent'' in the item relating to section 1375 and inserting ''60 percent''.

(b) REPEAL OF PASSIVE INCOME CAPITAL GAIN CATEGORY.—

(1) IN GENERAL.—Subsection (b) of section 1375 (relating to tax imposed when passive investment income of corporation having accumulated earnings and profits exceeds 60 percent of gross receipts), as amended by subsection (a), is amended by striking paragraphs (3) and (4) and inserting the following new paragraph:

''(3) PASSIVE INVESTMENT INCOME DEFINED.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the term 'passive investment income' means gross receipts derived from royalties, rents, dividends, interest, and annuities.

''(B) EXCEPTION FOR INTEREST ON NOTES FROM SALES OF INVENTORY.—The term 'passive investment income' shall not include interest on any obligation acquired in the ordinary course of the corporation's trade or business from its sale of property described in section 1221(a)(1).

''(C) TREATMENT OF CERTAIN LENDING OR FINANCE COMPANIES.—If the S corporation meets the requirements of section 542(c)(6) for the taxable year, the term 'passive investment income' shall not include gross receipts for the taxable year which are derived directly from the active and regular conduct of a lending or finance business (as defined in section 542(d)(1)).

''(D) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.

''(E) COORDINATION WITH SECTION 1374.—The amount of passive investment income shall be determined by not taking into account any recognized built-in gain or loss of the S corporation for any taxable year in the recognition period. Terms used in the preceding sentence shall have the same respective meaning as when used in section 1374.''.

(2) CONFORMING AMENDMENTS.—Section 1375(d) is amended by striking ''subchapter C'' both places it appears and inserting ''accumulated''.

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

SEC. 1125. ADJUSTMENT TO BASIS OF S CORPORATION STOCK FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (1) of section 1367(a) (relating to adjustments to basis of stock of shareholders, etc.) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) the excess of the amount of the shareholder's proportionate share of any charitable contribution made by the S corporation over the shareholder's proportionate share of the adjusted basis of the property contributed.''.

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

Subtitle C—Treatment of S Corporation Shareholders

SEC. 1131. TREATMENT OF LOSSES TO SHAREHOLDERS.

(a) LIQUIDATIONS.—Section 331 (relating to gain or loss to shareholders in corporate liquidations) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) LOSS ON LIQUIDATIONS OF S CORPORATION.—

''(1) IN GENERAL.—The portion of any net loss recognized by a shareholder of an S corporation (as defined in section 1361(a)(1))—

''(A) on amounts received by such shareholder in a distribution in complete liquidation of such S corporation, or

''(B) on an installment obligation received by such shareholder with respect to a sale or exchange by the corporation during the 12-month period beginning on the date a plan of complete liquidation is adopted if the liquidation is completed during such 12-month period,

which does not exceed the ordinary income basis of stock of such S corporation in the hands of such shareholder shall not be treated as a loss from the sale or exchange of a capital asset but shall be treated as an ordinary loss.

''(2) ORDINARY INCOME BASIS.—For purposes of this subsection, the ordinary income basis of stock of an S corporation in the hands of a shareholder of such S corporation shall be an amount equal to the portion of such shareholder's basis in such stock which is equal to the aggregate increases in such basis under section 1367(a)(1) resulting from such shareholder's pro rata share of ordinary income of such S corporation attributable to the complete liquidation.''.

(b) SUSPENDED PASSIVE ACTIVITY LOSSES.—Paragraph (3) of section 1371(b) is amended to read as follows:

''(3) TREATMENT OF S YEAR AS ELAPSED YEAR; PASSIVE LOSSES.—Nothing in paragraphs (1) and (2) shall prevent treating a taxable year for which a corporation is an S corporation as a taxable year for purposes of determining the number of taxable years to which an item may be carried back or carried forward nor prevent the allowance of a passive activity loss deduction to the extent provided by section 469(g).''.

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

SEC. 1132. TRANSFER OF SUSPENDED LOSSES INCIDENT TO DIVORCE.

(a) IN GENERAL.—Section 1366(d) (relating to special rules for losses and deductions) is amended by adding at the end the following new paragraph:

''(4) TRANSFER OF SUSPENDED LOSSES AND DEDUCTIONS WHEN STOCK IS TRANSFERRED INCIDENT TO DIVORCE.—For purposes of paragraph (2), the transfer of any shareholder's stock in an S corporation incident to a decree of divorce shall include any loss or deduction described in such paragraph attributable to such stock.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transfers made after the date of the enactment of this Act.

SEC. 1133. USE OF PASSIVE ACTIVITY LOSS AND AT-RISK AMOUNTS BY QUALIFIED SUBCHAPTER S TRUST INCOME BENEFICIARIES.

(a) IN GENERAL.—Section 1361(d)(1) (relating to special rule for qualified subchapter S trust) is amended—

(1) by striking ''and'' at the end of subparagraph (A),

(2) by striking the period at the end of subparagraph (B) and inserting '', and'', and

(3) by adding at the end the following new subparagraph:

''(C) for purposes of applying sections 465 and 469(g) to the beneficiary of the trust, the disposition of the S corporation stock by the trust shall be treated as a disposition by such beneficiary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers made after the date of the enactment of this Act.

SEC. 1134. DEDUCTIBILITY OF INTEREST EXPENSE INCURRED BY AN ELECTING SMALL BUSINESS TRUST TO ACQUIRE S CORPORATION STOCK.

(a) IN GENERAL.—Subparagraph (C) of section 641(c)(2) (relating to modifications) is amended by inserting after clause (iii) the following new clause:

''(iv) Any interest expense incurred to acquire stock in an S corporation.''.

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

SEC. 1135. DISREGARD OF UNEXERCISED POWERS OF APPOINTMENT IN DETERMINING POTENTIAL CURRENT BENEFICIARIES OF ESBT.

(a) IN GENERAL.—Section 1361(e)(2) (defining potential current beneficiary) is amended—

(1) by inserting ''(determined without regard to any unexercised (in whole or in part) power of appointment during such period)'' after ''of the trust'' in the first sentence, and

(2) by striking ''60-day'' in the second sentence and inserting ''1-year''.

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

SEC. 1136. CLARIFICATION OF ELECTING SMALL BUSINESS TRUST DISTRIBUTION RULES.

(a) IN GENERAL.—Section 641(c)(1) (relating to special rules for taxation of electing small business trusts) is amended—

(1) by striking ''and'' at the end of subparagraph (A),

(2) by redesignating subparagraph (B) as subparagraph (C), and

(3) by inserting after subparagraph (A) the following new subparagraph:

''(B) any distribution attributable to the portion treated as a separate trust shall be treated separately from any distribution attributable to the portion not so treated, and''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1137. ALLOWANCE OF CHARITABLE CONTRIBUTIONS DEDUCTION FOR ELECTING SMALL BUSINESS TRUSTS.

(a) IN GENERAL.—Section 641(c)(2)(C) (relating to modifications), as amended by section 1134(a), is amended by inserting after clause (iv) the following new clause:—

''(v) Deductions described in section 642(c)(1).''.

(b) CONFORMING AMENDMENT.—Section 512(e) (relating to special rules applicable to S corporations) is amended by redesignating subparagraph (3) as subparagraph (4) and by inserting after subparagraph (2) the following new subparagraph:

''(3) AMOUNTS RECEIVED FROM AN ELECTING SMALL BUSINESS TRUST.—Notwithstanding any other provision of this part, amounts received by an organization described in section 511(a)(2) from an electing small business trust (as defined in section 1361(e)) shall be taken into account in computing the unrelated business taxable income of such organization to the extent such amount is deducted by such trust under section 641(c)(2)(C)(v).''.

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

SEC. 1138. SHAREHOLDER BASIS NOT INCREASED BY INCOME DERIVED FROM CANCELLATION OF S CORPORATION'S DEBT.

(a) IN GENERAL.—Section 1366(a)(1) (relating to determination of shareholder's tax liability) is amended by inserting ''but not including income excludable from gross income under section 108'' after ''tax-exempt income''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to discharges of indebtedness occurring after December 31, 2000.

SEC. 1139. BACK TO BACK LOANS AS INDEBTEDNESS.

(a) IN GENERAL.—Section 1366(d) (relating to special rules for losses and deductions) is amended by adding at the end the following new paragraph:

''(4) LOANS INCLUDED IN INDEBTEDNESS OF AN S CORPORATION.—For purposes of subsection (d), the indebtedness of an S corporation to the shareholder shall include any loans made or acquired (by purchase, gift, or distribution from another person) by a shareholder to the S corporation, regardless of whether the funds loaned by the shareholder to the S corporation were obtained by the shareholder by means of a recourse loan from another person (whether related or unrelated to the shareholder).''.

