

increase the amount of money that those who are receiving unemployment benefits will get during those 13 weeks because, again, we are talking about people who, through no fault or choice of their own, are thrown out of the workforce.

In many States, those unemployment benefits are not even enough to reach a bare minimum poverty level. We can afford to be generous. We can't afford not to be generous for people in that circumstance.

I commend Senator DURBIN for this important addition to Senator DASCHLE's amendment. I hope we will receive today the kind of compassion and support the President purportedly will be calling for tonight, and that we can do, in advance of his speech, what we should have done months ago, which is to provide this extension and include others in it.

Mr. President, I yield the floor and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DURBIN. Mr. President, it is my understanding, under a previous unanimous consent request, I am recognized now between 11 and 11:30 to share time with those in support and in opposition to my amendment, and at 11:30 there will be a vote on my amendment No. 2714.

The ACTING PRESIDENT pro tempore. The Senator is correct.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mrs. CLINTON). Morning business is closed.

HOPE FOR CHILDREN ACT— Resumed

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

Pending:

Daschle/Baucus amendment No. 2698, in the nature of a substitute.

Durbin amendment No. 2714 (to amendment No. 2698), to provide enhanced unemployment compensation benefits.

Nickles (for Bond) amendment No. 2717, to amend the Internal Revenue Code of 1986 to provide for a temporary increase in expressing under section 179 of such code.

Reid (for Baucus/Torricelli/Bayh) amendment No. 2718 (to amendment No. 2698), to amend the Internal Revenue Code of 1986 to provide for a special depreciation allowance for certain property acquired after December 31, 2001, and before January 1, 2004.

Reid (for Harkin) amendment No. 2719 (to amendment No. 2698), to provide for a tem-

porary increase in the Federal medical assistance percentage for the medicaid program for fiscal year 2002.

Allen amendment No. 2702 (to the language proposed to be stricken by amendment No. 2698), to exclude from gross income certain terrorist attack zone compensation of civilian uniformed personnel.

Reid (for Baucus) amendment No. 2721 (to amendment No. 2698), to provide emergency agriculture assistance.

Bunning/Inhofe modified amendment No. 2699 (to the language proposed to be stricken by amendment No. 2698), to provide that the exclusion from gross income for foster care payments shall also apply to payments by qualified placement agencies.

Hatch/Bennett amendment No. 2724 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to allow the carryback of certain net operating losses for 7 years.

Domenici amendment No. 2723 (to the language proposed to be stricken by amendment No. 2698), to provide for a payroll tax holiday.

Allard/Hatch/Allen amendment No. 2722 (to the language proposed to be stricken by amendment No. 2698), to amend the Internal Revenue Code of 1986 to permanently extend the research credit and to increase the rates of the alternative incremental credit.

AMENDMENT NO. 2714

The PRESIDING OFFICER. Under the previous order, there shall be 30 minutes of debate on the pending Durbin amendment No. 2714, to be equally divided in the usual form.

Mr. DURBIN. Madam President, this is an amendment to the economic stimulus bill, and it relates to unemployment compensation. There are many arguments that I will make about the justice and fairness of this amendment, but that is not where I am going to start. I want to start with the economics of this amendment.

This is an economic stimulus bill. It is not designed first and foremost to be a bill for restoring justice to unemployment compensation, although I think this amendment achieves that. The first thing it is supposed to do is help the economy move forward. If there is a problem in America's economy today that is easily defined, it is the fact that we have an overcapacity and overproduction of goods and services and limited demand. As a result, businesses across America have said: People are not buying as much as they used to, so we are going to cut back on production. We are going to lay off workers.

That has had a ripple effect in the wrong direction. It has created a recession, which has created unemployment, which has lessened business activity. First and foremost, whatever we do in an economic stimulus package should attack this problem. First and foremost, it should stimulate demand and spending for goods and services. And in stimulating that demand, I believe it will increase the demand for production, and it will increase employment in production industries and start this economy back on the road again.

Here is something that should be kept in mind. For every dollar we put into the economy, we get an impact.

We don't know what the impact might be until we see who receives the dollar. If you happen to be a person of great wealth who, frankly, doesn't take each dollar you receive and put it into a purchase, then what they call the multiplier effect might not even be a dollar for a dollar. That dollar may go into a savings account or into an investment. It won't go into the actual demand for goods and services that creates the jobs I mentioned.

We know dollars given to unemployed people are dollars that are spent and respend in a hurry. In fact, the Labor Department has come out with a study that says for every dollar in unemployment benefit we put into the economy, it increases the gross domestic product, the sum total of goods and services in America, by \$2.15. These funds are spent and turned over several times in the economy. So if we want to really get the engine roaring when it comes to demand, give the money to the people who are struggling on a daily basis. They will spend it in a hurry. They need to spend it on the obvious necessities of life.

First and foremost, this is an economic stimulus amendment.

Let me speak to the justice and fairness of this amendment. It is a sad reality that only 33 percent of the people who are unemployed receive unemployment insurance. This was not always the case. In fact, not too long ago, 75 percent of unemployed people received unemployment insurance. That was in 1975, 27 years ago. Now it is down to 33 percent. Why the difference? Why is it if you were unemployed in 1975, you were much more likely, more than twice as likely to receive unemployment insurance? Because the nature of employment has changed in America. It is no longer the full-time employee, the 40-hour-a-week employee, who is unemployed. More and more, it is the part-time employee. It is the mother with children, taking a job and only working 4 days a week and who doesn't get any benefits on the job, who finally loses that job and then, unemployed, turns to a system which says: No, the door is closed. We don't have unemployment insurance for part-time workers.

My amendment seeks to do two things: first, to increase unemployment insurance benefits by providing an additional 15 percent or \$25, which isn't a huge sum, but it can be helpful to people who are unemployed. Sadly, the unemployment insurance payments to individual workers across America have been falling behind. Take Illinois, for example. The average benefit is only \$1,005 a month. The average rent for a two-bedroom apartment is \$776 a month. A family couldn't even pay the rent on that money, never mind food, clothes, utilities, and all other family expenses.

