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House of Representatives

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

DESIGNATION OF THE SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
September 17, 2003.

I hereby appoint the Honorable JOHN ABNEY CULBERSON to act as Speaker pro tempore on this day.

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

PRAYER

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer:

Father of us all, by the power of Your spirit You fill our hearts with gifts of love for family and friends.

Hear our prayers for those in most need of our loving concern.

Help us bind up wounds of the past by forgiveness and strengthen our relationships in the future with new life.

As Members of the House of Representatives we pray for those who elected us to office and we ask the grace to serve them well.

You make us Your instrument of leadership and unity in this Nation now and for years to come.

Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from New Jersey (Mr. HOLT) come forward and lead the House in the Pledge of Allegiance.

Mr. HOLT 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.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will receive 10 one-minute speeches on each side.

CONGRESSIONAL BASKETBALL GAME

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

Mr. QUINN. Mr. Speaker, I am here to report on our fifth annual Congressional basketball game last night, a hard fought contest against the American League of Lobbyists. I am happy to report that the Members in the House were winners for the third time in a row. We have won four out of five games. The score was 49 to 48 in overtime.

Mr. Speaker, some would call these lobbyists enlightened to allow a win in overtime by one point by the Members of the House. However, Mr. Speaker, I want to report that the game last night broke all records and raised over $40,000 for Horton's Kids, bringing the grand total to over $120,000 over the 5 years of the tournament.

I want to thank the American League of Lobbyists and Mr. Paul Miller, who put an awful lot of time into the event, George Washington University for our use of their facilities. Our Congressional pages attended last evening as well. I want to thank all the Members who might be a little bit sore getting to the floor this morning, but thank them for their efforts for a great cause.

SUPPORT FOR CONGRESSIONAL RESOLUTION TO HONOR JOHNNY CASH

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

Mr. COOPER. Mr. Speaker, I rise today to ask for my colleagues' support of a resolution that I have introduced to honor the memory of one of America's greatest musical heroes, Johnny Cash. The music of Johnny Cash has literally touched the lives of millions of people in America and around the world, and that has spanned several generations.

In my hometown of Nashville, Music City, U.S.A., he is revered as a legend among legends. With a career spanning some 5 decades and with 70 recording albums and with 1,500 recorded songs, Johnny Cash was clearly a defining force in American music.

We will miss him for much more than the long list of songs that he added to the American classics. We will miss him as a great human being, a champion of the poor, the hopeless, the downtrodden, and the imprisoned. Because he was raised in poverty himself, the Man in Black spoke to everyone and for everyone.

So I ask my colleagues to join me in supporting H. Con. Res. 282 to honor the memory of Johnny Cash.

CONSTITUTION DAY

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

Mr. PITTS. Mr. Speaker, on September 17, 1787, 216 years ago today, the final draft of the Constitution was signed in Philadelphia.

Printed on recycled paper.

The day after a woman asked Benjamin Franklin what sort of government we have, he answered, ''A republic, if you can keep it.''

Beginning on December 7 of this year, five States, Delaware, Pennsylvania, New Jersey, Georgia, and Connecticut, ratified it in quick succession; but other States opposed the document saying it failed to provide basic protections like freedom of religion, speech and the press.

In February of 1788 a compromise was reached under which Massachusetts and the other States would agree to ratify the document with the assurance that the amendments would be immediately proposed: The Bill of Rights.

Nearly a year later the Constitution was ratified by the required 9 out of 13 States.

Mr. Speaker, today we celebrate the rule of law and the success of a great experiment, representative democracy, the core principles upon which this Nation was built, laid out in a single document: The Constitution, the oldest enduring written national Constitution in the world, the granddaddy of them all.

WE NEED A NEW TRADE POLICY

(Mr. DEFAZIO asked and was given permission to address the House for 1 minute.)

Mr. DEFAZIO. Mr. Speaker, congratulation to President Bush on a perfect record: 32 straight months of job loss; 32 straight months of industrial manufacturing job loss and yet another record trade deficit. This is something that will be hard for anybody to match, the disastrous trade policies of this Nation.

We are hemorrhaging $1.5 billion a day of wealth from the United States overseas, $1 million a minute, more than 1,000 jobs a day are being exported. The President likes to talk about the wealth and benefits of exporting. Yes, there are tremendous wealth and benefits in exporting, particularly exporting jobs at the bidding of multi-national corporations who are so generous when campaign time comes around.

Yes, they are feigning concern down there at the White House because they know there is an election coming and the money cannot take care of all the problems. So they are pretending they do not know where these jobs have gone and they have decided to change the flow chart at the Commerce Department and make one politically appointed bureaucrat responsible for finding out where they went and rectifying the situation.

All we need now is a new trade policy.

AMERICAN MILITARY PROVIDES HOPE TO IRAQIS

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

Mr. WILSON of South Carolina. Mr. Speaker, yesterday I returned from a delegation to Iraq organized by the Committee on Armed Services' ranking member, the gentleman from Missouri (Mr. SKELTON).

We visited with troops from Baghdad to Al Hillah in the south to Mosoul in the north, hearing directly from the heroes who have won the war and are now winning the peace in the war on terror.

These dedicated warriors have trained over 60,000 new Iraqi security forces and initiated over 6,000 community development programs for hospitals, schools, electrical transmission, business development and road improvements. Led by Lieutenant General Ricardo Sanchez, they are allied with over 20,000 personnel in Iraq from nations all over the world.

I was inspired by the development of democracy promoted by courageous mayors, governors, council members, and an Islamic religious university dean who is a descendent of Mohammed.

We also met with Ambassador Paul Bremer, who clearly has recruited a competent team, including Colombians George Wolfe and Chris Harvin, to successfully promote democracy.

A vital part of the war on terror is success in Iraq, and we have the right components of capable troops, local stalwarts for democracy, and a visionary Coalition Provisional Authority.

In conclusion, God bless our troops.

WINNING THE PEACE

(Ms. LORETTA SANCHEZ of California asked and was given permission to address the House for 1 minute.)

Ms. LORETTA SANCHEZ of California. Mr. Speaker, I rise today to express my great concern over the Bush administration's continued failure to broker an alliance with the international community and to win the peace in Iraq.

Week after week administration officials have continued to reiterate that heightened international involvement is forthcoming. During his address on September 8, President Bush stated that we are committed to expanding international cooperation and reconstruction and security for Iraq.

But week after week, it is American taxpayers who are shouldering the financial burden of our military engagement, and it is American servicemen and women who are paying with their lives.

Since the war began on March 20, 456 service members have been killed, both in combat and noncombat operations, and more than 2,400 have been wounded, many of them very seriously. But we know now that this cannot be sustained. Just last week the Congressional Budget Office released a report that stated the Army lacks sufficient active duty forces to maintain the current 150,000 troop strength in Iraq beyond next spring.

Mr. Speaker, it is imperative that we internationalize the Iraqi campaign by presenting a viable U.N. resolution. Every passing week means billions of dollars and more American lives.

CELEBRATING CONSTITUTION WEEK

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

Mr. BARTLETT of Maryland. Mr. Speaker, this is Constitution Week. What should we celebrate?

The purpose of America's Constitution is to establish a government based upon the rule of law, a republic.

Our Constitution was designed to secure the rights and liberties of the people by specifically defining what the Federal Government can and cannot do.

I always carry a copy of the Constitution. It is a short document. Read the Constitution and you will search in vain for most of what the Federal Government does. Activities not in the Constitution are supposed to be reserved to the States and to the people.

Estimates by the Congressional Budget Office predict that the amortized budget deficit this year will exceed $500 billion. The actual deficit is about $200 billion higher because under the unified budget we are spending the trust fund surpluses.

My bill, H.R. 1725, would increase the accountability of the Federal Government and encourage more Americans to vote. H.R. 1725 would move the IRS filing deadline to the first Monday in November. That is the day before elections. I believe that Americans would choose smaller government as specified in the Constitution if they filed their tax return on Monday and voted on Tuesday.

AMERICA SUFFERS WHEN BAD DECISIONS ARE MADE

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

Mr. HOLT. Mr. Speaker, I marvel at the degree of party discipline in the majority and the degree to which they insist on the correctness of their positions. The majority does not want to admit that fighting terrorism requires sacrifice. They do not want to admit that the U.N. can actually help us. They do not want to admit that we may have to go hat in hand to other countries to ask for financial and diplomatic help. They do not want to admit that our leaders did an inadequate job of planning for the post-Saddam occupation and transition to democracy in Iraq.

They do not want to admit that exorbitant tax cuts are not stimulating the economy and, in fact, are costing Americans jobs.

Some may think it is weakness to admit mistakes, but many Americans

instead think it is arrogance and a lack of touch with reality.

I ask myself why I would even want to give the majority party advice to do better if, in fact, the electorate is likely to make them pay for their arrogance. But I must say the longer they persist in this denial, the harder it will be for America to correct their course. Maybe the majority party will suffer for their arrogance, but the U.S. will suffer more.

□ 1015

TRADE MUST BE FAIR

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

Mr. SMITH of Michigan. Mr. Speaker, I was one of the Members down in Mexico this past Thursday, Friday and Saturday and Sunday at the WTO negotiations. I think a lot of Members of Congress were concerned that, again, this country might give in to what other countries wanted just for the sake of more world trade.

I would like to commend the Bush administration, and Robert Zelnick, our trade ambassador, for holding the line and not giving away things just for the sake of more world trade that eventually might have hurt our manufacturing business and our agriculture. I think no longer can we afford to have world trade just for the sake of world trade. It has got to be fair. It cannot be to the long-term disadvantage of America.

STOP DEFICIT SPENDING

(Mr. ROSS asked and was given permission to address the House for 1 minute.)

Mr. ROSS. Mr. Speaker, it has been 860 days since President Bush and the Republican party embarked on their economic plan for our country.

During that time, the national debt has increased by $1,167,994,451,600.72. According to the Web site for the Bureau of the Public Debt at the U.S. Department of Treasury, yesterday at 4:30 p.m. eastern daylight time the Nation's outstanding debt was $6,808,319,837,959.49. Furthermore, in fiscal year 2003, interest on our national debt or the debt tax, D-E-B-T tax, is $304,978,878,641.11. That is through August 31.

Mr. Speaker, we must stop deficit spending and pay this debt down.

LIMITS ON MEDICAL LIABILITY

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

Mr. BURGESS. Mr. Speaker, this weekend on Saturday, Texas, my home State, passed a constitutional amendment to limit and cap noneconomic damages in medical liability lawsuits. Texas now, as a result of passing this bold constitutional amendment, will enjoy lower liability premiums. In fact, my old insurer of record, Texas Medical Liability Trust, announced they would reduce premiums by 10 to 12 percent beginning this week.

Texas will control costs in medical care by this bold legislation and keep themselves competitive in the world market. One might ask, Mr. Speaker, do we then still need H.R. 5, the bill that was passed by this House that now languishes in the other body? I would submit that very strongly we do.

Mr. Speaker, this summer I was in Nome, Alaska, and talked to the medical staff at the hospital there, a medical staff that cannot hire an anesthesiologist because they cannot afford the liability premium. This means that doctors who practice obstetrics have to send their patients to Anchorage for cesarean sections, a 90-minute plane ride, and I am given to understand the weather in Nome, Alaska, is sometimes bad.

At Columbia University in New York, they cannot attract good medical students into their residency program. In fact, I was told by their residency director they are taking applicants that they would not have even interviewed 5 years ago.

Mr. Speaker, it is time for the Senate to pick up and pass limits on medical liability.

WE NEED TARGETED TAX CUTS

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

Mr. RYAN of Ohio. Mr. Speaker, we lost another one. WCI Steel, Incorporated, in Warren, Ohio, filed Chapter 11 bankruptcy just yesterday, one of the last major steel mills in the old ''steel valley'' that ran through Ohio and Western Pennsylvania. 1,740 workers are just going to hope they get a paycheck on Thursday. They have been bleeding cash for the last 3 years. Losses in 10 of its last 11 quarters produced $163.6 million in red ink.