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

Subtitle D—Expansion of S Corporation Eligibility for Banks.

SEC. 1141. EXCLUSION OF INVESTMENT SECURITIES INCOME FROM PASSIVE INCOME TEST FOR BANK S CORPORATIONS.

(a) IN GENERAL.—Section 1374(b)(3) (defining passive investment income) is amended by adding at the end the following new subparagraph:

''(E) EXCEPTION FOR BANKS; ETC.—In the case of a bank (as defined in section 581), a bank holding company (as defined in section 246A(c)(3)(B)(ii)), or a qualified subchapter S subsidiary which is a bank, the term 'passive investment income' shall not include—

''(i) interest income earned by such bank, bank holding company, or qualified subchapter S subsidiary, or

''(ii) dividends on assets required to be held by such bank, bank holding company, or qualified subchapter S subsidiary to conduct a banking business, including stock in the Federal Reserve Bank, the Federal Home Loan Bank, or the Federal Agricultural Mortgage Bank or participation certificates issued by a Federal Intermediate Credit Bank.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1142. TREATMENT OF QUALIFYING DIRECTOR SHARES.

(a) IN GENERAL.—Section 1361 (defining S corporation), as amended by section 1121(a), is amended by adding at the end the following new subsection:

''(g) TREATMENT OF QUALIFYING DIRECTOR SHARES.—

''(1) IN GENERAL.—For purposes of this subchapter—

''(A) qualifying director shares shall not be treated as a second class of stock, and

''(B) no person shall be treated as a shareholder of the corporation by reason of holding qualifying director shares.

''(2) QUALIFYING DIRECTOR SHARES DEFINED.—For purposes of this subsection, the term 'qualifying director shares' means any shares of stock in a bank (as defined in section 581) or in a bank holding company registered as such with the Federal Reserve System—

''(i) which are held by an individual solely by reason of status as a director of such bank or company or its controlled subsidiary; and

''(ii) which are subject to an agreement pursuant to which the holder is required to dispose of the shares of stock upon termination of the holder's status as a director at the same price as the individual acquired such shares of stock.

''(3) DISTRIBUTIONS.—A distribution (not in part or full payment in exchange for stock) made by the corporation with respect to qualifying director shares shall be includible as ordinary income of the holder and deductible to the corporation as an expense in computing taxable income under section 1363(b) in the year such distribution is received.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1361(b)(1) is amended by inserting '', except as provided in subsection (f),'' before ''which does not''.

(2) Section 1366(a) is amended by adding at the end the following new paragraph:

''(3) ALLOCATION WITH RESPECT TO QUALIFYING DIRECTOR SHARES.—The holders of qualifying director shares (as defined in section 1361(f)) shall not, with respect to such shares of stock, be allocated any of the items described in paragraph (1).''.

(3) Section 1373(a) is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and adding at the end the following new paragraph:

''(3) no amount of an expense deductible under this subchapter by reason of section 1361(f)(3) shall be apportioned or allocated to such income.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1143. RECAPTURE OF BAD DEBT RESERVES.

Notwithstanding section 481 of the Internal Revenue Code of 1986, with respect to any S corporation election made by any bank in taxable years beginning after December 31, 1996, such bank may recognize built-in gains from changing its accounting method for recognizing bad debts from the reserve method under section 585 or 593 of such Code to the charge-off method under section 166 of such Code either in the taxable year ending with or beginning with such an election.

Subtitle E—Qualified Subchapter S Subsidiaries

SEC. 1151. RELIEF FROM INADVERTENTLY INVALID QUALIFIED SUBCHAPTER S SUBSIDIARY ELECTIONS AND TERMINATIONS.

(a) IN GENERAL.—Section 1362(f) (relating to inadvertent invalid elections or terminations) is amended—

(1) by inserting ''or under section 1361(b)(3)(B)(ii)'' after ''subsection (a)''in paragraph (1),

(2) by inserting ''or under section 1361(b)(3)(C)'' after ''subsection (d)'' in paragraph (1)(B),

(3) by inserting ''or a qualified subchapter S subsidiary, as the case may be'' after ''small business corporation'' in paragraph (3)(A),

(4) by inserting ''or a qualified subchapter S subsidiary, as the case may be'' after ''S corporation'' in paragraph (4), and

(5) by inserting ''or a qualified subchapter S subsidiary, as the case may be'' after ''S corporation'' in the matter following paragraph (4).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1152. INFORMATION RETURNS FOR QUALIFIED SUBCHAPTER S SUBSIDIARIES.

(a) IN GENERAL.—Section 1361(b)(3)(A) (relating to treatment of certain wholly owned subsidiaries) is amended by inserting ''and in the case of information returns required under part III of subchapter A of chapter 61'' after ''Secretary''.

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

SEC. 1153. TREATMENT OF THE SALE OF INTEREST IN A QUALIFIED SUBCHAPTER S SUBSIDIARY.

(a) IN GENERAL.—Section 1361(b)(3) (relating to treatment of certain wholly owned subsidiaries) is amended by adding at the end the following new subparagraph:

''(E) SPECIAL RULE ON TERMINATION.—The tax treatment of the disposition of the stock of the qualified subchapter S subsidiary shall be determined as if such disposition were—

''(i) a sale of the undivided interest in the subsidiary's assets based on the percentage of the stock transferred, and

''(ii) followed by a deemed contribution by the S corporation and the transferee in a section 351 transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1154. EXCEPTION TO APPLICATION OF STEP TRANSACTION DOCTRINE FOR RESTRUCTURING IN CONNECTION WITH MAKING QUALIFIED SUBCHAPTER S SUBSIDIARY ELECTIONS.

(a) IN GENERAL.—Section 1361(b)(3) (relating to treatment of certain wholly owned subsidiaries), as amended by section 1153, is amended by redesignating subparagraphs (C), (D), and (E), as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following new subparagraph:

''(C) TREATMENT OF ELECTION.—The election under subparagraph (B)(ii) shall be treated as a liquidation of the qualified subchapter S subsidiary to which section 332 applies.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to elections effective after December 31, 2001.

Subtitle F—Additional Provisions

SEC. 1161. ELIMINATION OF ALL EARNINGS AND PROFITS ATTRIBUTABLE TO PRE-1983 YEARS.

(a) IN GENERAL.—Subsection (a) of section 1311 of the Small Business Job Protection Act of 1996 is amended to read as follows:

''(a) IN GENERAL.—If a corporation was an electing small business corporation under subchapter S of chapter 1 of the Internal Revenue Code of 1986 for any taxable year beginning before January 1, 1983, the amount of such corporation's accumulated earnings and profits (as of the beginning of any taxable year beginning after December 31, 1982) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under such subchapter S.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1162. NO GAIN OR LOSS ON DEFERRED INTERCOMPANY TRANSACTIONS BECAUSE OF CONVERSION TO S CORPORATION OR QUALIFIED S CORPORATION SUBSIDIARY.

With respect to taxable years beginning before, on, or after July 12, 1995, the regulations under section 1502 of the Internal Revenue Code of 1986 shall not cause gain or loss to be recognized by reason of an election under section 1361(b)(3)(B) or 1362(a) of such Code.

SEC. 1163. TREATMENT OF CHARITABLE CONTRIBUTION AND FOREIGN TAX CREDIT CARRYFORWARDS.

(a) CHARITABLE CONTRIBUTION CARRYFORWARDS.—The last sentence of section 1374(b)(2) (relating to net operating loss carryforwards from C years allowed) is amended by inserting ''or a charitable contribution carryforward under section 170(d)(2)'' after ''capital loss carryforward''.

(b) FOREIGN TAX CREDIT CARRYFORWARDS.—The last sentence of section 1374(b)(3)(B) (relating to business credit carryforwards from C years allowed) is amended by inserting ''and the foreign tax credit carryforward under section 904'' after ''section 53''.

(c) TREATMENT OF ADDITIONAL CARRYFORWARDS.—Section 1374(b) (relating to amount of tax) is amended by adding at the end the following new paragraph:

''(5) TREATMENT OF ADDITIONAL CARRYFORWARDS.—The Secretary under regulations shall provide treatment similar to the preceding paragraphs of this subsection

for other carryforwards attributable to taxable years for which an S corporation was a C corporation.''.

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

SEC. 1164. DISTRIBUTIONS BY AN S CORPORATION TO AN EMPLOYEE STOCK OWNERSHIP PLAN.

(a) IN GENERAL.—Section 1368(f) (relating to distributions) is amended by adding at the end the following new subsection:

''(f) DISTRIBUTIONS BY AN S CORPORATION TO AN EMPLOYEE STOCK OWNERSHIP PLAN.—Any distribution described in subsection (a) to an employee stock ownership plan (as defined in section 4975(e)(7)) shall be treated as a dividend under section 404(k)(2)(A).''.