Since 1990, we have seen the percentage of lost income replaced by unemployment benefits falling 5 percent. The decline has had a serious impact

on a lot of families. Benefits vary by State, but the maximum benefits are as low as \$190 a week. Think about keeping a family together with an unemployment payment of \$190 a week. What we are trying to do is to give a slight increase, a deserved increase in unemployment insurance benefits.

Secondly, we expand coverage. As I mentioned, take a look at unemployed Americans today compared to 25 years ago. You will find more and more unemployed part-time workers. Because of the calculation of unemployment insurance benefits, they ignore the 6 months before a person loses the job. So many people who have only had a job for a short period of time qualify for nothing. So you have fewer and fewer people with this coverage.

We have to supplement this current unemployment insurance program to provide coverage for welfare-to-work people, women and others who played by the rules and paid into the system. These workers finance the UI fund during many good times, and surely we ought to help them in the bad times.

Women comprise 70 percent of the part-time workforce, 65 percent of service sector workers. They work in the industries hardest hit by the economic downturn. Last year, only 23 percent of unemployed women in America qualified for unemployment insurance benefits.

Remember what we are telling women. We are saying to women: We really would like you to stay home with the kids more. That is kind of our message. Yet many women find they can't keep their family together unless they give a helping hand. Some of them are single mothers. They take a part-time job, maybe the best they can get, maybe all they want, so they can spend more time with the kids. Then they lose their job. Then they get no help from unemployment insurance because they were part-time workers.

This amendment extends unemployment insurance benefits to cover those part-time workers, particularly helping those women who are a disproportionate share of workers affected by it.

According to the GAO, low-wage workers are half as likely to receive benefits than other unemployed workers, even though they are twice as likely to be unemployed. So those are the things we do. We increase the benefits under unemployment insurance. We expand the eligibility so that temporary and part-time workers will at least get a helping hand.

The \$15 billion that we estimate this will cost will come entirely out of the unemployment insurance funds in Washington. There is no burden placed on employers or States. It is money collected. It is temporary. It is a kind of helping hand which will stimulate the economy, No. 1, and, No. 2, do the right and fair thing for workers across America.

What does it mean in a few States? Let me give an example. In Illinois, it means that 590,000 unemployed Illi-

noisians, because of this amendment, will get a helping hand.

Let me pick another State. Let's try Iowa: 157,000 workers in Iowa, under the Durbin amendment, will receive benefits or increased benefits that they otherwise would not have received. Take a look at the part-time workers in the State of Iowa: 11,000 people, unemployed part-time workers in that State will now receive some benefit from unemployment insurance. In my State of Illinois, it is 54,000, a larger State.

I can go through the list, and I am going to put it on the table when we vote. Look at the real numbers of real people who are suffering in your States because of being unemployed and falling through the cracks. This Durbin Amendment tries to close the cracks. I thank Senator WELLSTONE of Minnesota, Senator DAYTON as well, and Senator LANDRIEU and those who have cosponsored this amendment. I will stop now because I want to give some of them an opportunity to speak.

I will yield to the Senator from Iowa or anyone who is going to speak.

Mr. GRASSLEY. Does the Senator from Minnesota want some time?

Mr. DURBIN. The Senator can wait for the Senator from Iowa. We will save some time for important closing remarks.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. First of all, I need to know how much time our side has.

The PRESIDING OFFICER. Fifteen minutes.

Mr. GRASSLEY. Madam President, I will yield myself such time as I might consume. If anybody on my side would like to have some time, I will be glad to share some time with them.

First, I have a philosophical comment based on the history of unemployment compensation legislation. We have set some national policy, but the details of our unemployment compensation regime historically—and I think I would be referring to six or seven decades of American history—have been left to the States to fill in the details. That is because we were then and still are a Nation that is very geographically vast and a country where our population is very heterogeneous—more so now than 70 years ago—to a point where Members of Congress and Presidents have felt it would be wrong to pour one mold in Washington, DC, that we would call an unemployment compensation insurance mold and have our country, which varies from one State to another—and the needs of one State to another, consequently, vary—that it would be wrong to pour that mold in Washington and force every State to treat unemployed workers exactly the same way.

All knowledge doesn't repose here in Washington, DC. There is a great deal of knowledge—maybe more so—with the State legislators than in Washington, DC. Consequently, we have left it to the wisdom of a lot of States to

do, in a sense, their own thing with the broad Federal policy—how to treat and compensate the safety net of unemployment insurance. Now we have this approach, which I would not characterize as federalizing unemployment compensation, but obviously it federalizes to a much greater extent than we have right now the unemployment compensation legislation.

Again, we are going to say—if we adopt this—that there is more wisdom in Washington, DC, and in the Congress of the U.S. than in the New York legislature or the Illinois legislature as to how unemployed people in those States ought to be treated or compensated, et cetera. I oppose this amendment on that philosophical ground. But to be more specific, as an example of the wisdom that the Senator from Illinois is saying through his amendment that he knows better how part-time workers ought to be treated than the State legislatures do. Several States do allow part-time workers to be covered. My State of Iowa is one of those States that has decided to cover part-time workers.

So the legislature of my State, a very small State of 3 million people, with a low unemployment rate of 3 and a half percent right now—you might think, what is there about the Iowa legislature that they would cover part-time workers and some other larger State might not. Why did we leave it to the people of my State, the elected legislators, to make that determination? Why is not important. The fact is they did it. They did it because Congress, over several decades, has said we are going to leave that decision to the State legislatures.

Why do we think that we have all the answers here in Washington, DC? So it is fair to say that part-time workers are already eligible for unemployment benefits because there are no States that disqualify unemployed workers merely because they work part time. The issue is whether part-time workers should be allowed to collect unemployment benefits while refusing to accept a full-time job. If a job is available, why should any worker collect unemployment instead of going back to work? Part-time workers—in other words, if there is a job available—should not be on unemployment compensation. Unemployment compensation is not an incentive to keep you out of the workforce. It is historically—and rightfully so—to tide you over from a period of being disconnected with one job until you get back to that job, or until you have an opportunity to take a job someplace else.