The ultimate irony, this happened just a few days within the anniversary of 1977 when the closing of Youngstown Sheet and Tube's Campbell Works that wiped out nearly 5,000 jobs in one day.

This has been going on since 1977. It is time for this country to adopt a manufacturing policy that is going to start creating jobs back in the good old U.S. of A, not tax cuts for the top 1 percent but targeted tax cuts to allow investment here in the United States of America.

It is not going to happen with smoke and mirrors. It is not going to happen with the press conference. We are getting our clock cleaned by China, and it is time the United States wakes up just before it is too late.

TIME TO FOCUS ON ENFORCEMENT OF TRADE AGREEMENTS

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

Mr. PENCE. Mr. Speaker, I support free trade in principle, but I am troubled about its practice in America today. The State of Indiana has lost more manufacturing jobs than any other State in the Union. Virtually every major manufacturer in my eastern Indiana District has shed jobs since this recession began in the latter months of 2000, with one exception, and this week that company announced the elimination of 600 jobs in an entire foundry in central Indiana.

I just came from a meeting with the Secretary of Commerce, Don Evans. I commend the Secretary and the President for the appointment of a new Assistant Secretary of Manufacturing for establishing an unfair trade practices team. It is time for this administration to focus on enforcement of our trade agreements, with special emphasis on China and Mexico. Make them be as good as their word, Mr. Speaker, and it is also time to explain to American industry that shifting jobs overseas for short-term profits serves neither them, their shareholders nor their Nation in the long term.

HONORING JIM SHEEHAN

(Mr. GARRETT of New Jersey asked and was given permission to address the House for 1 minute.)

Mr. GARRETT of New Jersey. Mr. Speaker, I rise today in memory of a man who dedicated his life to public service and once sought to become a Member of this House as well. Mr. Speaker, the people of Bergen County and the rest of New Jersey lost a dedicated public servant, a devoted father and husband and family man and a friend of mine when Jim Sheehan lost his battle to cancer.

Mr. Sheehan spent the majority of his career in public service. He worked for a while for the people of Bergen County for a period of time. In 1976 and 1978 he was the Mayor of Wyckoff, and after that he became a freeholder, from 1991 to 2002, the Board of Chosen Freeholders of Bergen County.

After serving as freeholder for the county, he took on the very difficult task of being the chairman of the Republican party in Bergen County. Bergen is the last largest Republican organization in the State of New Jersey, and though he worked very hard and tirelessly strengthening the party of Lincoln, he did so while remaining friends and having the respect of people on both sides of the aisle.

So, Mr. Speaker, on behalf of the people of the 5th Congressional District, particularly the folks over in Bergen County, I offer my prayers and condolences to the friends and family of Jim Sheehan.

CONGRESSIONAL OVERSIGHT ON ADMINISTRATION'S REQUEST FOR $87 BILLION

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, all of us who have had the both pleasant and unpleasant experience of seeing our wounded young at our military hospitals, pleasant because they are so brave and so encouraging, and unpleasant because we see lives that have been so severely damaged, want us to be successful in the rebuilding and the democratization of Iraq. But I think it is imperative that the oversight responsibilities of this Congress be used now more than ever before maybe in our history and, that is, to determine the utilization of the administration's request of $87 billion.

It would be unconscionable for us to move forward on this request without understanding and persisting that the United States secures a U.N. resolution to include our allies both in burden sharing in the amount of money and troops, that we have a detailed exit strategy and we begin to work with our NATO allies, that we have full public congressional hearings for all of America to hear on the basis of the existence of the weapons of mass destruction and nuclear weapons, and finally, Mr. Speaker, that we protect and take care of our returning soldiers and veterans, as well as their families.

We hope that we can vote on this, but we must vote on it separately and not together.

MANUFACTURING MUST BE PROTECTED

(Mr. MANZULLO asked and was given permission to address the House for 1 minute.)

Mr. MANZULLO. Mr. Speaker, manufacturing is an endangered species that we must work now to protect. Some say manufacturing is no longer vital to our economy, the service industries will compensate.

I agree with Henry Kissinger when he says, "I think that a country has to have a massive industrial base in order to play a significant role in the world. And to that extent, outsourcing of jobs concerns me." What made the American economy strong was industrial innovation. America led the world in new production methods and increased efficiency. How can we be innovators if we have no industry left?

With our strong industry, we built the most impressive fighting force the world has ever seen, a military that keeps us safe and the world free, but when our satellites are made in China, bomb parts made in Switzerland, night vision crystals in France and the Pentagon now wanting to buy 30,000 flight jackets with Pakistani goat hair, as opposed to U.S. goat hair, are we defending our economy or supporting the economies of other countries?

In some sectors of defense, we have been forced to recognize foreign technology is now vastly superior to our own. We must, we must stand by U.S. manufacturing to maintain a strong defense base.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. CULBERSON). Pursuant to clause 8 of rule XX, the Chair will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken later today.

HOSPITAL MORTGAGE INSURANCE ACT OF 2003

Mr. NEY. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 659) to amend section 242 of the National Housing Act regarding the requirements for mortgage insurance under such Act for hospitals.

The Clerk read as follows:

Senate amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Hospital Mortgage Insurance Act of 2003".

SEC. 2. STANDARDS FOR DETERMINING NEED AND FEASIBILITY FOR HOSPITALS.

(a) IN GENERAL.—Paragraph (4) of section 242(d) of the National Housing Act (12 U.S.C. 1715z–7) is amended to read as follows:

"(4)(A) The Secretary shall require satisfactory evidence that the hospital will be located in a State or political subdivision of a State with reasonable minimum standards of licensure and methods of operation for hospitals and satisfactory assurance that such standards will be applied and enforced with respect to the hospital.

"(B) The Secretary shall establish the means for determining need and feasibility for the hospital, if the State does not have an official procedure for determining need for hospitals. If the State has an official procedure for determining need for hospitals, the Secretary shall require that such procedure be followed before the application for insurance is submitted, and the application shall document that need has also been established under that procedure.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this subsection (a) shall take effect and apply as of the date of the enactment of this Act.

(2) EFFECT OF REGULATORY AUTHORITY.—Any authority of the Secretary of Housing and Urban Development to issue regulations to carry out the amendment made by subsection (a) may not be construed to affect the effectiveness or applicability of such amendment under paragraph (1) of this subsection.

SEC. 3. EXEMPTION FOR CRITICAL ACCESS HOSPITALS.

(a) IN GENERAL.—Section 242 of the National Housing Act (12 U.S.C.1715z–7) is amended—

(1) in subsection (b)(1)(B), by inserting ", unless the facility is a critical access hospital (as that term is defined in section 1861(mm)(1) of the Social Security Act (42 U.S.C. 1395x(mm)(1)))" after "tuberculosis"; and

(2) by adding at the end the following:

"(i) TERMINATION OF EXEMPTION FOR CRITICAL ACCESS HOSPITALS.—

"(1) IN GENERAL.—The exemption for critical access hospitals under subsection (b)(1)(B) shall have no effect after July 31, 2006.

"(2) REPORT TO CONGRESS.—Not later than 3 years after July 31, 2003, the Secretary shall submit a report to Congress detailing the effects of the exemption of critical access hospitals from the provisions of subsection (b)(1)(B) on—

"(A) the provision of mortgage insurance to hospitals under this section; and

"(B) the General Insurance Fund established under section 519.".

SEC. 4. STUDY OF BARRIERS TO RECEIPT OF INSURED MORTGAGES BY FEDERALLY QUALIFIED HEALTH CENTERS.

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall conduct a study on the barriers to the receipt of mortgage insurance by Federally qualified health centers (as defined in section 1905(l)(2)(B) of the Social Security Act (42 U.S.C. 1396d(l)(2)(B))) under section 1101 of the National Housing Act (12 U.S.C. 1749aaa), or other programs under that Act.

(b) REPORT.—Not later than 6 months after the date of enactment of this Act, the Secretary of Housing and Urban Development shall submit a report regarding any appropriate legislative and regulatory changes needed to enable Federally qualified health centers to access mortgage insurance under section 1101 of the National Housing Act (12 U.S.C. 1749aaa), or other programs under that Act to—

(1) the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(2) the Committee on Financial Services of the House of Representatives.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio (Mr. NEY) and the gentleman from Massachusetts (Mr. FRANK) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. NEY).

Mr. NEY. Mr. Speaker, I yield myself such time as I may consume.

This morning we are considering H.R. 659, the Hospital Mortgage Insurance Act of 2003. This legislation will make substantial improvements to the FHA Hospital Mortgage Program, making it easier for hospitals to obtain mortgage insurance.

This vital program provides credit enhancement, merges public and private resources, and makes available billions of dollars in new hospital construction and improvements.

Hospitals, Mr. Speaker, face significant financial challenges when providing care to patients, we all know that, who are covered by Medicare and Medicaid. At the same time, improvements in technology and health care knowledge necessitate capital improvements such as additions and renovations to existing buildings. It is generally accepted that modern health care facilities will improve the quality of life and the health of the population.

In an effort to assist States to provide modern health care facilities, Congress enacted section 242 of the National Housing Act in 1968.

Section 242 permits FHA to insure mortgages of hospital sponsors used to finance the replacement, modernization and rehabilitation of inefficient existing facilities. Low interest rate costs attributable to FHA insured financing, as well as the development of more cost-efficient facilities, substantially reduces both provider and Federal and State reimbursement.

To be eligible for section 242 financing, a hospital must obtain a Certificate of Need from a designated State agency, or in the absence of a Certificate of Need authority, a State-commissioned feasibility study. In addition, the hospital must demonstrate that there are reasonable State or local minimum licensing and operating standards already in effect.

However, as a result of continuing Federal policy encouraging deregulation, Certificate of Need authority has ''sunset'' in some States. In fact, over the last 20 years, at least 18 States have repealed their Certificate of Need process and programs.

The problem has been further compounded by at least two other factors. In some States retaining Certificate of Need authority, some projects will not qualify for the CON process. In others, the relevant State agency often lacks the authority to commission alternative feasibility studies.

I remember addressing the Ohio Certificate of Need program for indigent care while serving in the State Senate in Ohio. Ohio was not alone in reforming that program. For example, several States repealed their Certificate of Need program, including Arizona, California, Indiana, Kansas, Minnesota, Missouri, Oregon, Pennsylvania, Texas and Utah.

□ 1030

One unintended consequence of those changes was to make it more difficult for hospitals in these States, particularly in rural areas, to obtain FHA insurance. This raised the cost of lending for hospitals, making it more difficult for them to improve existing facilities or build desperately needed new facilities.

This bill addresses that problem by giving HUD the freedom to devise new requirements for hospitals to be eligible for FHA mortgage insurance. It will significantly reduce the cost to providers of complying with expensive, pre-deregulation Certificate of Need eligibility requirements; and it will provide major economic stimulus to State and local communities as well as construction and permanent employment opportunities.

Two noncontroversial amendments have been added to the bill. One exempts critical-access hospitals from meeting the 242 statutory requirement that 50 percent of the patient-days in the facility be for acute care.

This will allow FHA to insure mortgages for small, rural hospitals with long-term care nursing facilities, an important change for communities in which there is not a large enough population to support two separate entities. This exemption will last for 3 years, during which time HUD will submit a report to the authorizing committees concerning its effect on the fund and eligibility.

The other amendment requires HUD to perform a study on the barriers to insuring mortgages for federally qualified health centers. The original amendment, to make them eligible for section 242 insurance, was dropped and this was inserted.

In order to ensure our health care system remains the best in the world, we must support continued advances in technology and improvement in medical care. The Hospital Mortgage Insurance Act of 2003 seeks to do just that by helping hospitals around the country, and especially in our rural areas, to continue modernizing their facilities and improving the quality of life for their patients.

Mr. Speaker, I urge Members to support this important piece of legislation. I thank the gentleman from Ohio (Mr. OXLEY), and I thank our ranking member, the gentleman from Massachusetts (Mr. FRANK), and our staff for the work on this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am delighted to be here to support this effort to make sure that the Federal Housing Administration is fully able to support hospitals. I wish it were as available to support housing, but we will deal with that in other settings.