(b) TECHNICAL AMENDMENT.—Section 404(a)(9)(C) (relating to S corporations) is amended to read as follows:

''(C) S CORPORATIONS.—The deduction provided in this paragraph shall not apply to an S corporation.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions received after the date of the enactment of this Act.

SEC. 1165. SPECIAL RULES OF APPLICATION.

(a) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the application of any amendment made by this Act is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claimed therefor is filed before the close of such period.

(b) TREATMENT OF CERTAIN ELECTIONS UNDER PRIOR LAW.—For purposes of section 1362(g) of the Internal Revenue Code of 1986 (relating to election after termination), any termination or revocation under section 1362(d) of such Code (as in effect on the day before enactment of this Act) shall not be taken into account.

SA 2129. Mr. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At an appropriate place in title IX and insert the following:

SEC. ____. TAX INCENTIVES FOR QUALIFIED UNITED STATES INDEPENDENT FILM AND TELEVISION PRODUCTION.

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

''SEC. 45G. UNITED STATES INDEPENDENT FILM AND TELEVISION PRODUCTION WAGE CREDIT.

''(a) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—For purposes of section 38, the United States independent film and television production wage credit determined under this section with respect to any employer for any taxable year is an amount equal to 25 percent of the qualified wages paid or incurred during such taxable year.

''(2) HIGHER PERCENTAGE FOR PRODUCTION EMPLOYMENT IN CERTAIN AREAS.—In the case of qualified wages for any qualified United States independent film and television production located in an area eligible for designation as a low-income community under section 45D or eligible for designation by the Delta Regional Authority as a distressed county or isolated area of distress, paragraph (1) shall be applied by substituting '35 percent' for '25 percent'.

''(b) ONLY FIRST $25,000 OF WAGES PER YEAR TAKEN INTO ACCOUNT.—The amount of qualified wages paid or incurred to each qualified employee which may be taken into account for a taxable year shall not exceed $25,000.

''(c) QUALIFIED WAGES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified wages' means—

''(A) any wages paid or incurred by an employer for services performed in the United States by an employee while such employee is a qualified employee, and

''(B) the employee fringe benefit expenses of the employer allocable to such services performed by such employee.

''(2) QUALIFIED EMPLOYEE.—

''(A) IN GENERAL.—The term 'qualified employee' means, with respect to any period, any employee of an employer if substantially all of the services performed during such period by such employee for such employer are performed in an activity related to any qualified United States independent film and television production in a trade or business of the employer.

''(B) CERTAIN INDIVIDUALS NOT ELIGIBLE.—Such term shall not include—

''(i) any individual described in subparagraph (A), (B), or (C) of section 51(i)(1), and

''(ii) any 5-percent owner (as defined in section 416(i)(1)(B).

''(3) COORDINATION WITH OTHER WAGE CREDITS.—No credit shall be allowed under any other provision of this chapter for wages paid to any employee during any taxable year if the employer is allowed a credit under this section for any of such wages.

''(4) WAGES.—The term 'wages' has the same meaning as when used in section 51.

''(5) EMPLOYEE FRINGE BENEFIT EXPENSES.—The term 'employee fringe benefit expenses' means the amount allowable as a deduction under this chapter to the employer for any taxable year with respect to—

''(A) employer contributions under stock bonus, pension, profit-sharing, or annuity plan,

''(B) employer-provided coverage under any accident or health plan for employees, and

''(C) the cost of life or disability insurance provided to employees.

Any amount treated as wages under paragraph (1)(A) shall not be taken into account under this subparagraph.

''(d) QUALIFIED UNITED STATES INDEPENDENT FILM AND TELEVISION PRODUCTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified United States independent film and television production' means any production of any motion picture (whether released theatrically, for television or cable programming, or directly to video cassette or any other format) or any seasonal television series (including any pilot production) if—

''(A) 75 percent of the total wages of the production are qualified wages,

''(B) the production is created primarily for use as public entertainment or for educational purposes, and

''(C) the total cost of wages of the production is more than $200,000 but less than $10,000,000.

Such term shall not include any production if records are required under section 2257 of title 18, United States Code, to be maintained with respect to any performer in such production (reporting of books, films, etc. with sexually explicit conduct).

''(2) PUBLIC ENTERTAINMENT.—The term 'public entertainment' includes a motion picture film, video tape, or television program intended for initial broadcast via the public broadcast spectrum or delivered via cable distribution, or productions that are submitted to a national organization in existence on July 27, 2001, that rates films for violent or adult content. Such term does not include any film or tape the market for which is primarily topical, is otherwise essentially transitory in nature, or is produced for private noncommercial use.

''(3) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2001, the $10,000,000 amount contained in paragraph (1)(C) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

''(B) ROUNDING.—If any increase determined under subparagraph (A) is not a multiple of $500,000, such amount shall be rounded to the nearest multiple of $500,000.

''(e) CONTROLLED GROUPS.—For purposes of this section—

''(1) all employers treated as a single employer under subsection (a) or (b) of section 52 shall be treated as a single employer for purposes of this subpart, and

''(2) the credit (if any) determined under this section with respect to each such employer shall be its proportionate share of the wages giving rise to such credit.

''(f) APPLICATION OF CERTAIN OTHER RULES.—For purposes of this section, rules similar to the rules of section 51(k) and subsections (c) and (d) of section 52 shall apply.

''(g) APPLICATION OF SECTION.—This section shall not apply to taxable years beginning after December 31, 2004.''.

(b) CREDIT TREATED AS BUSINESS CREDIT.—Section 38(b) is amended by striking ''plus'' at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting '', plus'', and by adding at the end the following new paragraph:

''(16) the United States independent film and television production wage credit determined under section 45G(a).''.

(c) NO CARRYBACKS.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

''(11) NO CARRYBACK OF SECTION 45G CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the United States independent film and television production wage credit determined under section 45G may be carried back to a taxable year ending before the date of the enactment of section 45G.''.

(d) DENIAL OF DOUBLE BENEFIT.—Subsection (a) of section 280C is amended by inserting ''45G(a),'' after ''45A(a),''.

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

''Sec. 45G. United States independent film and television production wage credit.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act in taxable years ending after such date.

SA 2130. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At an appropriate place in title IX insert the following:

SEC. ___. AMORTIZATION OF REFORESTATION EXPENDITURES AND REFORESTATION TAX CREDIT.

(a) REMOVAL OF CAP ON AMORTIZABLE BASIS.—

(1) IN GENERAL.—Section 194 (relating to amortization of reforestation expenditures) is amended by striking subsection (b) and by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(2) CONFORMING AMENDMENT.—Subsection (b) of section 194, as redesignated by paragraph (1), is amended by striking paragraph (4).

(b) INCREASE IN CAP ON REFORESTATION CREDIT.—Paragraph (1) of section 48(b) (relating to reforestation credit) is amended—

(1) by inserting ''of the first $25,000'' after ''10 percent'', and

(2) by striking ''(after the application of section 194(b)(1))''.

(c) EFFECTIVE DATES.—

(1) AMORTIZATION PROVISIONS.—The amendments made by subsection (a) shall apply to additions to capital account made after December 31, 2001.

(2) TAX CREDIT PROVISIONS.—The amendments made by subsection (b) shall apply to property acquired after December 31, 2001.

SA 2131. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

On page 11, line 17, strike ''or''.

On page 11, line 19, strike the comma and insert '', or''.

On page 11, between lines 19 and 20, insert:

''(V) which is qualified retail improvement property,

On page 16, line 25, strike the end quotation marks and the second period.

On page 16, after line 25, insert:

''(4) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is primarily used or held for use in a qualified retail business at the location of such improvement, but only if such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—The term 'qualified retail improvement' does not include any improvement of a type described in clauses (i) through (iv) of subsection (k)(3)(B).

''(C) QUALIFIED RETAIL BUSINESS.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified retail business' means a trade or business of selling tangible personal property to the general public.

''(ii) TREATMENT OF CERTAIN SALES OF INTANGIBLE PROPERTY OR SALES.—Any sale of intangible property or services shall be considered a sale of tangible property if such sale is incidental to the sale of tangible property. A trade or business shall not fail to be treated as a qualified retail business by reason of sales of intangible property or services if such sales (other than sales that are incidental to the sale of tangible personal property) represent less than 10 percent of the total sales of the trade or business at the location.''.

SA 2132. Mr. SMITH of Oregon submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

Strike section 602(a) and insert the following:

(a) STATE OPTION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a State may elect to provide under its medicaid program under title XIX of the Social Security Act medical assistance in the case of an individual—

(A) who at any time during the period that begins on September 11, 2001, and ends on December 31, 2002, is separated from employment;

(B) who is not eligible for COBRA continuation coverage;

(C) who is uninsured; and

(D) whose assets, resources, and earned or unearned income (or both) do not exceed such limitations (if any) as the State may establish.