Part-time workers are not entitled to benefits simply because their employer paid unemployment taxes. Employers pay unemployment taxes on numerous categories of workers who are not entitled to benefits, for that matter. Such categories would include corporate officers, full-time students, professional athletes, workers who quit their jobs, workers who are not seeking work,

workers who are not available for work, and workers who even refuse suitable work. There are a number of States that allow workers to limit their job search to part-time employment and still collect unemployment compensation. If that is what that State decides it wants to do, let that State do it accordingly.

However, this is voluntary State decision. The Federal Government has never dictated such eligibility standards to the States. There is no need for Congress to preempt State decisions on this matter. Expanding eligibility on the basis of part-time work would create new administrative burdens on the respective States. The States would have to decide what hours of the day and what days of the week are suitable for part-time work. As an example, if a worker loses his Monday, Tuesday, Wednesday, noon to 3 p.m. cashier job, can that person still collect unemployment benefits if he refuses to accept a Thursday, Friday, Saturday 3 p.m. to 6 p.m. cashier job?

So State unemployment agencies, right now, lack the resources that it takes to investigate contested claims, like I just described, and others that are too numerous to describe at this point. Thus, it is for that administrative body to make accurate determinations so that you have the enforcement of the unemployment compensation laws done in a fair way. That is why it is wrong, it seems to me, to establish this policy, as if Congress knows what is best for the 50 States and knows that it can be enforced in a certain way, or let the individual State legislatures make the determination on how they want to expand their unemployment compensation laws, and at the same time they will know whether or not they have the administrative capability of enforcing the law the way the State legislature put it.

Case law for part-time workers is going to take years to develop. It is not going to take years in Iowa because we have that decision made and there is a lot of case law there right now. Most part-time workers live with other workers. Thirty-five percent are married with a working spouse. Thirty percent of these part-time workers are children with working parents. Most of the time when workers live with another worker, they will have less incentive to seek new employment—a factor that should be taken into consideration when you start to cover a new class of people at the Federal level without letting the States make that determination. One of the premises of unemployment compensation for anybody is that you be actively seeking a job, that you are out there going door to door to put in your application, asking if there are any vacancies, and to try to benefit yourself during a process in which you are being helped by the unemployment compensation regime to make sure that you have basic necessities while you are trying to make this determination. It is not meant to

pay people who are not actively seeking jobs.

So there ought to be some relationship between those and the extent to which we include part-time workers. Without the State making that determination, there might not be that continued relationship that is a basic philosophical underpinning of our unemployment compensation laws.

It seems to me that if we allow this disincentive in accepting new employment, this will lead to longer and more frequent spells of unemployment, more Government spending, and, in the process, reduced economic growth because economic growth is directly related to the productivity of the workers.

Moreover, the provision we are discussing will allow full-time workers to switch to part-time status for unemployment purposes. This will result in even more unemployment and further loss of economic output.

At this point, I am going to yield the floor for colleagues, but I have only spoken to one part of the Durbin amendment, that part dealing with covering part-time workers. There are other parts to it, but I think my underlying philosophical objection will apply to all parts: that all knowledge on unemployment compensation does not rest in the Congress of the United States. We have had this seven-decade tradition of leaving it to the States to fill in the details.

This amendment departs from that tradition. Why should we depart from that tradition? We are departing during a time of 5.8-percent unemployment. We did not depart to this extent when we had 10- and 12-percent unemployment, or at least on all these parts that the Senator from Illinois will try to change. I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Illinois.

Mr. DURBIN. Madam President, I yield 2 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Madam President, I cannot do this in a minute, but I will try.

My colleague from Iowa is grasping at straws. This is not about States rights; it is about workers' rights. This is about helping in Minnesota 217,218 workers. This is about helping working poor part-time workers.

My phone is not ringing off the hook. In fact, we talked to people back home at the State level. Our State governments are not telling us do not give us additional help on unemployment insurance. There is no additional expenditure for the States. States are asking for the help. This is a matter of workers' rights. This is a matter of helping part-time workers, the working poor people, who then consume more which helps the economy. It is win-win-win.

I doubt whether Senators are getting a lot of pressure from the working families in their States, much less State officials, saying: Please, do not help us

with unemployment insurance with people flat on their backs through no fault of their own.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DURBIN. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. Four minutes forty-five seconds.

Mr. DURBIN. I yield 2 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

Ms. LANDRIEU. Madam President, I rise to support the Durbin amendment, and I will follow up on what the Senator from Minnesota said in two other ways. No. 1, this amendment is truly a stimulative amendment. Every dollar that will be paid out at no expense to our States will help thousands of people who are unemployed and underemployed by giving them a chance to collect some income while they look for other work and get back into the workforce. Every single dollar is basically going to be circulated back into our economy.

This amendment, as much as it is for unemployed workers, is for grocery stores, for restaurants, and for drugstores. It is for businesses, small businesses in Louisiana, in Illinois, in Minnesota, and in Iowa where the businesspeople are struggling. Why? Because no one is walking into their restaurants to buy the meal or to buy the item.

When we give, through unemployment benefits, dollars for our constituents, what will they do with them? They are not going to put it in their savings account. They most certainly are not going to buy stock. They are going to spend the money at the local restaurant, at the local drugstore, and at the local cleaners. That is why this effort helps us get our economy back. When consumers spend more money, then those business owners will hire another person or two and more people will get back to work.

No. 2, extending these benefits only helps our States. We are picking up the tab for it. Does it cost something? Yes. Is it somewhat expensive? Yes. But we can most certainly afford to help our States at this time since the loss is not due to anything they have done but due to the terrorist attacks and other factors that have affected our economy. I urge my colleagues to support this amendment.

I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Oklahoma.

Mr. NICKLES. Madam President, how much time do we have remaining on this side?

The PRESIDING OFFICER. Four minutes eighteen seconds.