As the gentleman from Ohio (Mr. NEY) has made clear, changes in Certificate of Need and other changes at the State level dealing with health care have put obstacles in the way of hospitals using FHA mortgage insurance. This is not a cost to the Federal Government; it is an example of trying to make medical care less expensive in ways that do not drain the Federal Treasury. It is a matter really that leverages the Federal system in ways that will help slow the increase in hospital costs and makes a great deal of sense. It is the kind of technical fix that is not terribly controversial, but is very important and will have enormous benefit.

I am pleased that we are going to be doing this in this quick fashion. I hope that this goes all of the way through the process; and the sooner the President can sign this bill, the better we will have treated the important cause of medical care.

Mr. Speaker, I reserve the balance of my time.

GENERAL LEAVE

Mr. NEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation, and insert extraneous material thereon.

The SPEAKER pro tempore (Mr. CULBERSON). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. NEY. Mr. Speaker, I yield myself such time as I may consume.

I thank the ranking member of the committee, and I also thank the ranking member of the subcommittee, the gentlewoman from California (Ms. WATERS). There has been a great bipartisan spirit on this bill and others, and we appreciate Members working together for the betterment of the people.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentlewoman from Texas (Ms. JACKSON-LEE) will later be managing on the Democratic side a bill from the Subcommittee on Immigration dealing with religious workers which I sponsored, and I would now like to express my appreciation to the gentlewoman and to the majority on the Committee on the Judiciary for bringing it forward. I will be back at a hearing on the Committee on Financial Services on the Sarbanes-Oxley bill, and so I take this opportunity to thank the gentlewoman.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for yielding me this time. I will take just a moment to thank the gentleman from Massachusetts (Mr. FRANK) for his leadership on the religious immigration bill that will be brought up later. Without the gentleman's leadership, we would not be here, and he is helping thousands of religious communities and others serve this Nation in a humanitarian way.

Mr. Speaker, I think the biggest point of this S. 659 is that it affects the Nation's health insurance program for 34 million seniors and 5 million disabled persons. Every Member in our congressional districts deals constantly with the need for increased and improved benefits for senior citizens and disabled persons.

A particular case I am grappling with in my office now is a young man injured severely a few years ago in the prime of his life and needs the kind of resources that can be provided by the enhancement of this legislation. My words are that this is an important move, and we thank the Committee on Financial Services for this amendment, as well as to emphasize that it is imperative that we move the Medicare logjam in the United States Congress so we can begin to holistically address the needs of those in nursing homes, senior citizens who have prescription drug needs, and how we deal with those who are least able to provide for themselves.

Mr. Speaker, I rise in support of H.R. 659, amending the National Housing Act. I support this legislation in the name of safeguarding Medicare and Medicaid. This bill affects a program that is the nation's health insurance program for 34 million senior citizens and 5 million disabled persons; therefore, I must contribute to every effort to sustain it. When hospitals, especially rural facilities, assess the need to make improvements and renovations

to existing buildings or structures, the more relaxed feasibility standards for approving mortgage insurance will allow investors and hospital board members to more comfortably initiate proposed improvements without contemplating an impact on the federal healthcare assistance programs that we have worked so hard to preserve.

Specifically, H.R. 659 will allow for a uniform set of eligibility requirements that will protect FHA insurance funds while also spurring insurance premium revenues which, in turn, translate into improvements to hospital facilities. It will also further the cost reduction goals of the federal regulation scheme. Furthermore, this bill will provide protection for hospitals in states where there is neither ''sunset'' or state-authorized deregulation by way of the certificate of need (CON) requirements. Most importantly, H.R. 659 will provide significant economic rejuvenation to state and local healthcare communities.

In our troubled economy, it is not surprising that many hospitals struggle to secure its capital. For smaller, rural hospitals, it is almost impossible to do so.

The Department of Housing and Urban Development's Section 242 mortgage bond program has been drafted and amended this legislation to help hospitals in this area, but 80 percent of its clients have been from New York and 10 percent from New Jersey, according to the Greater New York Hospital Association. We must ensure that the help reaches areas like the Greater Houston area.

Since its start in 1968, Section 242, which provides Federal Housing Administration insurance to back hospital capital improvement bonds, has secured over 300 hospital loans in 40 states and Puerto Rico. In practice, however, that has meant hundreds of loans in the Northeast and very few elsewhere.

However, the program has recently insured a tax-exempt proposal in Texas, and others are beginning the process. Applications are currently under review in Oklahoma and Wisconsin, and facilities in California, Colorado, and Minnesota will soon turn their interest into action.

Hospitals want Section 242-protected loans, in part, because the lenders have made the application process less cumbersome. The Department streamlined its business processes during the late 1990s to make the program easier for hospitals and their bankers. Therefore, states that don't require certificates of need have become more willing to accept commissioned studies of need and feasibility. As a result, the program is now accessible to many more hospitals nationwide.

Rural hospitals, long cut off from capital, are now using a program that could make a dramatic difference. Under the Medicare Rural Hospital Flexibility Program, part of the Balanced Budget Act of 1997, Medicare can designate critical-access hospitals—hospitals that receive cost-based rather than formula-based reimbursements from Medicare for inpatient and outpatient services. That allows the hospitals to recoup capital costs and improve their bottom line. HUD has streamlined the Section 242 process for them by covering financial feasibility studies and working with the hospitals to ensure success by hiring consultants to develop transition plans.

Many rural hospitals were build during the 1950s and 1960s with loans and grants from the Hill-Burton Program (Title VI of the Public Health Service Act). But appropriations for the program ended in 1974, and since then the hospitals have had trouble getting access to capital.

The loans under Section 242 may be used for construction refinancing, remodeling, or expansion of new and existing facilities. Architect fees, planner fees, title and recording fees, and other costs normally associated with a capital improvement project are also eligible. Also, up to 4.5 percent of the loan amount may be used for financing and placement fees, and 2 percent for working capital.

An FHA-insured mortgage can cover up to 90 percent of the replacement value of the assets pledged as security for the debt. Because the pledged assets include all of the hospitals' assets, not just the current project, the insured mortgage may cover the full costs.

The threshold qualification for the program is a certificate of need (CON) issued or pending for the project. If a state does not have a CON process, HUD will work with the state to establish guidelines for conducting an independent feasibility study.

With respect to the Baptist Hospitals of Southeast Texas, the Texas Department of Health conducted a feasibility study under guidelines it established in an agreement with the FHA. Pursuant to this agreement, the borrower is responsible for the cost of the feasibility study, which can be paid directly by the borrower or from the mortgage proceeds. During construction, the annual insurance premium is charged on the full amount of the approved mortgage and is capitalized in the loan for the full construction period.

The Section 242 program is of paramount importance because it is a credit-enhancement vehicle that can be of tremendous use to large health systems. This program has distinct applications which can be used by a whole litany of hospitals—community and critical-access hospitals, proprietary institutions.

Mr. Speaker, for the above reasons, I support H.R. 659.

Mr. OXLEY. Mr. Speaker, I'd like to thank Housing Subcommittee Chairman BOB NEY for introducing this important legislation. This bill is a great example of common sense triumphing over bureaucratic impediments.

The Federal Housing Administration has been helping Americans buy homes for nearly 70 years. This backing helps American families struggling with the costs of homeownership to obtain lower interest rates on their mortgages and for many, may be the difference between securing a home loan or not.

Today we're here to ensure that these same benefits are available for hospitals across the country. In the 1970s, Congress enacted legislation to provide mortgage insurance to hospitals making capital improvements, provided they submitted an approved certificate of need from their state government. Too many hospitals are unable to take advantage of the significant benefits incurred by FHA insurance because their states no longer provide the certificates of need necessary to qualify for FHA-backed mortgages. This bill responds to the changes in state programs over the past twenty years.

By allowing the Department of Housing and Urban Development to craft guidelines for qualifying hospitals without certificate of need programs, this bill will improve healthcare in communities across America. This legislation will build new maternity wards, modernize facilities and put hospitals in communities that do not have reasonable access to these services locally.

With this bill, we can move toward ensuring that quality, affordable medical care is readily available in rural and urban communities where financing is most needed.

I command Congressman NEY for his leadership and thank Committee and Subcommittee Ranking Members Congressman FRANK and Congresswoman WATERS for their help and support with this legislation.

Mr. FRANK of Massachusetts. Mr. Speaker, I yield back the balance of my time.

Mr. NEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio (Mr. NEY) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 659.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

KOREAN WAR VETERANS RECOGNITION ACT OF 2003

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 292) to amend title 4, United States Code, to add National Korean War Veterans Armistice Day to the list of days on which the flag should especially be displayed.

The Clerk read as follows:

H.R. 292

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 ''Korean War Veterans Recognition Act of 2003''.

SEC. 2. DISPLAY OF FLAG ON NATIONAL KOREAN WAR VETERANS ARMISTICE DAY.

Section 6(d) of title 4, United States Code, is amended by inserting ''National Korean War Veterans Armistice Day, July 27;'' after ''July 4;''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentlewoman from Texas (Ms. JACKSON-LEE) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 292.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill adds the National Korean War Veterans Armistice

Day to the list of days upon which the American flag should especially be displayed. Currently, title 4 of the U.S. Code provides that the flag should be displayed on all days, but specifically mentions 10 permanent Federal holidays on which the flag should be displayed. This bill would amend title 4 to include July 27, the National Korean War Armistice Day.

Nearly 1.8 million American soldiers fought bravely in harsh weather and foreign terrain over the course of 3 years to defend democratic South Korea from an offensive invasion launched by communist North Korea when its armed forces crossed the 38th parallel. On July 27, 1953, an armistice was signed and North Korea withdrew to its side allowing South Korea to remain an independent democratic nation. At the war's conclusion, over 103,000 American soldiers had been wounded, and 36,577 were killed.

The 10 permanent Federal holidays that are currently listed in law serve to recognize the people and events that have shaped the character of our Nation. By adding this day to this list, the bill will ensure that those who fought and died so bravely in the Korean War are recognized for their contribution to our Nation. I urge my colleagues to support this bill.

Mr. Speaker, I reserve the balance of my time.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is certainly appropriate in the backdrop of the Operation Iraqi Freedom when our young men and women are facing danger in supporting and uplifting the values of this Nation to be able to expand our recognition of all of those who have offered themselves on behalf of the values of this Nation.

I rise to support the Korean War Veterans Recognition Act of 2003, H.R. 292, and I urge my colleagues to support it. The legislation was reported unanimously by the Committee on the Judiciary and deserves support. The bill is very straightforward. It would add the commemoration of the Korean War Armistice designated by Congress as National Korean War Veterans Armistice Day to the list of important occasions on which the flag is specially displayed. These holidays now include the birthdays of Reverend Dr. Martin Luther King, Presidents Washington and Lincoln, Memorial Day, and July 4, among others.

Clearly in the backdrop of the 50th anniversary or commemoration of the Korean war and our tribute over the past year of the United States to the Korean war veterans, it is certainly appropriate to be able to acknowledge and to rephrase the terminology ''the forgotten war.'' Sometimes the Korean war is called the forgotten war. The courageous service and sacrifice of our Korean war veterans must never be forgotten, and I emphasize that. It deserves to be commemorated and honored.

This commemoration deserves to be among those days upon which the flag is especially flown in honor of that service. Again, to all of our service men and women serving now and our veterans, it is certainly our responsibility and challenge to continue to respect you and admire the work and service you have given and to commit to you again as veterans that we will never allow any undermining of our commitment to you for lifetime care. This particular recognition acknowledges the veterans of a war that will not be forgotten. I urge the adoption of this bill.

Mr. Speaker, I rise in support of the Korean War Veterans Recognition Act and urge my colleagues to support it. This legislation was reported unanimously by the Judiciary Committee and deserves every member's support.

This bill is very straightforward. It would add the commemoration of the Korean War Armistice, designated by Congress as ''National Korean War Veterans' Armistice Day,'' to the list of important occasions on which the flag is specially displayed. These holidays include the birthdays of the Rev. Dr. Martin Luther King, Presidents Washington and Lincoln, Memorial Day, and July 4th, among others.