(2) EXPANDED ELIGIBILITY FOR CERTAIN STATES WITH HIGH UNEMPLOYMENT.—In the case of a State that, during the period that begins on January 1, 2000, and ends on December 31, 2002, has an unemployment rate that exceeds 5.0 percent for more than 2 consecutive months, the State may apply paragraph (1)(A) as if ''January 1, 2000'' were substituted for ''September 11, 2001''.

SA 2133. Mr. SMITH of Oregon submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place in the bill, insert the following:

''Section 45(c)(3)(A) of the Internal Revenue Code of 1986 (relating to wind facility) is amended by striking 'January 1, 2002' and inserting 'January 1, 2007'.''

SA 2134. Mr. SMITH of Oregon submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

Strike section 201 and insert the following:

SEC. 201. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.

(a) IN GENERAL.—Section 168 (relating to accelerated cost recovery system) is amended by adding at the end the following new subsection:

''(k) SPECIAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.—

''(1) ADDITIONAL ALLOWANCE.—In the case of any qualified property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 30 percent of the adjusted basis of the qualified property, and

''(B) the adjusted basis of the qualified property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) QUALIFIED PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified property' means property—

''(i)(I) to which this section applies which has an applicable recovery period of 20 years or less or which is water utility property, or

''(II) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection,

''(ii) the original use of which commences with the taxpayer after September 10, 2001,

''(iii) which is—

''(I) acquired by the taxpayer after September 10, 2001, and before September 11, 2004, but only if no written binding contract for the acquisition was in effect before September 11, 2001, or

''(II) acquired by the taxpayer pursuant to a written binding contract which was entered into after September 10, 2001, and before September 11, 2004, and

''(iv) which is placed in service by the taxpayer before January 1, 2005.

''(B) EXCEPTIONS.—

''(i) ALTERNATIVE DEPRECIATION PROPERTY.—The term 'qualified property' shall not include any property to which the alternative depreciation system under subsection (g) applies, determined—

''(I) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

''(II) after application of section 280F(b) (relating to listed property with limited business use).

''(ii) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(iii) REPAIRED OR RECONSTRUCTED PROPERTY.—Except as otherwise provided in regulations, the term 'qualified property' shall not include any repaired or reconstructed property.

''(iv) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—The term 'qualified property' shall not include any qualified leasehold improvement property (as defined in section 168(e)(6)).

''(C) SPECIAL RULES RELATING TO ORIGINAL USE.—

''(i) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of clause (iii) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after September 10, 2001, and before September 11, 2004.

''(ii) SALE-LEASEBACKS.—For purposes of subparagraph (A)(ii), if property—

''(I) is originally placed in service after September 10, 2001, by a person, and

''(II) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

''(D) COORDINATION WITH SECTION 280F.—For purposes of section 280F—

''(i) AUTOMOBILES.—In the case of a passenger automobile (as defined in section 280F(d)(5)) which is qualified property, the Secretary shall increase the limitation under section 280F(a)(1)(A)(i) by $4,600.

''(ii) LISTED PROPERTY.—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).''.

(b) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 56(a)(1)(A) (relating to depreciation adjustment for alternative minimum tax) is amended by adding at the end the following new clause:

''(iii) ADDITIONAL ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER SEPTEMBER 10, 2001, AND BEFORE SEPTEMBER 11, 2004.—The deduction under section 168(k) shall be allowed.''.

(2) CONFORMING AMENDMENT.—Clause (i) of section 56(a)(1)(A) is amended by striking ''clause (ii)'' both places it appears and inserting ''clauses (ii) and (iii)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after September 10, 2001, in taxable years ending after such date.

SA 2135. Mr. SMITH of New Hampshire (for himself, Mr. INHOFE, and Mr. THOMAS) submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place in title IX, insert the following:

SEC. 9___. FEDERAL-AID HIGHWAY PROGRAMS.

(a) INCREASE IN OBLIGATION AUTHORITY.—

(1) IN GENERAL.—In addition to any obligation authority provided by any other law enacted before, on, or after the date of enactment of this Act, $5,000,000,000 in obligation authority shall be made available for fiscal year 2002 for obligation of funds apportioned under section 104(b) of title 23, United States Code.

(2) DISTRIBUTION OF OBLIGATION AUTHORITY.—The obligation authority made available by paragraph (1) shall be distributed—

(A) to each State in accordance with the percentage specified for the State in section 105(b) of title 23, United States Code; and

(B) subject to the redistribution of unused obligation authority using the method prescribed in section 1102(d) of the Transportation Equity Act for the 21st Century (23 U.S.C. 104 note; 112 Stat. 117).

(b) TEMPORARY INCREASE OF FEDERAL SHARE FOR PROJECTS CARRIED OUT USING INCREASE IN OBLIGATION AUTHORITY.—

(1) DEFINITION OF QUALIFYING PROJECT.—In this section, the term ''qualifying project'' means a construction project under title 23, United States Code, with respect to which a project agreement is executed during the period beginning October 1, 2001, and ending September 30, 2002.

(2) INCREASED FEDERAL SHARE.—

(A) IN GENERAL.—Subject to subparagraph (B), notwithstanding any other provision of law, the Federal share of the cost of a qualifying project shall be a percentage of the cost of the qualifying project specified by the State, up to 100 percent.

(B) LIMITATION.—Subparagraph (A) shall apply only to obligation authority distributed under subsection (a)(2).

(3) REPAYMENT.—

(A) IN GENERAL.—A State that receives an increased Federal share under paragraph (2) with respect to 1 or more qualifying projects shall repay to the United States the total amount of the increased Federal share with respect to all such qualifying projects of the State not later than September 30, 2003.

(B) TREATMENT.—Each repayment by a State under subparagraph (A) shall be deposited in the Highway Trust Fund and credited to the appropriate apportionment accounts of the State.

(c) USE OF INCREASE IN OBLIGATION AUTHORITY.—

(1) HIGHWAY INFRASTRUCTURE SECURITY ASSESSMENTS AND PLANS.—

(A) IN GENERAL.—Each State shall use not less than 1 percent of the obligation authority distributed under subsection (a)(2) to assess and develop a plan to improve the protection, security, and emergency response capabilities of the transportation system of the State.

(B) REQUIRED ELEMENTS.—Under subparagraph (A), a State shall—

(i) conduct a system-wide assessment of the scope and future implications of security and emergency response concerns;

(ii) develop and apply criteria to identify critical infrastructure and assess the vulnerability of the critical infrastructure to physical threats; and

(iii) evaluate the functional, structural, and informational capacity of key corridors for the purposes of—

(I) management of a major incident;

(II) disaster evacuation; and

(III) military deployment.

(C) COORDINATION.—A plan under subparagraph (A) shall be developed subject to subsections (b) and (d) of section 135 of title 23, United States Code.

(2) DEVELOPMENT AND IMPLEMENTATION OF OTHER PLANS AND PLAN ELEMENTS.—In addition to the uses described in paragraph (1), a State may use the obligation authority referred to in paragraph (1)(A) to develop and implement plans, processes, guidelines, standards, procedures, and intelligent transportation systems—

(A) to protect critical infrastructure and information systems; or

(B) to ensure optimum performance of the transportation system of the State in the event of a disaster or emergency.

(3) FEDERAL SHARE.—

(A) IN GENERAL.—Subject to subparagraph (B), notwithstanding any other provision of law, the Federal share of the cost of a project described in paragraph (1) or (2) shall be 100 percent.

(B) LIMITATIONS.—Subparagraph (A) shall apply only to the extent that obligation authority is distributed under subsection (a)(2), and obligated in fiscal year 2002, for the project.

SA 2136. Mr. SPECTER submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. . There is appropriated to the Department of Transportation for the Federal Railroad Administration for fiscal year 2002, out of any funds in the Treasury not otherwise appropriated, $350,000,000 for capital grants to be made by the Secretary of Transportation for rehabilitation, preservation, or improvement of railroad track (including roadbed, bridges, and related track structures) of class II and class III railroads. Funds appropriated by the preceding sentence shall remain available until expended.

SA 2137. Mr. SPECTER (for himself and Mr. SANTORUM) submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end of title IX, add the following:

SEC. ___. THREE-YEAR RECLASSIFICATION OF CERTAIN COUNTIES FOR PURPOSES OF REIMBURSEMENT UNDER THE MEDICARE PROGRAM.