Mr. NICKLES. Madam President, I thank my colleague, Senator GRASSLEY, for his statement. I will make a couple of points and echo some of the things he said.

One point my colleague did not mention was how much this is going to cost. I have heard some people say this will cost \$8 billion. I have heard other estimates that it will cost \$10 billion.

I ask my colleague from Illinois, is that \$15 billion in addition to the underlying amendment or \$15 billion total? He is indicating it is in addition. Am I correct, in addition?

I do not know, and I will ask my colleague from Illinois if we have a CBO estimate on the cost of the amendment. I have not seen it.

Mr. DURBIN. Will the Senator yield for a moment? I was wrong; it is \$15 billion total, not in addition to the underlying amendment.

Mr. NICKLES. If my memory serves me correctly, the Daschle amendment has an unemployment extension of 13 weeks, and that is about \$8 billion, I believe. The cost of this is \$15 billion. This amendment costs a lot of money, as can be expected, because when we hear people say it is going to benefit thousands of our constituents, from where is the money coming? It is coming from the Federal Government.

This is primarily a State program. We have to decide: Are we going to have the Federal Government take over State management of this program? That is what we are doing with this amendment.

This amendment determines what quarter or what eligibility period. In the past, States have always determined that. So we are going to tell every Governor: You are going to have to use the last quarter. We have not done that in the past. We are going to tell them: This is the quarter to use to determine eligibility and, incidentally, States, you could have provided assistance to temporary workers if you so chose, but now we are telling you you have to provide that assistance.

How do we define "temporary"? My daughter is a senior at Oklahoma State University. She works X number of hours a week. That is temporary. It is not 40 hours a week; it is less than 40 hours. Is she eligible? I think she would be. She might be very displeased with my vote in just a moment.

This amendment costs a lot of money. A temporary worker is going to be eligible to receive the same weekly benefits as a full-time worker. Weekly benefits in New York are a whole lot more than in Oklahoma or a whole lot more than in North Dakota.

In some States, unemployment benefits are as low as \$105 and some are \$400. I believe New York is closer to \$400, and I believe some States are only over \$100. Yet we are going to tell those States not only that they have to increase their benefit by at least 15 percent and/or \$25, whichever is greater but, yes, now it applies to temporary employees. Do those temporary employees work 10 hours a week, 20 hours a week, 4 hours a week? How far are we going to go in micromanaging who is eligible?

We are going to take a program primarily financed by the States—States

have always determined eligibility; States have always determined benefits—and we are going to adjust those figures and say Uncle Sam is going to pick it all up and it is going to cost \$15 billion.

I have serious reservations about that. I do not know that my daughter who is working part time to go to school should be qualifying for unemployment compensation. I do not think that is right. If the Federal Government assists her if she gets a student loan to go to school, that is one way. I do not think the unemployment system is the way we should be financing full-time students through part-time work. I think she would be eligible under this proposal. I do not think that is right.

I do not think it is right for us to use the guise of a so-called stimulus package and say let's just expand the program greatly beyond what most States have done. Most States do not pay unemployment compensation for part-time workers. They decided that. They have a State legislature. They meet on this issue. They know how much it costs, and yet we are going to do it very quickly and there are probably not three Senators who know how much this will cost.

We are going to tell the States they have to do it.

I think it is a serious mistake. I urge my colleagues to vote no on the amendment.

To alert my colleagues, I am going to make a budget point of order after the conclusion of the debate.

I reserve the remainder of our time.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. How much time is remaining?

The PRESIDING OFFICER. Two and a half minutes.

Mr. DURBIN. How much time is remaining on the other side?

The PRESIDING OFFICER. There is no time remaining.

Mr. DURBIN. Madam President, I yield 2 minutes to the Senator from Massachusetts.

Mr. KENNEDY. I will be brief.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Madam President, since September 11, our Nation's workers have come together in the face of new challenges. Today, more than 8 million of these workers are unemployed and the unemployment rate is 5.8 percent and expected to climb to 6.5 percent. We need an effective economic recovery package to bring the unemployment rate down and help laid-off workers across the Nation.

We see more layoffs every day. United Airlines has laid off nearly 20,000 people since October. Lucent Technologies in North Andover, MA, recently laid off 1,700 workers. Toys R Us has just announced they were closing more than 60 stores and laying off 1,900 employees.

Some say the recession's end is near and recovery is around the corner.

Even if those predictions come true, the consequences will linger for working families.

The unemployment rate will continue to rise. Laid-off workers will still have great difficulty finding new jobs, and other workers may still be facing layoffs.

More than 58,000 laid-off Massachusetts workers have exhausted their benefits in the last twelve months. This includes workers like Christina Young of Billerica, MA. Christina was laid off at the end of June and, since then she has been looking for a new job. She recently learned that she is pregnant. Christina's unemployment benefits, her husband's income and their savings were keeping them afloat, paying the mortgage, the expensive winter heating bills, their bills for health care and groceries. But Christina's unemployment benefits have run out, and now she can't afford her pre-natal care.

Selma Burgert of Malden, MA was laid off by Polaroid in May and her unemployment benefits ran out last month. She has been looking for work for months. But every time she applies for a job, she finds herself competing with two hundred to three hundred other applicants. She is fortunate to have savings to get by. Selma knows many people who aren't as fortunate, and have had to sell their homes or cut down on the food they provide for their families.

In communities throughout Massachusetts and the Nation, workers like Christina and Selma are running out of unemployment benefits while competing for the dwindling number of open jobs. How long are we going to wait before we help them? The time to do it is now. The amendment we are debating will make a big difference for these workers.

The American people strongly support our efforts to give workers the support and assistance they deserve. But some of our colleagues in Congress have stalled our efforts to help these courageous workers. Democrats have proposed an effective and balanced plan to stimulate the faltering economy, but our opponents have used procedural maneuvers to block the measure. When House and Senate negotiators tried to reach a compromise, our opponents delayed it at every turn.

They were unwilling to support any recovery package unless it contained tens of billions of dollars for new tax breaks for wealthy individuals and corporations, including \$250 million in tax breaks for Enron. It makes no sense to hold laid-off workers hostage to such irresponsible and costly tax breaks.