Although sometimes called the ''forgotten war,'' the courageous service and sacrifice of our Korean war veterans must never be forgotten. It deserves to be commemorated and honored. This commemoration deserves to be among those days on which the flag is specially flown in honor of that service.

I urge the adoption of this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Speaker, the bill before the House today makes certain that the heroes of America's forgotten war are not forgotten. It is important because if we look at the Korean War Veterans Memorial here in Washington, D.C., we will see the words ''Freedom is not free.'' We need to remind ourselves that over 36,000 Americans lost their lives in a war that has been essentially simply forgotten by many, many people.

Flying the flag on this day makes a difference because people will look at it, young people will look at it, and they will say why is the flag flying especially today. The flag is flying because it is a reminder and a recognition of the Korean War Veterans Armistice Day. It is a day when we all should stop and remember a tremendously difficult hard-fought war. We had an armistice there, and 1.8 million members of the United States Armed Forces fought bravely to preserve freedom and democracy in Korea; and we need to take time out to honor them.

Mr. Speaker, I would like to thank the gentleman from Wisconsin (Chairman SENSENBRENNER) for his leadership and his assistance in bringing this measure to the floor this morning, and I urge all Members to support H.R. 292.

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Ms. JACKSON-LEE of Texas. Mr. Speaker, I urge my colleagues to support this bill.

Mr. SAM JOHNSON of Texas. Mr. Speaker, our Korean war commemoration, which began on June 25, 2000, on the 50th anniversary of the invasion of South Korea, continues through Veteran's Day this year.

This past July 27th held special significance because it marked the 50th anniversary of the Korean war armistice.

Begun only 5 years after the end of World War II, the Korean war was, in many ways, the first reminder that America must remain the world's leading force for peace, prosperity and freedom—a responsibility we still hold today.

Called to fight back the brutal forces of communism, 1.8 million Americans courageously participated in the Korean war. The United States suffered over 36,000 dead and over 100,000 wounded in some of the most horrific conditions in the history of warfare. And even today there are still over 8,000 unaccounted for.

The service and sacrifices of our Korean war veterans 50 years ago saved a nation from Communist enslavement and gave South Korea the opportunity to develop and flourish under freedom and democracy.

Sadly, the Korean war is sometimes referred to as the ''forgotten war.''

Perhaps it was the mood of a nation wanting to return to peace after the Second World War. But for the U.S. men and women who served, and for the families and friends of those who paid the ultimate price, the Korean war can never be forgotten.

By adding the Korean war veterans Armistice Day, July 27, to the list of days on which the United States Flag should be displayed, this Congress is sending a message, loud and clear, that ''we will never forget.''

All Americans must know, as the words etched on the Korean War Memorial reminds us, that ''freedom is not free.'' It cannot be taken for granted.

Should this great country wish to preserve its freedom, we must pay tribute to those who paid the price for it.

Korean war veterans, I salute you.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CULBERSON). The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 292.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

EXTENDING SPECIAL IMMIGRANT RELIGIOUS WORKER PROGRAM

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2152) to amend the Immigration and Nationality Act to

extend for an additional 5 years the special immigrant religious worker program.

The Clerk read as follows:

H.R. 2152

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF SPECIAL IMMIGRANT RELIGIOUS WORKER PROGRAM.

(a) IN GENERAL.—Section 101(a)(27)(C)(ii) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(27)(C)(ii)) is amended by striking ''2003,'' each place it appears and inserting ''2008,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on October 1, 2003.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentlewoman from Texas (Ms. JACKSON-LEE) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 2152, the bill currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have a rather lengthy statement on this bill which in the interest of saving time and allowing the Members to leave Washington before the hurricane shuts everything down, I will not read extensively. I will insert it into the RECORD pursuant to the leave just granted.

However, I will say that this bill extends an immigrant visa program for religious workers that is set to expire. The current visa program allows American religious denominations to sponsor and bring in religious workers from overseas for both ministers and non-ministers. The program is highly restricted and many religious denominations have taken advantage of this program in the years past basically to provide additional personnel to do not only their religious work but some of their charitable work as well. It is a program that has not been abused. It is a program that has been found extremely useful and necessary by many of the religious denominations. It is set to expire on September 30. The passage of this bill will extend the authority for this program an additional 5 years. I urge its adoption.

Mr. Speaker, the immigrant visa program for religious workers allows American religious denominations to benefit from the assistance of both ministers and non-minister religious workers from overseas. However, the two visa categories authorized under program for non-minister religious workers are set to expire at the end of this fiscal year and must be extended for these benefits to continue.

Under the immigrant visa program, an alien (along with spouse and children) can qualify for a special immigrant visa if they are a member of a religious denomination closely associated with a bona fide nonprofit, religious organization in the United States.

To be eligible, they must seek to enter the United States to serve either as a minister or in a religious vocation or occupation at the request of the associated organization. Additionally, they are required to have been carrying out such work continuously for at least the preceding two years.

The two non-minister religious worker categories were added by the 1990 immigration act. Because of the fear of fraudulent or excessive use of these categories, a maximum of 5,000 visas a year was allowed for the two categories. However, the number has stayed well below the cap as 1,413 religious workers (and 1,714 spouses and children) received these visas in fiscal year 2002.

The non-minister religious worker categories were originally set to expire in 1994. After two extensions, the categories now will lapse on October 1st of this year. H.R. 2152, introduced by Representative BARNEY FRANK, would extend the special immigrant visas for religious workers until October 1, 2008.

The Judiciary Committee has received a letter signed by organizations representing many religious denominations supporting an extension of these visas. The letter provided a number of examples of how various religious denominations rely on the religious worker visas. For example, ''Catholic dioceses rely heavily upon religious sisters, brothers, and lay missionaries from abroad. . . . Some fill a growing need in the Catholic Church for those called to religious vocations. Others provide critical services to local communities in areas including religious education, and care for vulnerable populations such as elderly, immigrants, refugees, abused and neglected children, adolescents and families at risk.''

In addition, ''Jewish congregations, particularly in remote areas with small Jewish communities, rely on rabbis, cantors, kosher butchers, Hebrew school teachers, and other religious workers who come from abroad through the religious worker program. Without them, many Jewish communities would be unable to sustain the institutions and practices that are essential to Jewish religious and communal life.''

And, ''[o]ther religious denominations, such as the Baptist Church, the Church of Christ Scientist, the Church of Jesus Christ of Latter Day Saints, the Lutheran Church, and the Seventh Day Adventist Church, also rely on the visas to bring in non-minister religious workers, who . . . work in areas as diverse as teaching in church schools, producing religious publications, sustaining prison ministries, training health care professionals to provide religiously appropriate health care, and performing other work related to a traditional religious function.''

These visas serve a valuable role and contribute to Americas' vibrant religious life. I urge my colleagues to support this legislation.

Mr. Speaker, I reserve the balance of my time.

Ms. JACKSON-LEE of Texas. I yield myself such time as I may consume.

Mr. Speaker, this is a very fine example of the Committee on the Judiciary working together in a bipartisan effort on immigration policies. Let me thank the chairman of the full committee, the gentleman from Wisconsin, and the gentleman from Michigan, the ranking member, because most often we have found an opportunity to try and cure problems and to work on legislation as relates to immigration in a bipartisan way. Let me also thank the gentleman from Massachusetts for his persistence. Representing a very diverse district, he was very much an advocate, a proponent of this legislation and an author of this legislation to extend the opportunities for these very special immigrant religious workers. We acknowledged him as he is presiding over a hearing, but I do want to indicate to this body that he introduced this important legislation and we thank him for doing so.

This bill is extremely relevant to many of our religious institutions and communities. It clearly is an act that has shown the effectiveness of using immigrant workers where there is no abuse. It allows religious organizations to sponsor both ministers and non-minister religious workers from abroad to perform services in the United States. The non-minister religious workers category includes a variety of occupations, such as nuns, religious brothers, cantors, pastoral service workers, missionary and religious broadcasters.

The real aspect of this bill that should be heard is that these religious workers provide a very important spiritual function in the American community in which they work and live, in addition to performing activities in furtherance of a vocation or religious occupation often possessing characteristics unique from those found in the general labor force. This is not a sidebar step to intrude immigrant workers into issues and positions that are not tied to the spiritual impact. Historically, religious workers have staffed hospitals, orphanages, senior care homes and other charitable institutions that provide benefits to society without public funding.

As the new Department of Homeland Security has come in place, they have made sure that religious workers do not include janitors, maintenance workers, clerks, fund-raisers, solicitors of donations or similar occupations. This is truly a spiritual work. I believe that the extension of this legislation will be particularly important.

The Catholic Church in the United States has heavily utilized this program to serve the increasing diversity of its membership which includes parishioners from countries throughout the world. Religious workers from abroad assist the church here in a variety of ways. They come as religious brothers and nuns, counseling members of ethnic communities. I think that they have a very important role as relates to the existing immigrant community and their responsibilities there have been very much utilized by communities to help with the refugee community and the immigrant community.

As I indicated and in closing, Mr. Speaker, we have been able to work together on many issues that deal with immigration policies in the Committee on the Judiciary. Let me also hope as we move toward this whole issue of dealing with Patriot Act II that we will likewise have the opportunity to respond to the needs and concerns of Americans and assess the fact that we must balance our civil liberties as we move forward to protect this Nation. This is a very fair legislative initiative. I again thank the gentleman from Massachusetts.

Mr. Speaker, thank you for considering this bill, H.R. 2152, To Amend the Immigration and Nationality Act to Extend for an Additional 5 Years the Special Immigrant Religious Worker Program, and thank you to Mr. FRANK for having introduced this important legislation. As the Ranking Member of the Judiciary Committee's Subcommittee on Immigration and Claims this bill has much relevance to my ongoing immigration initiatives on a national and constituent-based scale.

The special immigrant classification of the Immigration and Nationality Act (INA) allows religious organizations to sponsor both ministers and non-minister religious workers from abroad to perform services in the United States. The non-minister religious workers category includes a variety of occupations, such as nuns, religious brothers, catechists, cantors, pastoral service workers, missionaries, and religious broadcasters.

We consider today legislation that would amend the INA to extend the Special Immigrant provisions which otherwise are set to expire on October 1, 2003. This bill, H.R. 2152, which I cosponsor and support, would extend the special immigrant religious worker program for an additional 5 years.

Religious workers provide a very important spiritual function in the American communities in which they work and live, in addition to performing activities in furtherance of a vocation or religious occupation often possessing characteristics unique from those found in the general labor force. Historically, religious workers have staffed hospitals, orphanages, senior care homes, and other charitable institutions that provide benefits to society without public funding.

According to the Department of Homeland Security, the term ''religious worker'' does not include janitors, maintenance workers, clerks, fundraisers, solicitors of donations, or similar occupations. The activity of a layperson who will be engaged in a religious occupation must relate to a traditional religious function. The activity must embody the tenets of the religion and have religious significance, relating primarily, if not exclusively, to matters of the spirit as they apply to the religion.

Prior to the enactment of the Immigration Act of 1990, non-profit religious organizations that requested the services of foreign-born, non-minister religious workers were forced to fit their needs into the business, student, or missionary visa categories. This was problematic for religious organizations, as the established visa categories were created primarily for the needs for profit-making businesses. As a result, religious organizations were frequently unable to sponsor foreign non-minister religious workers.

The Catholic Church in the United States has heavily utilized this program to serve the increasing diversity of its membership, which includes parishioners from countries throughout the world. Religious workers from abroad assist the Church here in a variety of ways. They come as religious brothers counseling members of ethnic communities, religious sisters providing social services and care to the poor and ill, and lay persons assisting with religious education. While supporting the Church in its spiritual mission, these workers also mend the spirit of those in need in our local communities by working in schools, hospitals, homes for the aged, and homeless shelters.