(a) IN GENERAL.—Notwithstanding any other provision of law, effective for discharges occurring during fiscal years 2002, 2003, and 2004, for purposes of making payments under subsections (d) and (j) of section 1886 of the Social Security Act (42 U.S.C. 1395ww) to hospitals (including rehabilitation hospitals and rehabilitation units under such subsection (j))—

(1) in Columbia, Lackawanna, Luzerne, Wyoming, and Lycoming Counties, Pennsylvania, such counties are deemed to be located in the Newburgh, New York-PA Metropolitan Statistical Area;

(2) in Northumberland County, Pennsylvania, such county is deemed to be located in the Harrisburg-Lebanon-Carlisle, Pennsylvania Metropolitan Statistical Area; and

(3) in Mercer County, Pennsylvania, such county is deemed to be located in the Youngstown-Warren, Ohio Metropolitan Statistical Area.

(b) RULES.—The reclassifications made under subsection (a) shall be treated as decisions of the Medicare Geographic Classification Review Board under paragraph (10) of section 1886(d) of the Social Security Act (42 U.S.C. 1395ww(d)), except that payments shall be made under such section to any hospital reclassified into—

(1) the Newburgh, New York-PA Metropolitan Statistical Area as of October 1, 2001, as if the counties described in subsection (a)(1) had not been reclassified into such Area under such subsection;

(2) the Harrisburg-Lebanon-Carlisle, Pennsylvania Metropolitan Statistical Area as of October 1, 2001, as if the county described in subsection (a)(2) had not been reclassified into such Area under such subsection; and

(3) the Youngstown-Warren, Ohio Metropolitan Statistical Area as of October 1, 2001, as if the county described in subsection (a)(3) had not been reclassified into such Area under such subsection.

SA 2138. Mr. GRAHAM (for himself, Mrs. LINCOLN, and Mr. BINGAMAN) submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. SPECIAL RULE FOR MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE IN DETERMINING EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subsection (d) of section 121 (relating to exclusion of gain from sale of principal residence) is amended by adding at the end the following new paragraph:

''(9) MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE.—

''(A) IN GENERAL.—The running of the 5-year period described in subsection (a) shall be suspended with respect to an individual during any time that such individual or such individual's spouse is serving on qualified official extended duty as a member of the uniformed services or of the Foreign Service.

''(B) QUALIFIED OFFICIAL EXTENDED DUTY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified official extended duty' means any period of extended duty as a member of the uniformed services or a member of the Foreign Service during which the member serves at a duty station which is at least 50 miles from such property or is under Government orders to reside in Government quarters.

''(ii) UNIFORMED SERVICES.—The term 'uniformed services' has the meaning given such term by section 101(a)(5) of title 10, United States Code, as in effect on the date of the enactment of this paragraph.

''(iii) FOREIGN SERVICE OF THE UNITED STATES.—The term 'member of the Foreign Service' has the meaning given the term 'member of the Service' by paragraph (1), (2), (3), (4), or (5) of section 103 of the Foreign Service Act of 1980, as in effect on such date of enactment.

''(iv) EXTENDED DUTY.—The term 'extended duty' means any period of active duty pursuant to a call or order to such duty for a period in excess of 90 days or for an indefinite period.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and exchanges after the date of the enactment of this Act.

SA 2139. Mr. GRAHAM (for himself, and Mr. TORRICELLI) submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

SEC. ___. METHOD OF ACCOUNTING FOR DEPOSITS RECEIVED BY ACCRUAL BASIS TOUR OPERATORS.

In the case of a tour operator using an accrual method of accounting, amounts received from or on behalf of passengers in advance of the departure of a tour arranged by such operator—

(1) shall be treated as properly accounted for under the Internal Revenue Code of 1986 if they are accounted for under a method permitted by section 3 of Revenue Procedure 71–21, and

(2) for purposes of Revenue Procedure 71–21, shall be deemed earned as of the date the tour departs.

SA 2140. Mr. KERRY (for himself, Mr. LIEBERMAN, and Mr. KENNEDY) an submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end of title IX, insert the following:

SEC. ___. ALTERNATIVE MINIMUM TAX RELIEF WITH RESPECT TO INCENTIVE STOCK OPTIONS EXERCISED DURING 2000.

In the case of an incentive stock option (as defined in section 422 of the Internal Revenue Code of 1986) exercised during calendar year 2000, the amount taken into account under section 56(b)(3) of such Code by reason of such exercise shall not exceed the amount that would have been taken into account if, on the date of such exercise, the fair market value of the stock acquired pursuant to such option had been an amount equal to 150 percent of its fair market value as of April 15, 2001 (or, if such stock is sold or exchanged on or before such date, 150 percent of the amount realized on such sale or exchange).

SA 2141. Ms. COLLINS (for herself and Mr. WARNER) submitted an amendment intended to be proposed by her to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end of title IX, insert the following:

SEC. ___. ADJUSTED GROSS INCOME DETERMINED BY TAKING INTO ACCOUNT CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Section 62(a)(2) (relating to certain trade and business deductions of employees) is amended by adding at the end the following:

''(D) CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.—The deductions allowed by section 162 which consist of expenses, not in excess of $1,000, paid or incurred by an eligible educator—

''(i) by reason of the participation of the educator in professional development courses related to the curriculum and academic subjects in which the educator provides instruction or to the students for which the educator provides instruction, and

''(ii) in connection with 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 the eligible educator in the classroom.''.

(b) ELIGIBLE EDUCATOR.—Section 62 is amended by adding at the end the following:

''(d) DEFINITION; SPECIAL RULES.—

''(1) ELIGIBLE EDUCATOR.—

''(A) IN GENERAL.—For purposes of subsection (a)(2)(D), the term 'eligible educator' means, with respect to any taxable year, an individual who is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

''(B) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.

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

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning in calendar years 2002 and 2003.

SA 2142. Mr. SMITH of New Hampshire (for himself and Mr. JEFFORDS) submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place in title IX, insert the following:

SEC. 9___. WATER SECURITY GRANTS.

(a) DEFINITIONS.—In this section:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Environmental Protection Agency.

(2) ELIGIBLE ENTITY.—The term ''eligible entity'' means a publicly- or privately-owned drinking water or wastewater facility.

(3) ELIGIBLE PROJECT OR ACTIVITY.—

(A) IN GENERAL.—The term ''eligible project or activity'' means a project or activity carried out by an eligible entity to address an immediate physical security need.

(B) INCLUSIONS.—The term ''eligible project or activity'' includes a project or activity relating to—

(i) security staffing;

(ii) detection of intruders;

(iii) installation and maintenance of fencing, gating, or lighting;

(iv) installation of and monitoring on closed-circuit television;

(v) rekeying of doors and locks;

(vi) site maintenance, such as maintenance to increase visibility around facilities, windows, and doorways;

(vii) development, acquisition, or use of guidance manuals, educational videos, or training programs; and

(viii) a program established by a State to provide technical assistance or training to water and wastewater facility managers, especially such a program that emphasizes small or rural eligible entities.

(C) EXCLUSIONS.—The term ''eligible project or activity'' does not include any large-scale or system-wide project that includes a large capital improvement or vulnerability assessment.

(b) ESTABLISHMENT OF PROGRAM.—

(1) IN GENERAL.—The Administrator shall establish a program to allocate to States, in accordance with paragraph (2), funds for use in awarding grants to eligible entities under subsection (c).

(2) ALLOCATION TO STATES.—Not later than 30 days after the date on which funds are made available to carry out this section, the Administrator shall allocate the funds to States in accordance with the formula for the distribution of funds described in section 1452(a)(1)(D) of the Safe Drinking Water Act (42 U.S.C. 300j–12(a)(1)(D)).

(3) NOTICE.—Not later than 30 days after the date described in paragraph (2), each State shall provide to each eligible entity in the State a notice that funds are available to assist the eligible entity in addressing immediate physical security needs.

(c) AWARD OF GRANTS.—

(1) APPLICATION.—An eligible entity that seeks to receive a grant under this section shall submit to the State in which the eligible entity is located an application for the grant in such form and containing such information as the State may prescribe.

(2) CONDITION FOR RECEIPT OF GRANT.—An eligible entity that receives a grant under this section shall agree to expend all funds provided by the grant not later than September 30 of the fiscal year in which this Act is enacted.

(3) DISADVANTAGED, SMALL, AND RURAL ELIGIBLE ENTITIES.—A State that awards a grant under this section shall ensure, to the maximum extent practicable in accordance with the income and population distribution of the State, that a sufficient percentage of the funds allocated to the State under subsection (b)(2) are available for disadvantaged, small, and rural eligible entities in the State.

(d) ELIGIBLE PROJECTS AND ACTIVITIES.—

(1) IN GENERAL.—A grant awarded by a State under subsection (c) shall be used by an eligible entity to carry out 1 or more eligible projects or activities.