Our opponents have consistently offered plans that failed the nation's workers. They offered a plan to extend unemployment benefits, but only to laid-off workers in a few states. They offered a plan to use National Emergency Grants for unemployment insurance, health care and job training, guaranteeing that few funds would actually go to unemployment insurance.

They offered a plan to provide Reed Act distributions that would primarily be used for State tax cuts and could go into State unemployment trust funds, instead of offering new or extended benefits.

Our amendment demonstrates our commitment to helping workers.

It updates the unemployment insurance system to meet the urgent needs of the economy. By improving unemployment insurance, our amendment both stimulates the economy and helps the families who need help the most. Every dollar invested in unemployment insurance boosts the economy by \$2.15. Unemployment insurance also helps to prevent the loss of even more jobs during a recession.

The amendment makes three important changes. First, it extends unemployment benefits for 13 weeks for laid-off workers across the nation. Second, it expands the coverage to include laid-off part-time and low-wage workers who do not currently receive benefits. Third, it increases meager unemployment benefit levels. These changes will help nearly four-fifths of laid-off workers who currently are not receiving benefits.

Even during good times, about a third of those receiving unemployment insurance exhaust their benefits. During recessions, the number rises.

That's why Congress has provided federally-funded extended benefits repeatedly during recessions in the past.

Today, more than two million laid-off workers have already exhausted their benefits. How much longer are we going to wait before we help those workers? The time to help them is now.

Although part-time and low-wage workers are least likely to have savings and other safety-nets to help them, few are eligible for unemployment benefits. Laid-off part-time and low-wage workers have paid into the system, but they often fail to receive the benefits they need. Recent data suggest that only 18 percent of unemployed low-wage workers were collecting benefits. Expanding coverage will benefit more than 600,000 additional unemployed part-time and low-wage workers. The time to do it is now.

It is also time to increase weekly unemployment benefits by the greater of \$25 a week, or 15 percent.

This increase in benefits, an average of \$150 a month, will be an immediate stimulus to the economy. Unemployed households will spend it to pay the rent or a medical bill, buy groceries, keep the family car running, or hire a babysitter during job interviews.

Currently, unemployment benefits do not replace enough lost wages to keep workers out of poverty. In 2000, the national average unemployment benefit only replaced 33 percent of workers' lost income, a major reduction from the 46 percent of workers' wages replaced by jobless benefits during the recessions of the 1970's and 1980's. During an economic crisis, unemployed workers have few opportunities to re-

join a declining workforce. They depend on unemployment benefits. Adding \$150 a month to unemployment benefits will stimulate the economy and help these laid-off workers support their families while they look for a new job.

More than three hundred thousand laid-off workers in Massachusetts would benefit from this amendment. At least thirteen million laid-off workers would benefit nationwide.

The American public is ready for honest action that genuinely helps these deserving workers. We passed an airline security bill, without providing any help for workers. We adjourned for the recess without providing any help for workers. We owe it to the millions of Americans who have lost their jobs to act now to provide the support they need and deserve.

In conclusion, Madam President, at the time of September 11, I think most of us believed there was a new spirit and a new atmosphere in this country. We have tried to respond to those who lost loved ones. We have seen generosity in reaching out to families all over this country. There is a new spirit in America for people who are hurting and are in need.

What we are talking about today are men and women who have lost their jobs, often as a result of the terrorist acts. There are other incidents where they might not be directly related, but by and large it is as a result of the terrorist attack. In this Senate, we hear Members nickel and dime American workers who work hard, play by the rules, put in a good day's work, and as a result of economic conditions have lost their jobs.

There is \$38 billion that has been paid into a fund that otherwise would have gone to workers' salaries. That fund is out there, and we are using \$15 billion. We used it four times in the 1990s, with seldom less than 90 votes—or 80 votes in the Senate. We are reaching out to part-time workers and low-income workers. They, too, have paid into that fund. The money is there for this kind of circumstance. It is there for the Federal Government to act.

Why? Because in many of these States there is an economic pinching. They cannot afford to take the kind of economic action, and that is why this program was developed. Now is the time to take the action. Let us not nickel and dime America's workers who have suffered as a result of the kinds of attacks we saw on this country. That is what this is about. Are we going to stand up for those men and women who want to work and should be able to work? This is what the Durbin amendment is about, and I look forward to supporting it.

Mr. DURBIN. Madam President, how much time is remaining?

The PRESIDING OFFICER. Thirty seconds.

Mr. DURBIN. This is not a State rights issue. It is all Federal money. The Governor of Oklahoma can decline

the money. They do not have to help the 78,000 unemployed workers in Oklahoma who would be benefited by this. They can exert their State rights. They would be fools to do it because they know these people need a helping hand in Iowa, in Oklahoma, and in Illinois.

I really am saddened to hear the stereotype that unemployed people are lazy. Could any of us live on \$1,000 a month? That is what these people are struggling to get by with. To give them \$25 a week is the breaking point for too many Senators. Way too much, \$25 a week? This is not even nickels and dimes.

These are women trying to keep their families together. These are mothers and fathers down on their luck. And this Senate cannot spare \$25 a week? That is what this vote is all about. I hope the Members of the Senate will support the people who want to get back to work but need a helping hand and support the Durbin amendment.

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

The Senator from Oklahoma.

Mr. NICKLES. Madam President, I raise a point of order under section 302(f) of the Congressional Budget Act against the pending amendment No. 2714 for exceeding the spending allocations of the Senate Committee on Finance.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Madam President, pursuant to section 904 of the Congressional Budget Act of 1974, I move to waive the applicable section of that act for the purposes of the pending amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA), the Senator from California (Mrs. BOXER), and the Senator from Connecticut (Mr. DODD) are necessarily absent.

Mr. NICKLES. I announce that the Senator from Nevada (Mr. ENSIGN), the Senator from New Hampshire (Mr. GREGG), the Senator from Montana (Mr. BURNS), the Senator from Oklahoma (Mr. INHOFE), and the Senator from Tennessee (Mr. THOMPSON) are necessarily absent.