I acknowledge that fraud and abuse are concerns with this program. Nevertheless, restricting the religious worker provision is not the way to resolve this problem. The provision requires non-minister special immigrant religious workers to meet stringent qualifications before they enter the country. Any attempt to impose stricter criteria could hurt religious organizations and hinder their performance of humanitarian and community service-related projects.

A failure to extend this program in a timely fashion would be a disservice not only to religious organizations but to local communities and individuals in distress who depend on the work of their members.

Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 2152.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

INTERNET TAX NONDISCRIMINATION ACT

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 49) to permanently extend the moratorium enacted by the Internet Tax Freedom Act, and for other purposes, as amended.

The Clerk read as follows:

H.R. 49

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 ''Internet Tax Nondiscrimination Act''.

SEC. 2. PERMANENT EXTENSION OF INTERNET TAX FREEDOM ACT MORATORIUM.

(a) IN GENERAL.—Subsection (a) of section 1101 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended to read as follows:

''(a) MORATORIUM.—No State or political subdivision thereof may impose any of the following taxes:

''(1) Taxes on Internet access.

''(2) Multiple or discriminatory taxes on electronic commerce.''.

(b) CONFORMING AMENDMENTS.—(1) Section 1101 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking subsection (d).

(2) Section 1104(10) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking ''unless'' and all that follows through ''1998''.

(3) Section 1104(2)(B)(i) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking ''except with respect to a tax (on Internet access) that was generally imposed and actually enforced prior to October 1, 1998,''.

(c) CLARIFICATION.—The second sentence of section 1104(5), and the second sentence of section 1101(e)(3)(D), of the Internet Tax Freedom Act (47 U.S.C. 151 note) are each amended by inserting '', except to the extent such services are used to provide Internet access'' before the period.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from North Carolina (Mr. WATT) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 49, the bill currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 49, the Internet Tax Nondiscrimination Act. Over the last several years, the Internet has revolutionized commerce, become an economic engine and is a major source of information for Americans in virtually every segment of the population. It has expanded consumer choices, enhanced competition and enabled individuals as well as brick and mortar retailers to participate in a national marketplace once reserved to a privileged few.

In 1998, Congress passed the Internet Tax Freedom Act to facilitate the commercial development of the Internet, and in 2001 this body voted to extend the moratorium through this year. This act prohibits States from imposing multiple and discriminatory taxes on electronic commerce and shields consumers from new Internet access taxes. However, it does not exempt Internet retailers from collecting and remitting sales taxes to the States.

Introduced by the gentleman from California (Mr. COX), H.R. 49 makes permanent the ban on taxes that target the Internet for discriminatory treatment as well as all taxes on Internet access by States and localities. This sound policy reflects the experience and insights gained over the last 5 years and represents the position of a wide bipartisan cosponsorship.

The Subcommittee on Commercial and Administrative Law conducted a hearing on this bill in April. On July 16, the full Judiciary Committee reported the bill favorably by voice vote with one bipartisan amendment in the nature of a substitute offered by the subcommittee's ranking member, the gentleman from North Carolina, and

its chairman, the gentleman from Utah. This amendment ensures that the original intent of the law, to provide tax freedom for all forms of Internet access, is preserved. I commend the gentleman from Utah and the gentleman from North Carolina for their work to clarify in this amendment that tax freedom must be tech neutral.

If H.R. 49 is not passed, Internet commerce will be subject to State and local taxes in thousands of jurisdictions. Failure to make the moratorium permanent could result in the imposition of a complex web of taxes that would create uncertainty for the information technology industry, a sector of the economy which can ill afford further setbacks.

Further, we must encourage equal participation in the digital age by keeping Internet access as affordable as possible. A recent survey confirmed that poorer Americans and those in rural or urban areas are most likely to cite cost pressures as a major reason why they would not avail themselves of the resources found online. Taxes on Internet access would only deepen the digital divide between those who have access to the Internet and those who do not. This bill has had virtually unanimous support in the Committee on the Judiciary and it has more than 130 bipartisan cosponsors. It is supported by the administration and has garnered the endorsement of numerous IT businesses and organizations.

Last Congress, the House and Senate passed a temporary extension of the moratorium by voice vote. These limited protections expire November 1 of this year. It is now time to make the benefits created by the moratorium permanent. Doing so will vitalize the IT economy, assist consumers and stimulate equal access to the invaluable resource that is the Internet.

I urge my colleagues to support this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. WATT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 49, the Internet Tax Nondiscrimination Act. H.R. 49 would permanently extend the existing moratorium against taxes on Internet access by all State and local governments, including those that were previously grandfathered by the Internet Tax Freedom Act. Although this bill will necessarily result in the loss or potential loss of revenue to some States, it will promote the continued development, emergence and widespread access to the Internet and it will do so in a fair and technologically neutral manner.

During the full committee markup of H.R. 49, I, together with the chairman of the Subcommittee on Commercial and Administrative Law, the gentleman from Utah, offered an amendment to help clarify the meaning of Internet access and to put an end to the current confusion that has led to discriminatory and inconsistent State taxation on Internet access. The bill before us today incorporates that amendment and is the product of industry-wide and bipartisan negotiations. The principle I pursued in offering the amendment was simple. If we are to prohibit taxes on Internet access, we must do so regardless of how that access is provided. Otherwise, we would give a competitive advantage to those providers covered by the moratorium over those providers that remained subject to taxation. This would limit the choices of consumers and raise the costs of alternative means of accessing the Internet, such as DSL. By making the moratorium applicable to all Internet service providers, we have created a level playing field for the consumer. In the process, we have had no intention to otherwise undermine State and local telecommunications tax bases.

Indeed, I, along with the gentleman from Massachusetts (Mr. DELAHUNT) and other colleagues on the subcommittee, have insisted throughout that we remain mindful of the fiscal crisis currently confronting many of our States. Toward that end, Chairman CANNON has agreed to conduct hearings this month on the States' attempt to establish a unified tax system that would enable them to impose and collect sales taxes on transactions over the Internet in a manner that is fair and manageable. I commend Chairman CANNON for his commitment to those hearings and look forward to working toward a solution to the streamlining issue.

In closing, I believe that H.R. 49 ensures that the ban on Internet access taxes is neutral as to technology, speed and provider.

□ 1100

I believe that the bill will lower costs to the consumer, enhance competition, clarify for State and local governments the type of services subject to tax, and facilitate narrowing the digital divide that presently impedes access to the Internet in disadvantaged communities. I urge my colleagues to support H.R. 49.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield 4 minutes to the gentleman from Utah (Mr. CANNON), the chairman of the subcommittee.

Mr. CANNON. Mr. Speaker, I thank the gentleman for yielding me this time. I would also like to thank the gentleman from North Carolina (Mr. WATT), the distinguished ranking member of the subcommittee, for his long hours and hard work on this issue. We appreciate that very much. Also, the gentleman from Massachusetts (Mr. DELAHUNT), who has been very clear and very helpful in setting up the issue of the Streamlined Sales Tax Project, and others who have worked on this bill who I will mention during my speech; but I also want to mention the gentleman from Virginia (Mr. GOODLATTE), chairman of the Committee on Agriculture, who for years has worked on this issue.

Mr. Speaker, I rise in support of H.R. 49. I would like to thank the gentleman from Wisconsin (Mr. SENSENBRENNER), chairman of this committee, the Committee on the Judiciary, and the gentleman from Michigan (Mr. CONYERS) for their constant support of preventing taxation on Internet access. I also want to thank the gentleman from California (Mr. COX) for championing this issue since he, together with Senator WYDEN, first introduced this legislation.

I also wish to recognize the efforts of my friend from Virginia, Senator ALLEN, on companion legislation in the other body. I look forward to working with him and others to guide our product to the President's desk for signature.

This body has debated Internet tax moratorium bills several times since 1998. In the past, efforts were made to link these moratoria to consideration of whether Congress should adopt legislation authorizing States to compel the collection of sales taxes from remote vendors. This effort, known as the ''Streamlined Sales Tax Project,'' or SSTP, has made progress without Federal intervention. But as we know, before interstate compacts can become effective, the Constitution requires congressional approval.

I thank the gentleman from Massachusetts (Mr. DELAHUNT) for his attention to the SSTP and assure him of my cooperation in considering all facets of this effort. My subcommittee has scheduled a hearing on the project for October 1 in order to give Members an opportunity to examine this issue fully.

Mr. Speaker, I support H.R. 49. This bill would broaden access to the Internet, expand consumer choice, promote certainty in growth in the IT sector of our economy, and encourage deployment of broadband services at lower prices.

The bill puts to rest the ''grandfather'' clause and makes tax-free Internet access a national policy. As I stated during committee consideration of this bill, the amount of tax revenue that certain States collect as a result of the grandfather clause pales in comparison to the amounts of aid these States receive under President Bush's economic package. We established a consistent national policy of not taxing Internet access through this bill.

H.R. 49 was amended in the Committee on the Judiciary to ensure that the moratorium is equally applied to all forms of Internet access. The gentleman from North Carolina (Mr. WATT), my good friend, and I were alerted to the fact that since 1998, the ITFA tax protections were not being fairly applied by the States. In particular, some States have begun to tax DSL Internet access in plain circumvention of the intent of the ITFA.

I supported the gentleman from North Carolina (Mr. WATT) in an

amendment at the committee to achieve what we believe is a fair and sound policy; parity of tax treatment for all forms of Internet access. This bipartisan effort, led by the gentleman from North Carolina (Mr. WATT) and the gentleman from Michigan (Mr. CONYERS), underscores the importance of the Internet to our economy. The result is a thoughtful and necessary clarification restoring the ITFA to its original intent. It strikes a careful balance between those who tax and those who are taxed.

I want to emphasize that telecommunications services not used to provide Internet access remain outside the moratorium and that voice services over traditional telephone lines, therefore, remain taxable. Not taxable are the DSL, cable, dial-up, or other Internet access technologies that may run over those lines.

This bill, cosponsored by more than 130 Members of this body, is endorsed by administration and supported by numerous technology companies and organizations. Mr. Speaker, this bill makes sense for an economy that, while improving, needs clarity of tax policy by encouraging investment in broadband.

Finally, I want to thank again the gentleman from Wisconsin (Chairman SENSENBRENNER) for his consistent support as we move toward permanent tax freedom for Internet access. His work has been invaluable. I urge my colleagues to support H.R. 49 as amended.

Mr. WATT. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. CONYERS), ranking member of the full committee.

Mr. CONYERS. Mr. Speaker, I thank the gentleman from North Carolina (Mr. WATT), ranking member, for yielding me this time, and to the members of the Committee on the Judiciary.

I rise on the point of a simple principle in terms of the bill under discussion. I rise against multiple and discriminatory taxes of any kind and especially in this area of the Internet. Secondly, I congratulate the authors of the Watt-Cannon amendment that attempts to clarify the ban on Internet access taxes, and it applies not only to dial-up Internet service, but also to high-speed cable. When we passed the ban on access taxes in the mid 1990's, no one considered that we could access the Internet over other than the telephone. This bill resolves the ambiguity, and I have other reasons to commend the authors of Watt-Cannon, but right now I support the bill.

Mr. Speaker, I rise in support of this legislation. This bill makes permanent a moratorium on internet access taxes as well as multiple and discriminatory taxes on the internet that we first passed as part of the Telecommunications Act of 1996. It is difficult to justify multiple and discriminatory taxes under any circumstances, on the Internet or otherwise, so I am glad to join in bipartisan support of this legislation.

In addition to making the moratorium permanent, the bill before us incorporates the Watt-Cannon amendment to clarify that the ban on internet access taxes applies to not only dial up internet service but also high speed cable, "DSL," and other technologies. When we passed the ban on access taxes in the mid-90's, none of us considered that we could access the internet other than over the phone. This bill resolves that ambiguity. It is in no way intended to otherwise undermine state and local tax bases.

My support for this bill is premised in part on commitments made by the majority that we will be able to turn to another issue involving interstate taxes—streamlining the sales tax system. Under current law, the traditional brick and mortar sellers are required to collect sales tax while the electronic retailers have no such requirement, creating what many believe to be an unlevel playing field between the two.