(2) COORDINATION WITH EXISTING TRAINING PROGRAMS.—In awarding a grant for an eligible project or activity described in subsection (a)(3)(B)(vii), a State shall, to the maximum extent practicable, coordinate with training programs of rural water associations of the State that are in effect as of the date on which the grant is awarded.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $50,000,000 for the fiscal year in which this Act is enacted.

SA 2143. Mr. SMITH of New Hampshire submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place in title IX, insert the following:

SEC. 9 . OPERATION AND MAINTENANCE OF WHITE MOUNTAIN NATIONAL FOREST.

For a program under which the Secretary of Agriculture shall employ former employees of the American Tissue Mills in the cities of Berlin and Gorham in the State of New Hampshire to carry out operation and maintenance projects at White Mountain National Forest in the State of New Hampshire, there is appropriated $1,750,000, to remain available until expended.

SA 2144. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place in title IX, insert the following:

SEC. ___. SPECIAL RULE FOR CERTAIN AIRCRAFT CONTRACTS WITH RESPECT TO BONUS DEPRECIATION PROVISION.

(a) IN GENERAL.—Section 168(k)(2)(C) (relating to special allowance for certain property acquired after September 10, 2001, and

before September 22, 2002), as added by this Act, is amended by adding at the end the following:

''(iii) CERTAIN AIRCRAFT CONTRACTS DISREGARDED FOR PURPOSE OF BINDING CONTRACT LIMITATION.—

''(I) IN GENERAL.—For purposes of subparagraph (A)(iii)(I), a qualified domestic aircraft contract shall be disregarded for purposes of determining whether a written binding contract for the acquisition of a domestic aircraft was in effect before September 11, 2001.

''(II) QUALIFIED DOMESTIC AIRCRAFT CONTRACT.—For purposes of this clause, the term 'qualified domestic aircraft contract' means a contract in effect before September 11, 2001, for the acquisition of one or more domestic aircraft if less than 50 percent of the stated purchase price for such aircraft had been paid to the seller of the aircraft on or before September 11, 2001.

''(III) DOMESTIC AIRCRAFT.—For purposes of this clause, the term 'domestic aircraft' means aircraft manufactured or assembled predominantly in the United States by a domestic corporation, and for use by a domestic corporation engaged in the business of transporting persons or property by air.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after September 10, 2001, in taxable years ending after such date.

SA 2145. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the appropriate place in title IX, insert the following:

SEC. ___. ADVANCE REFUNDINGS FOR CERTAIN AIRPORT BONDS.

(a) IN GENERAL.—Paragraph (2) of section 149(d) is amended by inserting at the end the following new sentence: ''The preceding sentence shall not apply to a bond issued after September 11, 2001, and before January 1, 2005, to advance refund a qualified airport facility bond (as defined in paragraph (7)).''.

(b) POST-SEPTEMBER 11, 2001 ADVANCE REFUNDINGS.—Clause (i) of section 149(d)(3)(A) is amended by striking ''or'' at the end of subclause (I), by inserting ''or'' at the end of subclause (II), and by adding the following new subclause:

''(III) the 1st advance refunding after September 11, 2001, and before January 1, 2002, of the original bond if the original bond was issued before September 12, 2001, for an airport (within the meaning of section 142(a)(1)) without regard to whether the refunding bond or the refunded bond is a private activity bond,''.

(c) DEFINITION OF QUALIFIED AIRPORT FACILITY BOND.—Section 149(d) is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

''(7) QUALIFIED AIRPORT FACILITY BOND.—For purposes of this subsection, the term 'qualified airport facility bond' means a private activity bond which was outstanding on September 11, 2001, and the proceeds of which were used—

''(A) to provide airport facilities within the meaning of section 142(a)(1) generally available to members of the general public, or

''(B) to finance the costs of issuance of such bonds as described in section 147(g).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SA 2146. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end of title IX, insert the following:

SEC. ___. TECHNICAL CORRECTION TO DEFINITION OF HARD CIDER.

(a) IN GENERAL.—Paragraph (6) of section 5041(b) (relating to rates of tax) is amended to read as follows:

''(6) 22.6 cents per wine gallon on hard cider which is a still, carbonated, or sparkling wine—

''(A) which is prepared by fermenting apple or pear juice, either fresh or diluted, without at any time—

''(i) adding alcoholic liquors or fortifying with alcohol, or

''(ii) using any fruit product other than apples and pears, except that flavoring may be added as provided in subparagraph (C)(iii),

''(B) which contains at least one-half of 1 percent and less than 7 percent alcohol by volume, and

''(C) with respect to which, at any time before or after fermentation—

''(i) apple juice, pear juice, water, or sugar, or any combination, may be added, and

''(ii) the cider may be flavored using natural flavorings or natural food products other than apples or pears, but only if such flavorings and products do not exceed 5 percent by volume of the finished cider.''

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SA 2147. Mr. LEAHY submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end of title IX, insert the following:

SEC. ___. CHARITABLE CONTRIBUTIONS OF CERTAIN ITEMS CREATED BY THE TAXPAYER.

(a) IN GENERAL.—Subsection (e) of section 170 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULE FOR CERTAIN CONTRIBUTIONS OF LITERARY, MUSICAL, OR ARTISTIC COMPOSITIONS.—

''(A) IN GENERAL.—In the case of a qualified artistic charitable contribution—

''(i) the amount of such contribution shall be the fair market value of the property contributed (determined at the time of such contribution), and

''(ii) no reduction in the amount of such contribution shall be made under paragraph (1).

''(B) QUALIFIED ARTISTIC CHARITABLE CONTRIBUTION.—For purposes of this paragraph, the term 'qualified artistic charitable contribution' means a charitable contribution of any literary, musical, artistic, or scholarly composition, or similar property, or the copyright thereon (or both), but only if—

''(i) such property was created by the personal efforts of the taxpayer making such contribution no less than 18 months prior to such contribution,

''(ii) the taxpayer—

''(I) has received a qualified appraisal of the fair market value of such property in accordance with the regulations under this section, and

''(II) attaches to the taxpayer's income tax return for the taxable year in which such contribution was made a copy of such appraisal,

''(iii) the donee is an organization described in subsection (b)(1)(A),

''(iv) the use of such property by the donee is related to the purpose or function constituting the basis for the donee's exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described under subsection (c)),

''(v) the taxpayer receives from the donee a written statement representing that the donee's use of the property will be in accordance with the provisions of clause (iv), and

''(vi) the written appraisal referred to in clause (ii) includes evidence of the extent (if any) to which property created by the personal efforts of the taxpayer and of the same type as the donated property is or has been—

''(I) owned, maintained, and displayed by organizations described in subsection (b)(1)(A), and

''(II) sold to or exchanged by persons other than the taxpayer, donee, or any related person (as defined in section 465(b)(3)(C)).

''(C) MAXIMUM DOLLAR LIMITATION; NO CARRYOVER OF INCREASED DEDUCTION.—The increase in the deduction under this section by reason of this paragraph for any taxable year—

''(i) shall not exceed the artistic adjusted gross income of the taxpayer for such taxable year, and

''(ii) shall not be taken into account in determining the amount which may be carried from such taxable year under subsection (d).

''(D) ARTISTIC ADJUSTED GROSS INCOME.—For purposes of this paragraph, the term 'artistic adjusted gross income' means that portion of the adjusted gross income of the taxpayer for the taxable year attributable to—

''(i) income from the sale or use of property created by the personal efforts of the taxpayer which is of the same type as the donated property, and

''(ii) income from teaching, lecturing, performing, or similar activity with respect to property described in clause (i).

''(E) PARAGRAPH NOT TO APPLY TO CERTAIN CONTRIBUTIONS.—Subparagraph (A) shall not apply to any charitable contribution of any letter, memorandum, or similar property which was written, prepared, or produced by or for an individual while the individual is an officer or employee of any person (including any government agency or instrumentality) unless such letter, memorandum, or similar property is entirely personal.

''(F) COPYRIGHT TREATED AS SEPARATE PROPERTY FOR PARTIAL INTEREST RULE.—In the case of a qualified artistic charitable contribution, the tangible literary, musical, artistic, or scholarly composition, or similar property and the copyright on such work shall be treated as separate properties for purposes of this paragraph and subsection (f)(3).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after the date of the enactment of this Act in taxable years ending after such date.

SA 2148. Mr. JEFFORDS (for himself and Mr. SMITH of New Hampshire) submitted an amendment intended to be proposed by him to the bill H.R. 3090, to provide tax incentives for economic recovery; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

TITLE ____—WATER INFRASTRUCTURE SECURITY AND RESEARCH DEVELOPMENT

SEC. ____01. SHORT TITLE.