I further announce that if present and voting the Senator from Montana (Mr. BURNS) and the Senator from Oklahoma (Mr. INHOFE) would each vote "no."

The yeas and nays resulted—yeas 57, nays 35, as follows:

[Rollcall Vote No. 6 Leg.]

YEAS—57

Baucus	Byrd	Cleland
Bayh	Campbell	Clinton
Biden	Cantwell	Cochran
Bingaman	Carnahan	Collins
Breaux	Carper	Conrad

Corzine	Johnson	Reed
Daschle	Kennedy	Reid
Dayton	Kerry	Rockefeller
DeWine	Kohl	Sarbanes
Dorgan	Landrieu	Schumer
Durbin	Leahy	Smith (OR)
Edwards	Levin	Snowe
Feingold	Lieberman	Specter
Feinstein	Lincoln	Stabenow
Graham	McCain	Torricelli
Harkin	Mikulski	Voivovich
Hollings	Murray	Warner
Inouye	Nelson (FL)	Wellstone
Jeffords	Nelson (NE)	Wyden

NAYS—35

Allard	Frist	Miller
Allen	Gramm	Murkowski
Bennett	Grassley	Nickles
Bond	Hagel	Roberts
Brownback	Hatch	Santorum
Bunning	Helms	Sessions
Chafee	Hutchinson	Shelby
Craig	Hutchison	Smith (NH)
Crapo	Kyl	Stevens
Domenici	Lott	Thomas
Enzi	Lugar	Thurmond
Fitzgerald	McConnell	

NOT VOTING—8

Akaka	Dodd	Inhofe
Boxer	Ensign	Thompson
Burns	Gregg	

THE PRESIDING OFFICER (Mrs. CARNAHAN). On this vote, the yeas are 57, the nays are 35. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained, and the amendment falls.

The Senator from Nevada.

Mr. REID. Madam President, just as a note to all Senators, we expect to have another vote very soon.

I would be happy to yield to my friend from Illinois.

Mr. DURBIN. I thank the Senator from Nevada. I would like to announce to the Senate that 57 votes were cast on this last amendment. Three members on the Democratic side were absent because of business they had to attend. It is my intention to reoffer this amendment later in the debate on this economic stimulus package.

Mr. REID. Madam President, I also want to extend my appreciation to the minority. We could have, through procedural means, gotten another vote on this anyway. But rather than go through all of that and waste the time of the Senate, we were told the Senator from Illinois could reoffer his amendment. I very much appreciate that.

AMENDMENT NO. 2717

I ask unanimous consent that there be 15 minutes for debate prior to a vote in relation to the Bond amendment No. 2717 with the time divided as follows: 10 minutes for Senator BOND, and 5 minutes for those who oppose the Bond amendment; and, at that time there be a vote in relation to that amendment with no amendments in order prior to that.

Mr. NICKLES. Madam President, reserving the right to object, I understand there are a couple more people on our side who wish to debate the issue. The chairman of the Finance Committee just suggested 30 minutes on each side. I know the Senator is also trying to work this around the two lunches. If he could modify his request and have 30 minutes on each side, that would be great.

Mr. REID. I suggest to my friend that maybe we ought to have 20 minutes on your side and 10 minutes on our side. In that way, we could be finished at a reasonable time for the conferences, which are kind of important today.

Mr. NICKLES. I will not object to that.

Mr. REID. Madam President, I amend my unanimous consent request to allow the Bond proponents to have 20 minutes and the opposition to have 10 minutes.

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

Mr. NICKLES. Madam President, I thank my friend and colleague. I say to my colleagues who said they wanted to speak on the amendment, we will now have a vote on the Bond-Collins amendment at 12:35. If they still wish to speak, they need to be coming to the Chamber shortly. I thank my friend from Nevada.

THE PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Madam President, I yield myself 5 minutes from the time allotted on the amendment on this side.

THE PRESIDING OFFICER. The Senator is recognized.

Ms. COLLINS. Madam President, I ask unanimous consent that the Senator from Kansas, Mr. BROWNBACK, be added as a cosponsor to this amendment.

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

Ms. COLLINS. Madam President, I am very pleased to join the Senator from Missouri in strong support of this amendment to help our small businesses. Over 95 percent of the businesses in this Nation qualify as small businesses. They are the businesses that are creating the vast majority of new jobs. Small businesses are the engine of our economy and the backbone of virtually every community in our country. Yet the economic stimulus package put forth by the majority leader does virtually nothing to stimulate this essential part of our economy. The Bond-Collins amendment would rectify this omission by allowing small businesses to expense up to \$40,000 worth of new equipment that they placed in service this year, or will next year. That would give a real boost to the economy, and it would encourage those small companies that have put investment plans on hold, in the wake of the attacks on our Nation and the economic downturn, to proceed with their investment plans. That, in turn, would stimulate the production of more equipment and the creation of new jobs.

Let me give you an example from my home State of Maine of the positive impact that this amendment would have.

Terry Skillin, of Skillins Greenhouses, is a fourth-generation Maine family business, founded in 1885. Skillins employs between 70 and 120

employees, depending on the season, for its landscaping, greenhouse, and floral business.

Terry Skillins told me that his company is looking to expand but to do so takes money. From tractors to conveyor belts to machines that build flowerpots automatically, the equipment that he needs to buy is expensive. Terry said that raising the small business expense limit to \$40,000 would help enormously, by allowing him to go ahead with a planned expansion.

Terry said something else that I think is very important and that we need to remember. He said it is critical that the increased expensing be available not only for the remainder of this year but for next year as well. He told me that it often takes more than one year for a small business to carry out an expansion plan, and that if the increased expensing were available for two years, his ability to grow Skillins Greenhouses over the entire period would be far greater.

I think we should heed Terry's advice and help small businesses so they can drive our economy back to prosperity.