I am pleased to note that both Chairman SENSENBRENNER and Subcommittee Chairman CANNON have slated hearings on the streamlining hearing for October. I am hopeful that we will then be able to consider provisions to provide states that simplify their sales tax systems with the authority to collect sales taxes equitably from all retailers. I believe that a simplified streamlined tax compact would increase our nation's economic efficiency, facilitate the growth of electronic commerce, and help our states maintain financial support for public education, health and safety.

So I am glad we are able to pass this bill today, and look forward to working on the streamlining issue in the not too distant future. I urge a "yes" vote.

Mr. SENSENBRENNER. Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. COX), the author of the bill.

Mr. COX. Mr. Speaker, I thank the Chairman for yielding me this time. I thank the gentleman from Michigan (Mr. CONYERS). I thank the gentleman from Utah (Chairman CANNON) and the gentleman from North Carolina (Mr. WATT), ranking member.

This is an extraordinary moment because the Internet Tax Freedom Act, which was originally enacted 5 years ago, was something of an experiment. We debated it aggressively in both Chambers. We were not sure whether it was going to work as intended. It clearly has. And so having extended it twice, we are now back here to make it permanent. The benefits to our economy are manifest. It is estimated that the expansion of the Internet, the anticipated continued rollout of broadband and perhaps the next generation of broadband will add as much as $500 billion in gross domestic product every year in each of the next 10 years for our country. This is an extraordinary potential.

The University of California at Los Angeles, UCLA, in a January, 2003, survey has found that for consumers in the 21st century, right now the Internet is the most important source of information, but not everybody can afford it. Not everybody yet has the Internet. It is still expensive. There is about a $10 difference, perhaps more or less in some areas, between dial-up and broadband, and people have not been converting from dial-up to broadband, in part, because of that price point. It is just a little bit too expensive for a lot of people. Adding new taxes to Internet access, taxing e-mails, taxing the bits transmitted or the bandwidth would be a profoundly bad idea for our country. And as the gentleman from Michigan (Mr. CONYERS) mentioned, there is such a potential for multiple taxes from many jurisdictions, all claiming that because there is a server located in their jurisdiction, they can tax a piece of this, that even a nick here and a little bit of nickels and dimes there would add up to a very serious amount of taxation for most people, and it would destroy what the Internet can become.

We are now going to put this behind us. We are going to move on. We are going to find that this becomes one of the invisible parts of the legal infrastructure that makes our economy great. It is going to help consumers. It is going to help technological innovation. It is going to help our economy and our country. And having worked for so long with Senator WYDEN on this, I want to thank him, Senator ALLEN, Senator MCCAIN as well. In this Chamber, though, there has been such leadership from the Committee on the Judiciary, from the gentleman from Wisconsin (Chairman SENSENBRENNER), from the gentleman from Utah (Chairman CANNON), from the ranking members of the full committee and the subcommittee, as I mentioned, the gentleman from North Carolina (Mr. WATT) and the gentleman from Michigan (Mr. CONYERS), and from the gentleman from Virginia (Mr. GOODLATTE), whom I think we will hear from next that, I can safely say without that kind of leadership in this House, the American people would not be seeing this victory today.

Mr. WATT. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Texas (Ms. JACKSON-LEE), a member of the Committee on the Judiciary.

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the distinguished ranking member and the chairman of the subcommittee both for their very fine work and the work of this committee, and I certainly do believe that the Internet is a major component to the development or further development of America's economy and the utility of the Internet in American lives is very vital.

However, I am concerned that this bill removes the moratorium as relates to a number of States who have already been in the process of an effective way of assessing the utilization of the Internet. I disagree with my colleagues to suggest that this would add to multiple taxation because it is also possible for this Congress to provide direction and streamlining of the process of taxation or assessment. The effect of this bill would be to remove a grandfather clause that applies to a number

of States that have utilized these resources for revenue. It is crucial to consider the rights of State legislatures that develop measures to generate revenue that may steam from Internet use which is beginning to take the place of retail purchases.

Let me suggest that anyone's understanding of the difficulty of State bottom-line budgets today would be living, I guess, somewhere out of the United States. We are in a crisis with our budgets similar to the crisis we have here in the United States Congress as we seek to fund the Federal Government and looking for resources where we can get them even in the backdrop of taxation cuts or cuts in taxes that certainly are not prudent. In this instance, we are trying to judge the minds of those in our State legislatures and governments, State governments, who are attempting to balance their budgets.

The other aspect that I think would warrant consideration of an extension of the moratorium is the lack of competitiveness or the unfairness for those retail stores who themselves have to assess taxes. The biggest day in my community and State, in terms of sales, was when they did not have to tax. I grant the Members that. But that makes it unequal for one to be able to shop on the Internet with no taxes but not in going to their retail stores.

I would ask my colleagues, as we move this legislation forward, to consider the Senate bill, which is for more reasonable, giving opportunity for these States to be able to move out of this by finding other revenue sources, giving them some time, as opposed to cutting them off and, therefore, their not having the time to be able to find other revenue sources.

This bill has as an unfair aspect to it, and I ask my colleagues to vote against it.

Mr. Speaker, I rise in strong opposition to the bill before the House today, H.R. 49, to permanently extend the moratorium enacted by the Internet Tax Freedom Act.

I participated in the markup of this bill in the Judiciary Committee, and I maintain the posture that I expressed at that time with respect to the bill's deleterious effect on an important source of revenue for Texas and my district. The committee had considered this legislation beforehand as well, and an amendment that I offered was not accepted by the committee, unfortunately. When we once again considered this bill, I admonished that we continue to be mindful of the importance of the Internet to the development of the American economy, and the utility of the Internet in Americans' lives; however, the effect of this bill would be to remove a grandfather clause that applies specifically to the State of Texas. It is also crucial for the distinguished Members of the United States House of Representatives to consider the right of State legislatures to develop measures to generate revenue that may stem from Internet use.

H.R. 49 amends the Internet Tax Freedom Act by imposing a permanent moratorium on "multiple and discriminatory taxes" and by prohibiting any tax on Internet access. The bill also eliminates the grandfathering of State Internet access taxes that were "generally imposed and actually enforced prior to October 1, 1998," before ITFA became law.

By so doing, H.R. 49 will have an impact on consumers and also on the States, particularly Texas. The convenience of the Internet is beneficial to our economy and welcomed by consumers. As such, prohibiting Internet taxes is openly sought by our citizens. For many of our State governments the issue is more complicated. State governments must strike a balance between easing the financial burden on their constituents and generating revenue. Many State and local government officials have maintained that continuing the debate on the Internet tax collection issue was critical because of the financial plight of many States. The officials believe that if the State and local governments face continued shortages, a moratorium bill that did not advance the sales and use tax collection issue would force States to increase taxes in other areas. Thus, State and local government officials urged that a prolonged continuation of the moratorium without resolution of the simplification issue be viewed as a tax increase, most likely on individual taxpayers and in-state businesses.

Presently, my home State of Texas is one of only seven States that imposes taxes on Internet access consistent with the grandfathering clause of ITFA. My State has struggled with this issue. When the ITFA bill was first introduced in March of 1998, Texas was one of 10 States and the District of Columbia that were taxing Internet access. By June 1998, Texas elected to suspend our collection of Internet access taxes. Due in part to budgetary concerns, in October of 1999, Texas resumed a modified Internet tax collection system wherein we rendered exempt from tax the first $25 of a monthly access charge.

If H.R. 49 becomes law, Texas and the seven other States that presently collect taxes on Internet taxes will be prohibited from doing so upon passage of the bill. This is a substantial loss of revenue for many States that are struggling financially in our sluggish economy and in the aftermath of September 11.

Mr. Speaker, H.R. 49, has serious implications on our burgeoning electronic economy, on our constituents, and on all of our State governments. I oppose H.R. 49, because it will preclude those States, like Texas, who have legitimate Internet taxation systems to continue to make use of this valuable source of revenue. It imposes upon consumers and our growing electronic economy an undue burden.

Mr. SENSENBRENNER. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia (Mr. GOODLATTE), the chairman of the Committee on Agriculture.

(Mr. GOODLATTE asked and was given permission to revise and extend his remarks.)

Mr. GOODLATTE. Mr. Speaker, I rise in strong support of H.R. 49, the Internet Tax and Nondiscrimination Act, and commend the gentleman from Wisconsin (Chairman SENSENBRENNER) and the gentleman from Utah (Chairman Cannon) for their leadership in moving this legislation forward, the gentleman from California (Mr. COX), who has been leading this effort for many years, and my colleagues on the other side of the aisle for working together on this.

I would point out that this has absolutely nothing to do with the collection of sale taxes on the Internet, which is an issue to be dealt with on another day in another way.

As cochairman of the Congressional Internet Caucus and Chairman of the House Republican High Technology Working Group, I have long supported efforts to eliminate Internet access taxes and other discriminatory taxes on electronic commerce. During the 107th Congress, I introduced the Internet Tax Fairness Act, legislation that sought in part to permanently ban Internet access taxes and discriminatory taxes on electronic commerce.

□ 1115

In 2001, the ban on these taxes was temporarily continued until November of 2003. Now it is with great pleasure that I stand here today to urge support of this legislation to permanently ban these burdensome taxes.

Excessive taxation and regulation will hamper the Internet's tremendous growth and stifle investment in small businesses that utilize this tremendous medium. The last thing that consumers need is for the puzzling array of taxes on their phone bills to be repeated on their Internet service bills.

In addition, excessive taxation of Internet access will increase the costs of households going online and result in a greater disparity between those households that can afford to go online and those that cannot.

H.R. 49, the Internet Tax Nondiscrimination Act, will encourage continued investment in and utilization of the Internet by permanently banning all Internet access taxes and eliminating the grandfather clause in the current law that allows certain States to continue imposing these crippling taxes on the Internet. The bill also contains language that makes it clear that protections in the bill apply equally to all providers of Internet access, regardless of the technologies used to provide that access.

This bill is forward-looking and will provide the certainty that businesses need to make calculated decisions regarding the ways in which they will utilize and invest in Internet technologies. I urge each of my colleagues to support this important legislation to permanently ban all Internet access taxes and discriminatory taxes on electronic commerce.

Mr. WATT. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Speaker, I thank the gentleman for yielding me time, and I rise in support of H.R. 49 for the reasons that have been enumerated by the subcommittee Chair and the gentleman from Wisconsin (Mr. SENSENBRENNER), the Chair of the full committee. I want to acknowledge the leadership of the gentleman from Wisconsin (Mr. SENSENBRENNER), the Chair of the full committee.

I also want to express my appreciation to the subcommittee Chair, my good friend, the gentleman from Utah (Mr. CANNON), for his kind words and his sincere efforts to see that Congress gives full consideration to the issue of taxation of remote sales. I thank him for scheduling a hearing on this issue and look forward to working with him to see that it is a productive exercise. As the gentleman knows, I will be introducing legislation in the near future, together with the gentleman from Oklahoma (Mr. ISTOOK) and the gentleman from Alabama (Mr. BACHUS), which would authorize the States that have worked so hard to simplify their sales taxes to collect sales taxes on remote sales to in-state purchases.

As we all know, the States are confronting their worst budget crises since the Great Depression. A declining economy, spiralling Medicaid costs, and the erosion of their tax base have left them with a collective deficit of some $100 billion. Governors of both political parties face a difficult choice between unpopular tax increases and drastic cuts in Medicaid, education, public safety and other essential services, or all of the above.

I appreciate the concern of the sponsors of the bill, that without a continuation of the moratorium on Internet access taxes, some States might be tempted to help make up their shortfalls by enacting such taxes. At the same time, we should be as concerned about the fact that States are losing tens of billions of dollars each year because taxable transactions on which they rely for half their revenues are increasingly taking place over the Internet. Some are not concerned, such as one individual, Mr. Grover Norquist, who testified at a hearing in support of this bill, and said that he wants to ''shrink government until we can drown it in the bathtub.'' He stated, ''I hope a State goes bankrupt.''