This title may be cited as the ''Water Infrastructure Security and Research Development Act''.

SEC. ____02. DEFINITIONS.

In this title:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Environmental Protection Agency.

(2) RESEARCH INSTITUTION.—

(A) IN GENERAL.—The term ''research institution'' means a public or private nonprofit institution or other entity that—

(i) has the expertise to perform research on the security of water supply systems; and

(ii) complies with any applicable laws (including regulations) for the safeguarding of sensitive information.

(B) INCLUSION.—The term ''research institution'' includes a national laboratory.

(3) WATER SUPPLY SYSTEM.—

(A) IN GENERAL.—The term ''water supply system'' means a public water system (as defined in section 1401 of the Safe Drinking Water Act (42 U.S.C. 300f)) or a publicly owned treatment works (as defined in section 212 of the Federal Water Pollution Control Act (33 U.S.C. 1292)).

(B) INCLUSIONS.—The term ''water supply system'' includes—

(i) a water source, including—

(I) surface water in a lake, reservoir, or other impoundment;

(II) flowing water in a river; or

(III) ground water in an aquifer;

(ii) a system of aqueducts, tunnels, reservoirs, or pumping facilities to convey water from the water source;

(iii) a treatment facility;

(iv) a distribution system carrying finished water to users through a system of mains and subsidiary pipes; or

(v) a wastewater collection and treatment system.

SEC. ___03. WATER INFRASTRUCTURE SECURITY GRANT PROGRAM.

(a) IN GENERAL.—The Administrator shall establish a program under which the Administrator shall make grants to, and enter into cooperative agreements with, research institutions to improve the protection and security of water supply systems by carrying out eligible projects described in subsection (c) on technologies and processes that address physical and cyber threats to water supply systems.

(b) CONSULTATION.—The Administrator shall consult with the Director of Central Intelligence to ensure that programs conducted pursuant to this title appropriately protect classified information.

(c) ELIGIBLE PROJECTS.—To be eligible for assistance under subsection (a), a project shall—

(1) assess security issues for water supply systems by—

(A) conducting system-specific and system-wide assessments of the scope of and future implications of security issues for water supply systems; and

(B) developing and refining vulnerability assessment tools for water supply systems to identify—

(i) physical vulnerabilities, including biological, chemical, and radiological contamination; and

(ii) cyber vulnerabilities;

(2) protect water supply systems from a potential threat by—

(A) developing technologies, processes, guidelines, standards, and procedures that protect—

(i) the physical assets of water supply systems, including protection from the impact of biological, chemical, and radiological contamination;

(ii) information systems, including process controls and supervisory control and data acquisition; and

(iii) cyber systems at water supply systems;

(B) developing real-time monitoring systems to protect against biological, chemical, or radiological attack; and

(C) developing educational and awareness programs for water supply systems;

(3) develop technologies and processes for addressing the mitigation, response, and recovery of biological, chemical, and radiological contamination of water supply systems;

(4) implement the requirements of Presidential Decision Directive 63 by refining and operating the Information Sharing and Analysis Center to capture and share information concerning threats, malevolent events, and best practices; or

(5) test and evaluate new technologies and processes by—

(A) developing regional pilot facilities to demonstrate upgraded security systems, assess new technologies, and determine the effect of enhanced security on operations and costs of the water supply system; or

(B) conducting demonstrations of other technologies and processes to protect water supply systems.

(d) SELECTION CRITERIA.—

(1) IN GENERAL.—The Administrator, in consultation with representatives of appropriate Federal and State agencies, water supply systems, and other appropriate public and private entities, shall establish guidelines, procedures, and criteria for the award of assistance under subsection (a).

(2) REQUIREMENTS.—The Administrator shall ensure that projects carried out under this title reflect the needs of water supply systems of various sizes and geographic areas of the United States.

(3) TRANSMISSION TO CONGRESS.—The Administrator shall transmit to the Committee on Science of the House of Representatives and the Committee on Environment and Public Works of the Senate a copy of the guidelines, procedures, and criteria established under paragraph (1).

(4) PUBLICATION.—Not earlier than 30 days after the date on which the Administrator transmits to Congress the guidelines, procedures, and criteria under paragraph (3), the Administrator shall publish the guidelines, procedures, and criteria in the Federal Register.

(e) AMOUNT.—Assistance with respect to any 1 project carried out under this title shall not exceed $1,000,000 in any 1 year.

(f) COST SHARING.—

(1) FEDERAL SHARE.—The Federal share of the cost of carrying out—

(A) a project under subsection (c)(5) shall be 50 percent; and

(B) a project under paragraphs (1) through (4) of subsection (c) shall be 100 percent.

(2) NON-FEDERAL SHARE.—The non-Federal share of the cost of carrying out a project under subsection (c)(5) may be provided in cash or in-kind.

(g) INFORMATION SHARING.—As soon as practicable after the results of a project carried out under this title have been evaluated, the Administrator shall disseminate to water supply systems information on the results of the project through—

(1) the Information Sharing and Analysis Center; or

(2) other appropriate means.

(h) REPORT.—The Administrator shall, as appropriate, periodically submit to the Committee on Science of the House of Representatives and the Committee on Environment and Public Works of the Senate a report on the status of the program established under subsection (a).

SEC. ___04. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this title $12,000,000 for each of fiscal years 2002 through 2007, to remain available until expended.

SEC. ___05. ASSISTANCE FOR ARSENIC REQUIREMENTS.

For each of fiscal years 2002 and 2003, from unobligated funds available to the Administrator, the Administrator shall use $20,000,000 to provide assistance for small water supply systems to comply with requirements relating to arsenic in drinking water.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet to conduct a business meeting during the session of the Senate on Wednesday, November 14, 2001. The purpose of this business meeting will be to discuss the new Federal farm bill.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, November 14 at 9:30 a.m. to conduct a hearing. The committee will receive testimony on the nomination of Kathleen Clarke to be Director of the Bureau of Land Management, Department of the Interior.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works, Subcommittee on Superfund, Toxics, Risk, and Waste Management be authorized to meet on Wednesday, November 14, 2001 at 2 p.m. to conduct a hearing on S. 1602, the Chemical Site Security Act of 2001. The hearing will be held in Rm. SD–406.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, November 14, 2001, at 10:30 a.m. to hold a business meeting.

Agenda

Nominations

George Argyros, Sr., of California, to be Ambassador to Spain, and to serve concurrently and without additional compensation as Ambassador to Andorra.

Robert Beecroft, of Maryland, for rank of Ambassador during his tenure of service as Head of Mission, Organization for Security and Cooperation in Europe (OSCE), Bosnia and Herzegovina.

Lyons Brown, Jr., of Kentucky, to be Ambassador to the Republic of Austria.

Raymond Burghardt, of New York, to be Ambassador to Vietnam.

Larry Dinger, of Iowa, to be Ambassador to Federated States of Micronesia.

Charles Greenwood, Jr., of Florida, for rank of Ambassador as Coordinator for Asia Pacific Economic Cooperation (APEC).

Darryl Johnson, of Washington, to be Ambassador to the Kingdom of Thailand.

Stephan Minikes, of the District of Columbia, to be U.S. Representative to the Organization for Security and Cooperation in Europe, with the rank of Ambassador.

William Montgomery, of Pennsylvania, to be Ambassador to the Federal Republic of Yugoslavia.

Charles Pritchard, of the District of Columbia, for rank of Ambassador as Special Envoy for Negotiations with the Democratic People's Republic of Korea and U.S. Representative to Korean Peninsula Energy Development Organization.

Melvin Sembler, of Florida, to be Ambassador to Italy.

Ronald Weiser, of Michigan, to be Ambassador to the Slovak Republic.

Additional nominees to be announced.

Legislation

S. . An original bill to authorize appropriations under the Arms Export Control Act and the Foreign Assistance Act of 1961 for security assistance for fiscal years 2002 and 2003, and for other purposes.

Treaties

Treaty Doc. 106–6, International Convention for the suppression of Terrorist Bombings, adopted by the United Nations General Assembly on December 15, 1997, and signed on behalf of the United States of America on January 12, 1998.

Treaty Doc. 106–41, Protocol Relating to the Madrid Agreement Concerning the International registration of marks adopted at Madrid June 27, 1989, which entered into force December 1, 1995.

Treaty Doc. 106–49, International Convention for the Suppression of the Financing of Terrorism, adopted by the United Nations General Assembly on December 9, 1999, and signed on behalf of the United States of America on January 10, 2000.

The presiding officer. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, November 14, 2001, at 4 p.m., to hold a nomination hearing.