It seems to me that, if we are striving to reach a consensus on the economic recovery package, as I believe we must do, we should include an amendment that is specifically targeted to helping our small businesses pull through this difficult time. Our amendment has been endorsed by the Nation's largest small business group, the National Federation of Independent Businesses. The NFIB represents 600,000 members nationwide and is key-voting this amendment.

Finally, I note that the idea of an expansion in the small business expensing provision has been common to many of the economic recovery plans that we have debated. It was part of both plans passed by the House of Representatives. It was included in the Centrist Coalition plan that six Members—three Members on each side of the aisle—negotiated this past December. It was also included in the Democrats' plan, which was supported by the Senate Finance Committee. Unfortunately, however, it is not in the plan before us.

The Bond-Collins amendment would seek to remedy that omission by providing the boost to small businesses. I am convinced that if we give tax incentive to small businesses, they will help to pull us through these difficult economic times. Again, it is small businesses that create the vast majority of new jobs in this country, and we need to give them the incentives they need to help boost our economy.

I yield the remainder of my 5 minutes, reserving time for our side.

THE PRESIDING OFFICER. Who yields time?

The Senator from Nevada.

Mr. REID. Madam President, I have spoken to the chairman of the Finance Committee. Senator NICKLES indicated there were people from the other side who wanted to speak for maybe more

than the 20 minutes. We have 10 minutes. At this date we don't find anyone in opposition to the amendment. So if you need more time, we will be happy to give you some of ours.

The PRESIDING OFFICER. Who yields time?

The Senator from Missouri.

Mr. BOND. Madam President, seeing no one ready to speak from the other side, I will yield myself such time as I may consume. I urge my colleagues who want to speak on the amendment to hurry up and get down here. We have lots of work to do, and we are going to be able to finish debate on this amendment fairly expeditiously. Anybody who wants to say anything about it, we invite them to come.

As my colleague and strong ally, the Senator from Maine, has said, this amendment is very important to help small businesses in their recovery. We know the entire economy took a severe hit on September 11, on top of a recession that has really taken its toll on many small businesses. How we get out of this recession is to encourage small businesses to lead us out.

Small businesses are the dynamic engine that drives the economy. They provide 75 percent of all new jobs. They are the ones that grow when the rest of the economy is stagnant. There is no better vehicle than a stimulus package to include a provision to encourage small businesses to purchase more equipment. This amendment provides a direct stimulus to that small business sector by allowing them to write off new equipment purchases immediately.

If you have ever run a small business, as I have, you know the thought of having to set up a depreciation schedule for a tractor or a piece of equipment and figure out how to depreciate it over several years is a daunting task. If you are a small business person, you don't want to have to have an accounting department. It is usually you and the frog in your pocket who are running the business. If you are an individual proprietor or even if you have several employees, you don't want to go through the time and expense of hiring somebody to set up a depreciation schedule. So direct expenses would allow small businesses to avoid the complexity of depreciation rules as well as the unrealistic recovery period for most assets.

For example, under current law, if you buy a computer, it has to be depreciated over 5 years. People who are very active users of computers tell me that the useful life is 2 to 3 years at best. Something new and something better has come out, but you are still depreciating the old equipment. You haven't been able to write it off on your taxes.

This amendment has several important advantages, especially in light of the current economic conditions. By allowing more equipment purchased to be deducted currently, right now, the year they are put in service, it will provide much-needed capital for small

business. With that freed up capital, a business can invest in new equipment which will benefit the small enterprise, but in turn it will stimulate other industries that are producing and selling the equipment they are going to put in service.

Moreover, new equipment will contribute to continued productivity growth in the business community which Federal Reserve Chairman Greenspan has repeatedly stressed is essential to the long-term vitality and health of our economy.

That is what allows us to hire more people and pay better wages—to increase productivity. A healthy and growing business keeps its employees working, and we hope it will lead to new employees being added to the payroll.

Finally, the amendment will simplify the tax law for countless small businesses. Greater expensing means less equipment subject to onerous depreciation. Under this amendment, a business would be able to claim the full \$40,000 in expensing if it purchased and put in service no more than \$325,000 of property during the year. That is to make sure it applies primarily to small business.

In short, this amendment's equipment expensing changes are a win-win for small business consumers, employees of small businesses, equipment manufacturers, and our national economy.

Some have contended that maybe we ought to think about this only for 1 year. We need to give small businesses not only an initial boost, but we need to keep the support coming to sustain the recovery. If we use the last recession of 1991 as an example, it took 21 months before the unemployment rates started to drop consistently. That is nearly 2 years for small businesses and others to hire the people back who were laid off in the recession. Small businesses represent 99 percent of all employers. They provide about 75 percent of the net new jobs. And with people unemployed, we need to get those producers of the new jobs, the small businesses, into business.

Based on this unemployment data, limiting the amendment or any other small business stimulus to 1 year would not suffice. We need to keep the small business stimulus going for at least 2 years to ensure the recovery in the small business sector and the jobs market is sustained.

Madam President, I ask my colleagues to support the amendment and urge them, if they want to support the amendment Senator COLLINS and many other Senators and I have supported, to come to the Chamber. If they have arguments against it, we will be interested in hearing those as well.

I yield such time as he may require to the distinguished minority whip.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Madam President, I wish to compliment my colleagues,

Senators COLLINS and BOND, for their leadership and persistence in saying, let's get something in this bill to help create jobs. Both Senators BOND and COLLINS have spoken of the growth in small business and the need for small business to be able to grow. This particular provision will create jobs. I compliment them.

I don't see much in the underlying proposal that will create jobs. This one will create jobs because small business will be able to expense more items up to \$40,000. For a person who has a small business that may have a few employees, that is a big deal. I used to have a janitor's service. It was my wife and myself and a few other people. If you allow me to expense everything, I don't have to amortize all the equipment I am purchasing because, frankly, it is less than \$40,000.

You get to expense it. You get to write it off when you write the check. Instead of spreading it out over several years, instead of taking 3, 5, 8 years to recoup your investments, you can recoup it in the year that you made the investment. That is a big deal for small business. Most of the jobs that will be created this year will be in small business. It is not going to be General Motors or in the big corporations, it is going to be in small business. You are saying, let's expense up to \$40,000, an improvement from \$24,000.