Well, unless you agree with him, the money has to come from somewhere. Uncollected sales taxes on Internet purchases cost the States more than $16 billion in 2001. Unless there is a system in place that enables States and local governments to collect these taxes, their annual losses from online sales will grow to some $45 billion by 2006 and $66 billion by 2011, with total losses coming to nearly half a trillion dollars by that date.

What does this mean for individual States? Well, just to cite a few examples, my home State of Massachusetts lost $256 million in 2001, and its losses will climb to over $1 billion by 2011. Tennessee lost $450 million in 2001, and by 2011 its annual losses will grow to $1.8 billion. Florida, which relies on the sales tax for more than one-half of its annual revenues, lost $1.2 billion in 2001, with its losses estimated to quadruple to nearly $5 billion just 10 years from now. Texas lost $1.4 billion in 2001 and stands to lose $5.6 billion by 2011.

These losses are magnifying the fiscal problems of the States, which are already experiencing, because of increased costs and shrinking revenues, losses. Additionally, by failing to ensure sales tax equity and fairness between remote sellers and Main Street merchants, we are putting at risk the thousands of small businesses that sustain our economy and contribute so much to our neighborhoods and our communities.

As former Governor Engler of Michigan said the last time we considered this issue, ''It is time to close ranks, come together and stand up for Main Street America. Fairness requires that remote sellers collect and pay the same taxes that our friends and neighbors on Main Street have to collect and pay.''

So, Mr. Speaker, while I support the moratorium on Internet access taxes and I support H.R. 49, I think it is important that we get our priorities straight. The Quill decision, which prompted this particular proposal, prohibited a State from collecting sales taxes from out-of-state businesses that do not have a physical presence in that State. But the court said that Congress could authorize the States to collect these taxes once they have modified their taxing systems to alleviate the burdens placed on Internet commerce by multiple taxing jurisdictions.

The States have made substantial progress over the past year in developing a simplified, efficient, and technologically neutral system for the taxation of goods and services that can meet that test. Once a sufficient number of States have implemented the streamlined sales and tax agreement, Congress should move expeditiously to consider our legislation authorizing them to require remote sellers to collect and remit sales and use taxes on in-state sales. The States, I believe, are meeting their responsibilities, and hopefully we will meet ours.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I appreciate the support of the gentleman from Massachusetts (Mr. DELAHUNT) on this bill. Lest people only heard part of his statement, let me say very clearly that this legislation has nothing whatsoever to do with the issue of the assessment and collection of sales taxes on remote sellers. It only has to do with banning multiple and discriminatory taxes on Internet access. The sales tax issue will be dealt with another day and in the context of another bill.

Since the gentleman from Massachusetts has raised this, I would like to make the following observations:

First, most States that assess sales taxes also assess use taxes, so an in-state resident who purchases goods out of state and is exempt from the sales tax because the goods are shipped from one State to the other, the sales tax of the State where the seller is located, is still liable for a use tax in his or her State of residency.

There is a line on the Wisconsin State income tax form that asks how much in use taxes you have to pay to the State of Wisconsin. If you put down zero and you really owe taxes, you filed a false tax return. I am sure that is the case in practically every other State that has got a sales or a use tax.

So when we are dealing with this issue, we are dealing with the failure of States to adequately and efficiently enforce their own use tax law. I do not know why States have failed to do this. That is something that Governors and legislators and State taxation department officials ought to explain.

But I can see the two-step being put on the Congress, that if we pass what the gentleman from Massachusetts wants us to at a later date, then that becomes our sales tax increase of billions of dollars on the taxpayers of Massachusetts and Texas and North Carolina.

I have told my Governors, Republican and Democrat, that have talked to me about this, as I said, your laws are already on the books. Why do you want us to enforce your law through an act of Congress, when you have the means to enforce your law by yourselves as responsibilities of the State government?

I hope that when we debate this issue of how to tax remote sales, we do not forget that.

Mr. Speaker, I am happy to yield 2 minutes to the gentleman from Texas (Mr. SMITH).

Mr. SMITH of Texas. Mr. Speaker, I thank the chairman of the Committee on the Judiciary for yielding me time.

Mr. Speaker, I support H.R. 49, the Internet Tax and Nondiscrimination Act. This legislation would permanently extend the current moratorium on Internet access taxation, as well as taxes on electronic commerce. It would not prohibit States from imposing sales tax on sales conducted over the Internet. However, it does prevent States or localities from imposing a sales tax that only applies to Internet transactions.

Mr. Speaker, Internet commerce is still relatively new and has yet to reach its full potential. The imposition of taxes would threaten the future growth of e-commerce and would discourage companies from using the Internet to conduct business. Internet taxation would create regional and international barriers to global trade.

The Internet is also a major source of information for many individuals and families. Taxes would reduce the number of Americans who could afford Internet access. Our goal in Congress should be to encourage and promote Internet access, rather than to widen the digital divide.

Mr. Speaker, Americans should be able to access the Internet without being subject to State and local taxes.

Mr. WATT. Mr. Speaker, I yield 2½ minutes to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, I rise today in opposition to H.R. 49, the Internet Tax Nondiscrimination Act.

My opposition stems not from wanting to tax the Internet access or to impose dual taxes on e-commerce. I oppose the bill because it does not follow the precedent set by previous Internet tax moratorium legislation in holding harmless States that have enacted access taxes previous to 1998.

This bill would have what I consider an enormous impact on the State of Texas. The effect of this bill would be felt as early as November of this year. I do not need to remind my colleagues of the fiscal crises that our States are currently finding themselves in, including the State of Texas.

The State of Texas is one of those States facing a budget problem, and I cannot support legislation that would take away $45 million in annual revenue in our State, that my State has been depending on for the last 5 years. The $45 million in funds are needed for critical State programs, such as children's health care. Our last legislative session, because of our budget problem, dropped 175,000 children off of children's health care. So what are we going to do about taking a hit from this, drop even more children?

My State is not the only one. Connecticut would lose $15 million; Ohio, $12 million; Wisconsin, $7.5 million; Tennessee, $4 million; North Dakota, $2.5 million; South Dakota, $1.7 million; and New Mexico, $1 million.

I oppose the bill for procedural reasons, because I hoped to be able to consider this under an open rule that would allow Members from these States adversely affected by the grandfathering provision to allow amendments to protect their State laws. Without that opportunity, I have no choice but to vote in the best interests of my own State, as I assume a lot of other Members from States losing money will, and, again, taking away the States' ability to do it, to tax what they have already done.

I guess my frustration is that in Texas we in 1999 changed our taxes to where everything under $25 is exempt for your access to Internet service. But for some reason we still have State taxes and Federal taxes on access to our telephones.

□ 1130

On the point I am concerned about, I hope we can adopt the 3-year extension language that is similar to the Senate bill so that we can continue to hold harmless those States that are depending on this crucial revenue, particularly in this time of budget shortfalls and the disaster that is happening to some of our State programs because of State budget cuts.

Mr. SENSENBRENNER. Mr. Speaker, I yield 1 minute to the gentleman from New Hampshire (Mr. BASS).

Mr. WATT. Mr. Speaker, I also yield to the gentleman from New Hampshire (Mr. BASS) for 1 minute.

The SPEAKER pro tempore (Mr. OSE.) The gentleman from New Hampshire (Mr. BASS) is recognized for 2 minutes.

Mr. BASS. Mr. Speaker, I rise in opposition to this bill. I am against taxation of the Internet. There is no question about that. What concerns me is the fact that this legislation eliminates the grandfather clause of those nine States that currently collect a communications tax.

In my State of New Hampshire we have a 7 percent tax on access for intrastate communications, not interstate but intrastate. It does not matter whether it is fax, Internet communications, any other mechanism.

What this bill does is eliminate the ability of the State of New Hampshire and eight other States to collect revenue on what is justifiably a State-centered tax.

Now, we do not regulate sales taxes or State income taxes, what they should do. There is a provision in this bill that would allow sales taxes to be collected but New Hampshire does not have a sales tax. So we get hit twice through the passage of this.

Mr. Speaker, the Senate bill has a 3-year extension of this moratorium and there is no such extension in the House. Ultimately what this bill does is it creates $100 million unfunded Federal mandate to States.

I am not for taxation of the Internet, but what the bill is doing is it is proposing to affect tax policy within States and their ability to tax within their open telecommunications system. And, as I said a minute ago, it is an unfunded Federal mandate.

I hope that the Committee on the Judiciary will look carefully at what the Senate has done with this 3-year extension and will include that 3-year extension in the House version of the bill.

It is a solution that is bad for New Hampshire and it is unfair. I plan to vote against this bill and I urge my colleagues in the States of Texas, Connecticut, Ohio, Wisconsin, Tennessee, North Dakota, South Dakota, New Mexico and Washington, those States that will be losing revenue on this with no balancing make-up from the Federal Government, to join me in opposition to this bill.

Mr. WATT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, in response to the gentleman from New Hampshire, the States have been on notice for 5 years that national policy disfavors taxing access to the Internet. While it is true that the grandfather clause is repealed by this bill, in the State of New Hampshire in 2002 $2½ million was collected through Internet access taxes. That is 13/100ths of 1 percent of the total revenues of the State of New Hampshire.

Obviously, getting rid of this multiple and discriminatory and regressive tax is something that should be a national policy.

I think the Internet is interstate commerce, not intrastate commerce. And, thus, I believe that the bill ought to be approved.

Ms. LOFGREN. Mr. Speaker, earlier this year, I introduced H.R. 1481, which would have extended the Internet tax moratorium for another 5 years. I introduced a 5-year extension because at the time, I believed that politically, it was the longest extension that we could get. But I am now convinced that we must make every effort to extend the moratorium permanently. That's why I am a strong supporter and cosponsor of H.R. 49.

Let's be clear on what H.R. 49 does and does not do. It prohibits states from taxing people for simply logging onto the Internet. This is absolutely essential to the growth of the Internet. It is also important because access taxes hit those with lower incomes the hardest. We need to find ways to bridge the digital divide in this country, not make it harder for lower income Americans to get online.

H.R. 49 also prohibits multiple and discriminatory taxes on Internet transactions. This is simply a matter of fairness. If I buy a CD on the Internet, it should not be taxed at a higher rate than if I buy that CD in a store. There should be an even playing field.

That's what H.R. 49 does. What it doesn't do is affect the ability of a State to impose and collect sales taxes on Internet transactions. Over the years, there has been a lot of confusion on this point. Some have tried to link the moratorium with the sales tax issue. But they are separate and distinct issues. The ability of states to impose sales taxes is not limited by H.R. 49, it is limited by the Supreme Court's Quill decision, which prevents taxes on remote sellers unless they have a ''substantial nexus'' to the taxing authority.

We cannot risk harming the future of the Internet by conditioning an extension of the moratorium on resolution of the sales tax issue. Let's deal with the separate sales tax issue separately.

A toll to enter the information superhighway is not good policy today, and it won't be good policy in a year, two years, or 5 years. I urge my colleagues to support a permanent extension.

Mr. DREIER. Mr. Speaker, as an original co-sponsor of H.R. 49, the Internet Tax Nondiscrimination Act, I want to congratulate Chairman COX and Chairman SENSENBRENNER for their work in bringing before us this very significant electronic commerce bill. After two temporary moratoriums in the last 5 years, we have the opportunity today to finally pass a permanent ban on Internet access taxes, as well as multiple and discriminatory State and local taxes on electronic commerce.

It is important to note that the primary reason it took us 5 years to make this moratorium permanent was the linkage between two issues that are truly unrelated: (1) keeping down the cost of consumer access to the Internet; and (2) the issue of streamlined sales taxes and remote tax collection authority by States. H.R. 49 now moves us away from that linkage.

However, during Judiciary Committee debate on this bill, a number of Members continued to voice their belief that we still need to address the State tax simplification issue and ''level the playing field'' between brick-and-mortar and online sellers.

While the State sales tax simplification debate should be considered in Congress—and I know that Chairman CANNON will be holding

hearings on that issue—I want to caution my colleagues who believe that leveling the playing field between offline and online sellers is a quick and easy policy decision. We need to be very careful that we do not create a precedent that would allow States and localities to tax a transaction, simply because the seller sells something to a purchaser in their jurisdiction.