Agenda

Nominees

Panel 1: Gaddi H. Vasquez, of California, to be Director of the Peace Corps, to be introduced by the Honorable Christopher Cox, U.S. House of Representatives, Washington, DC; and Josephine K. Olsen, of Maryland, to be Deputy Director of the Peace Corps.

Panel 2: Public witnesses to be announced.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet on Wednesday, November 14, 2001, at 9:15 a.m., to hold a business meeting to consider pending committee business.

Agenda

Legislation

S. 1498/H.R. 2456, a bill to provide that Federal employees, members of the foreign service, members of the uniformed services, family members and dependents of such employees and members, and other individuals may retain for personal use promotional items received as a result of official Government travel. (Contacts: Larry Novey, Nanci Langley and Alison Bean)

S. 1382, District of Columbia Family Court Act of 2001. (Contacts: Marianne Upton, Cynthia Gooen Lesser, Johanna Hardy, and Mason Alinger)

H.R. 1499, District of Columbia College Access Act Technical Corrections Act of 2001. (Contacts: Marianne Upton, Cynthia Gooen Lesser, Johanna Hardy, and Mason Alinger)

H.R. 2199, District of Columbia Police Coordination Amendment Act of 2001. (Contacts: Marianne Upton, Cynthia Gooen Lesser, Johanna Hardy, and Mason Alinger)

H.R. 2061, a bill to amend the charter of Southeastern University of the District of Columbia. (Contacts: Marianne Upton, Cynthia Gooen Lesser, Johanna Hardy, and Mason Alinger)

S. 1562, a bill to amend title 39, United States Code, with respect to cooperative mailings. (Contacts: Nanci Langley, Susan Propper, and Alison Bean)

H.R. 2336, a bill to make permanent the authority to redact financial disclosure statements of judicial employees and judicial officers. (Contacts: Larry Novey and Fred Ansell)

H.R. 2559, a bill to amend chapter 90 of title 5, United States Code, relating to Federal long-term care insurance. (Contacts: Nanci Langley, Larry Novey, and Alison Bean)

Postal Office naming bills: (Contacts: Nanci Langley, Jason Yanussi, Alison Bean, and Ann Fisher)

—S. 1184/H.R. 2261, a bill to designate the facility of the United States Postal Service located at 2853 Candler Road in Decatur, Georgia, as the ''Earl T. Shinhoster Post Office.''

—S. 1381/H.R. 2454, a bill to redesignate the facility of the United States Postal Service located at 5472 Crenshaw Boulevard in Los Angeles, California, as the ''Congressmen Julian C. Dixon Post Office Building.''

—S. 737, a bill to designate the facility of the United States Postal Service located at 811 South Main Street in Yerington, Nevada, as the ''Joseph E. Dini, Jr. Post Office.''

—H.R. 1766, a bill to designate the facility of the United States Postal Service located at 4270 John Marr Drive in Annandale, Virginia, as the ''Stan Parris Post Office Building.''

Nominations (Contacts: Marianne Upton, Cynthia Gooen Lesser, Johanna Hardy, and Mason Alinger)

Odessa F. Vincent to be an Associate Judge for the Superior Court of the District of Columbia.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. REID. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to hold a closed hearing on Intelligence Matters on Wednesday, November 14, 2001 at 3:15 p.m.

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

SUBCOMMITTEE ON FISHERIES, WILDLIFE, AND WATER

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works, Subcommittee on Fisheries, Wildlife, and Water be authorized to meet on Wednesday, November 14, 2001 at 9:30 a.m. to conduct a hearing on national water supply issues. The hearing will be held in the Rm. SD–406.

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

SUBCOMMITTEE ON INTERNATIONAL SECURITY, PROLIFERATION AND FEDERAL SERVICES

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs' Subcommittee on International Security, Proliferation and Federal Services be authorized to meet on Wednesday, November 14, 2001 at 2:30 p.m. for a hearing entitled ''Combating Proliferation of Weapons of Mass Destruction (WMD) with Non-Proliferation Programs: Non-Proliferation Assistance Coordination Act of 2001.''

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

SUBCOMMITTEE ON INTERNATIONAL TRADE AND FINANCE

Mr. REID. Mr. President, I ask unanimous consent that the Subcommittee on International Trade and Finance of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, November 14, 2001, at 2:30 p.m., to conduct an oversight hearing on ''Hawala and Underground Terrorist Financing Mechanisms.''

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

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING AND THE DISTRICT OF COLUMBIA

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs and the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia be authorized to meet on Wednesday, November 14, 2001 at 10:30 a.m. for a hearing entitled ''Has Airline Security Improved?''

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

SUBCOMMITTEE ON PUBLIC LANDS AND FORESTS

Mr. REID. Mr. President, I ask unanimous consent that the Subcommittee on Public Lands and Forests of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, November 14, at 2:30 p.m. to conduct a hearing. The subcommittee will receive testimony on the investigative report of the Thirtymile Fire and the prevention of future fire fatalities.

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

SUBCOMMITTEE ON TECHNOLOGY, TERRORISM, AND GOVERNMENT INFORMATION

Mr. REID. Mr. President, I ask unanimous consent that the Committee on the Judiciary Subcommittee on Technology, Terrorism and Government Information be authorized to meet to conduct a hearing on Wednesday, November 14, 2001, at 10:00 a.m. in Dirksen 226.

Witness List

Panel I: Michael Kirkpatrick, Assistant Director, Criminal Justice Information Systems Division, Federal Bureau of Investigation; and Monte Belger, Acting Deputy Administrator, Federal Aviation Administration.

Panel II: Joseph J. Atick, Chairman and CEO, Visionics Corp.; Joanna Lau, Chairman and CEO, Lau Technologies, the parent company of Viisage Technology, Inc.; Valerie J. Lyons, Executive Vice President, Identix, Inc.; Bill Willis, Chief Technology Officer, Iridian Technologies, Inc.; and Martin Huddart, General Manager, Recognition Systems, Inc., Ingersoll-Rand Co.

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

MEASURES INDEFINITELY POSTPONED—S. 1171, S. 1172, S. 1398

Mr. REID. Mr. President, I ask unanimous consent that the following calendar items be indefinitely postponed: Calendar No. 79, S. 1171; Calendar No. 80, S. 1172; Calendar No. 146, S. 1398.

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

Mr. REID. For the information of the Senate, these items were Senate-numbered appropriations bills. The House versions of these bills have been signed into law.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. REID. Mr. President, I ask unanimous consent the Senate proceed to executive session to consider Executive Calendar No. 530; that the nomination be confirmed, the motion to reconsider be laid on the table, any statements be printed in the RECORD, the President be immediately notified of the Senate's action, and the Senate return to legislative session.

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

The nomination considered and confirmed is as follows:

EXECUTIVE OFFICE OF THE PRESIDENT

Mark W. Everson, of Texas, to be Controller, Office of Federal Financial Management, Office of Management and Budget.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will resume legislative session.

ORDERS FOR THURSDAY, NOVEMBER 15, 2001

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 10 a.m., Thursday, November 15; that immediately following the prayer and the pledge, 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 there be a period for morning business with Senators permitted to speak for up to 10 minutes each.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MODIFICATION OF ORDER FOR MORNING BUSINESS

Mr. REID. Mr. President, I earlier asked unanimous consent that the Senate go into a period of morning business tomorrow morning beginning at 10 o'clock.

I want to modify that request. I ask unanimous consent that Senator REID of Nevada and Senator ENSIGN be allowed to speak for 10 minutes each during the morning business time tomorrow.

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

UNANIMOUS CONSENT AGREEMENT—CONFERENCE REPORT ACCOMPANYING H.R. 2330

Mr. REID. Mr. President, I ask unanimous consent that at 10:30 a.m. tomorrow the Senate proceed to the consideration of the conference report accompanying H.R. 2330, the Agriculture appropriations bill; that when the conference report is considered, it be under the following limitations: That there be a time limitation of 60 minutes for debate, with the time equally divided and controlled between the chairman and ranking member of the subcommittee or their designees, with 20 minutes of the chairman's time under the control of Senator BYRD and 15 minutes of the ranking member's time under the control of Senator MCCAIN; that upon the use or yielding back of time, the Senate, without further intervening action or debate, proceed to vote on adoption of the conference report.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. REID. Mr. President, I amend the unanimous consent agreement that was just granted by the Chair. I ask unanimous consent that after the vote on adoption of the conference report, the Senate return to morning business, with Senators allowed to speak therein for a period not to exceed 10 minutes each.

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

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. REID. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:31 p.m., adjourned until Thursday, November 15, 2001, at 10 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate November 14, 2001:

EXECUTIVE OFFICE OF THE PRESIDENT

MARK W. EVERSON, OF TEXAS, TO BE CONTROLLER, OFFICE OF FEDERAL FINANCIAL MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.