It is an excellent amendment. It will help small business. By helping small business, we will be able to create more jobs.

I thank both of my colleagues for their leadership. I believe this amendment is going to pass. I compliment them for that. This is one of the few things we have seen that will actually stimulate the economy. We have seen a lot of proposals. Let's write more checks, let's give people money who didn't pay taxes, expand unemployment compensation, pay people more not for working. This is a proposal that says, let's create an environment that will create jobs so people won't need unemployment compensation, so they won't be asking more from the Government. They will be getting a job.

I thank my colleagues for their excellent proposal. I urge all my colleagues to support it.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Madam President, I thank the Senator from Oklahoma for his kind comments. The Senator from Oklahoma brought up a very important point. It is very burdensome record-keeping for small businesses to have to deal with depreciation schedules and sometimes very unrealistic recovery periods.

For example, most computers are required to be depreciated over a 5-year period, but we all know from our experience that the usual life of a computer is 2 to 3 years. The Senator from Oklahoma has raised an important point. Not only will this put more cash into the pockets of small businesses and

allow them to go ahead with investments that have been put on hold because of this tax incentive, but it will also relieve them from some very burdensome recordkeeping requirements. That simplification is another advantage of the Bond-Collins amendment.

I thank my colleague from Missouri who does such a great job as the ranking minority member of the Senate Small Business Committee. It has been a great pleasure to work with him on this amendment. I believe this is the one provision we have debated that will make a real difference to those entrepreneurs throughout our country, to those small mom-and-pop firms that are creating good jobs in communities throughout our country. So I hope we will have a strong show of support for this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BOND. Madam President, I gather there are no more people seeking to speak on this amendment. Rather than wait, we can vote. But first, I thank my colleague from Oklahoma, Senator NICKLES, a real champion of making the economy grow by putting people back to work, and Senator COLLINS has been one of our great allies. Anytime I have a small business provision, she wants to be a champion of it because she knows small businesses are driving the Maine economy, as well as in the rest of the country.

We are prepared to yield back all time on this side. I ask for the yeas and nays on this amendment.

Mr. DAYTON. We yield back all our time.

The PRESIDING OFFICER. All time is yielded back. Is there a sufficient second?

There is a sufficient second. The question is on agreeing to the amendment.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from Hawaii (Mr. AKAKA), the Senator from California (Mrs. BOXER), and the Senator from Connecticut (Mr. DODD) are necessarily absent.

Mr. NICKLES. I announce that the Senator from Nevada (Mr. ENSIGN), the Senator from New Hampshire (Mr. GREGG), the Senator from Oklahoma (Mr. INHOFE), the Senator from Tennessee (Mr. THOMPSON), and the Senator from Montana (Mr. BURNS) are necessarily absent.

I further announce that if present and voting the Senator from Oklahoma (Mr. INHOFE) and the Senator from Montana (Mr. BURNS) would each vote "yea."

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

The result was announced—yeas 90, nays 2, as follows:

[Rollcall Vote No. 7 Leg.]

YEAS—90

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

NAYS—2

Chafee Feingold

NOT VOTING—8

Akaka	Dodd	Inhofe
Boxer	Ensign	Thompson
Burns	Gregg	

The amendment (No. 2717) was agreed to.

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.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having arrived, the Senate will stand in recess until the hour of 2:15 p.m.

Thereupon, the Senate, at 12:56 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. MILLER).

HOPE FOR CHILDREN ACT—
Continued

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana.

AMENDMENT NO. 2718, AS MODIFIED

Mr. BAUCUS. Mr. President, I call up my amendment and send a modification to that amendment to the desk.

The PRESIDING OFFICER. The Senator has a right to modify the amendment.

The amendment, as modified, is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to provide for a special depreciation allowance for certain property acquired after December 31, 2001, and before January 1, 2004, and to increase the Federal medical assistance percentage under the medicaid program for calendar years 2002 and 2003)

Strike titles II and III and insert the following:

TITLE II—TEMPORARY BUSINESS RELIEF PROVISIONS

SEC. 201. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN PROPERTY ACQUIRED AFTER DECEMBER 31, 2001, AND BEFORE JANUARY 1, 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 DECEMBER 31, 2001, AND BEFORE JANUARY 1, 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 a 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 December 31, 2001,

“(iii) which is—

“(I) acquired by the taxpayer after December 31, 2001, and before January 1, 2004, but only if no written binding contract for the acquisition was in effect before January 1, 2002, or

“(II) acquired by the taxpayer pursuant to a written binding contract which was entered into after December 31, 2001, and before January 1, 2004, and

“(iv) which is placed in service by the taxpayer before January 1, 2004, or, in the case of property described in subparagraph (B), before January 1, 2005.

“(B) CERTAIN PROPERTY HAVING LONGER PRODUCTION PERIODS TREATED AS QUALIFIED PROPERTY.—

“(i) IN GENERAL.—The term ‘qualified property’ includes property—

“(I) which meets the requirements of clauses (i), (ii), and (iii) of subparagraph (A),

“(II) which has a recovery period of at least 10 years or is transportation property, and

“(III) which is subject to section 263A by reason of clause (ii) or (iii) of subsection (f)(1)(B) thereof.

“(ii) ONLY PRE-JANUARY 1, 2004, BASIS ELIGIBLE FOR ADDITIONAL ALLOWANCE.—In the case of property which is qualified property solely by reason of clause (i), paragraph (1) shall apply only to the extent of the adjusted basis thereof attributable to manufacture, construction, or production before January 1, 2004.

“(iii) TRANSPORTATION PROPERTY.—For purposes of this subparagraph, the term ‘transportation property’ means tangible personal property used in the trade or business of transporting persons or property.

“(C) EXCEPTIONS.—

“(i) ALTERNATIVE DEPRECIATION PROPERTY.—The term ‘qualified property’ shall