One of the fundamental principles motivating America's struggle for independence from Britain was the idea that citizens should to face taxation without representation. To require that sellers pay taxes to a governmental body that in no way represents its interests is contrary to that basic premise of our democracy. In continuing to pursue a resolut8inon of the streamlined State sales tax issue, it is important that we continue to be guided by that principle.

Mr. LANGEVIN. Mr. Speaker. Today, I rise in support of H.R. 49, the Internet Tax Nondiscrimination Act. This bill is the result of a bipartisan compromise to the benefit of consumers in Rhode Island and around the country.

H.R. 49 makes permanent the current moratorium on Internet access taxes, which was scheduled to expire on November 1, 2003. This moratorium, in effect since October 1998, has greatly contributed to the rapid expansion of the Internet.

For the second quarter of 2003, e-commerce accounted for only 1.5 percent of total goods and services sold in the country, but this is an increase of 28 percent from the previous year. By 2005, worldwide online sales are expected to total $8.6 trillion online, up from $3.6 trillion this year. This bill will maintain the United States' position as a leader in online commerce because H.R. 49 protects consumers from double taxation of online purchases, which would slow the growth of Internet sales.

I am pleased to see that the Judiciary Committee adopted the Watts-Cannon amendment, which ensures that all technologies, including traditional modem, cable modem, DSL, wireless, and future access methods, are subject to the same tax treatment. In addition, this bill ensures a nondiscriminatory tax system, which neither encourages nor discourages purchases online. The legislation is fair to existing brick and mortar businesses, while continuing to foster the expansion of e-commerce.

I urge my colleagues to support H.R. 49, this bipartisan legislation that benefits consumers and businesses.

Mr. KIND. Mr. Speaker, I am pleased to support H.R. 49, the Internet Tax Non-Discrimination Act. This bill would make permanent the national moratorium on Internet access taxes and multiple and discriminatory taxes on e-commerce.

The United States has made great strides in the goal of achieving Internet access for all Americans. As I travel throughout my district in western Wisconsin, I am constantly amazed to see the continued use of the Internet in public libraries, schools and hospitals, as well as individual homes and businesses. As the telephone did 100 years ago, the Internet is improving our lives and bringing us closer together as a world community.

Mr. Speaker, the previous legislation dealing with Internet taxation grandfathered existing laws in 10 states, including Wisconsin that imposed taxes on Internet access. The revenue from the taxes was used to pay for police officers, firefighters, hospital personnel, and elementary and secondary school teachers.

In these times of tight state budgets and fiscal uncertainty, every tax dollar is crucial to deliver needed services to citizens throughout the country. However, when the Federal Government unilaterally removes tax revenue by superceding state laws, state budgets take the hit. Congress must take state government needs and budget schedules when passing laws that supercede state taxation laws.

Mr. Speaker, the language in the Senate version of this bill includes a provision providing for a 3-year delay in the implementation of the law in those states with previous Internet access tax laws. This provision will afford those states the opportunity to plan for the loss of revenue from H.R. 49.

I am voting for H.R. 49 because I believe it is important to keep Internet access affordable so all Americans across the economic spectrum. However, I think it is only fair to state governments that they have proper notice about the lost of tax revenue dollars. Thus, I will be urging conferees to adopt the Senate language allowing for a 3-year delay of this law in those 10 states with Internet access tax laws.

Mr. SENSENBRENNER. Mr. Speaker, I urge support for the bill and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 49, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CHARITABLE GIVING ACT OF 2003

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 370 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 370

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 7) to amend the Internal Revenue Code of 1986 to provide incentives for charitable contributions by individuals and businesses, and for other purposes. The bill shall be considered as read for amendment. The amendment in the nature of a substitute recommended by the Committee on Ways and Means now printed in the bill, modified by the amendment printed in part A of the report of the Committee on Rules accompanying this resolution, shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the amendment printed in part B of the report of the Committee on Rules, if offered by Representative Cardin of Maryland or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Georgia (Mr. LINDER) is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. SLAUGHTER), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, H. Res. 370 is a modified, closed rule that provides one hour of debate in the House, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. H. Res. 370 waives all points of order against consideration of the bill. It provides that the amendment in the nature of a substitute recommended by the Committee on Ways and Means, as modified by the amendment printed in Part A of the Committee on Rules report accompanying the resolution, shall be considered as adopted.

The rule also provides for the consideration of the amendment in the nature of a substitute printed in Part B of the Committee on Rules report, if offered by the gentleman from Maryland (Mr. CARDIN) or his designee, which shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent. The rule waives all points of order against the amendment printed in Part B of the report.

Finally, H. Res. 370 provides one motion to recommit, with or without instructions.

Mr. Speaker, I urge my colleagues to join me in approving this fair and balanced rule, so that the full House can proceed to consider the underlying bipartisan charitable giving legislation.

The basic thrust of H.R. 7 is to make a number of changes to the Tax Code in order to provide incentives for individuals and businesses to make charitable contributions. I suspect that we would all agree that the Tax Code should not discourage taxpayers or businesses from seeking to help others. H.R. 7 is designed to ensure that charitable contributions of many different kinds can flourish by providing a variety of tax incentives for people and employers to help those in need. I applaud the hard work and leadership of my friend and colleague, the majority whip, the gentleman from Missouri (Mr. BLUNT), and his principal Democrat cosponsor, the gentleman from Tennessee (Mr. FORD), in bringing this legislation to the House floor today.

I urge my colleagues on both sides of the aisle to join me in voting for this rule so that we can move on to consideration of the underlying legislation.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I thank the gentleman from Georgia (Mr. LINDER) for yielding me the customary 30 minutes, and I yield myself such time as I may consume.

(Ms. SLAUGHTER asked and was given permission to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Speaker, I am pleased the body is considering legislation to increase tax incentives for charitable donations. Charitable organizations across the country are responsible for improving the lives of individuals and entire communities. These dedicated, hard-working groups provide shelter to those without homes, provide food and clothing to families in need, and care for the sick and the dying. They work with our children, providing opportunities for them to develop through art and music programs, teaching them to read, and so much more.

In east Buffalo, the tenacity and leadership of Sister Mary Johnice and others created the Response to Love Center. This community outreach center is a family center. The thrift shop clothes the needy. The kitchen feeds the hungry. The food pantry stretches families' thin budgets. The food stamp worker helps those in need to fill out the applications. The visiting nurse takes blood pressures and addresses health care issues with a client. It is right and good that this body seeks to support these great works by increasing the donations of individuals and community-minded companies.

I am also gratified that the bill before us today is without provisions allowing religious organizations that receive Federal funds to discriminate. Discrimination is not charitable. Discrimination should neither be allowed nor encouraged, particularly by the Federal Government. The invidious evil of discrimination erodes groups' charitable mission.

During these bad economic times, when millions of jobs have been lost and millions of people suffer unemployment, the demand for the charitable work rises.

It is my hope that this legislation will provide additional assistance to meet the additional demand. The women and men who lost jobs at local manufacturing plants are not the only ones suffering. The Federal Government's fiscal house is in complete disorder. The enormous tax giveaways to millionaires and the mounting costs of rebuilding Iraq are draining the Federal coffers, and the ailing economy has yet to generate enough revenue. In fact, the budget deficit for this fiscal year is going to be over $400 billion, and the deficit for next year should be around $500 billion, one-half trillion. The predicted $5.6 billion surplus has become an anticipated $2.3 trillion deficit.

So how are we going to pay for the $12.7 billion cost of this bill? H.R. 7 does not address this issue, but the Democrat substitute does, fortunately. The substitute amendment would add revenue offsets by closing tax loopholes and curtailing abusive tax shelters. It would even increase funding for community programs that, among other things, prevent child abuse and provide child care to low-income families. This is a fiscally responsible approach for encouraging charitable giving and providing assistance to vulnerable families during these particularly difficult times.

Mr. Speaker, I want to express my personal displeasure and sorrow that the Committee on Rules did not make in order the amendment by my colleague, the gentlewoman from New York (Mrs. MALONEY) that would have forgiven the one-time tax on the CDBG grants for the businesses in Lower Manhattan who suffered so much on 9/11.

Mr. Speaker, I reserve the balance of my time.

Mr. LINDER. Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield 6 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY. Mr. Speaker, I thank the gentlewoman for yielding me this time and for her leadership on so many important issues before this body.

I rise in strong support of the underlying bill, but in opposition to this closed rule, a rule that does not allow a straight up-or-down vote on an amendment that the New York delegation supported that would not have taxed grants to individuals and businesses that suffered because of 9/11. It is really beyond me to understand why the majority continues to block efforts to correct what is an injustice and why they continue to unfairly tax the victims of 9/11. We have heard many discussions before this body on taxes, taxes that they want to eliminate and make permanent, on estate taxes, on this, that, and the other. Well, now the majority has found a tax that they do like, and that is taxing the people who took a hit for the country, the victims of 9/11.

I want to share with my colleagues that this is the latest in a series of actions by the New York delegation. The New York delegation has written the IRS and the Secretary of the Treasury. We have written the President. We have written to the Speaker of the House, the gentleman from Illinois (Mr. HASTERT), and the leadership of the other body. We have introduced bipartisan legislation. The Committee on Ways and Means is aware of the challenge, and the Congressional Research Service has issued a memo on this unfair tax.

We went in front of the Committee on Rules before and tried to add it as an amendment to H.R. 1308, the increased child tax credit bill. And just last week, the gentleman from New York (Mr. NADLER) and myself tried to add this amendment to the Transportation-Treasury bill, and it was ruled not germane. But in the Committee on Rules last night, when they discussed it, the Parliamentarian had made a statement that it was entirely germane and could have been taken up by this body.

□ 1145

So the end results continue to remain that the victims of 9/11 are still being taxed, and it is just unfair for these cash-strapped individuals and businesses to take another financial hit from this disaster, a financial hit that the Joint Committee on Taxation estimated to be over $268 million.

The IRS is taking back $268 million in Federal aid that the President pledged to New York City and Congress appropriated. We should be sending aid to victims, not taking it away.

The IRS decision has also had a ripple effect on other Federal benefits that survivors of 9/11 may receive. Since many agencies rely on the IRS's definition of gross income, some recipients' eligibility for programs like Medicare, Medicaid and Social Security, these programs likewise may be in jeopardy and taxed.

I would like to bring it down to what it means to an individual life with my constituents. I would like to take the example of Olga Diaz. She was the owner of a hair salon in the World Trade Center. She estimates that she lost $300,000 in the attacks and received a Federal grant of $37,000, a fraction of her loss. She now owes over $10,000. She owes a third of her grant of $37,000 back to the Federal Government. And she states that she learned about the taxation of the grant ''after I invested it in rebuilding my business and I am now struggling to find ways to pay.''

Mr. STARK. Mr. Speaker, will the gentlewoman yield?

Mrs. MALONEY. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, I would ask, how much was the New York delegation asking, does the gentlewoman recall, for the help of the 9/11 victims?

Mrs. MALONEY. We, as a body, as the gentleman knows, appropriated and approved with the President $21.4 billion.

My office issued a report along with the Speaker of the City Council last week that 7 billion of those dollars have come to New York City, and that allocated or planned is roughly $19 billion. So we are short from the $21 billion.

Mr. STARK. So that was over 10?

Mrs. MALONEY. Yes.

Mr. STARK. So that would be about 200 million a year that you are short. I wondered if the gentlewoman was aware that in this bill there is $61 million for the State of Washington and the Weyerhaeuser Timber Corporation to do a kind of experiment in how to save trees by cutting them down, and none of the other States were allowed to participate in this, including New York State where they have major timber and pulp. So all through this bill

there are special little interests gifts. Think of the Weyerhaeuser Timber Corporation and how badly they need an extra $61 million as compared to the people of 9/11.

Mrs. MALONEY. Reclaiming my time, I am outraged by this information. I thank the gentleman for letting me know about it. Certainly investing in human lives and trying to make them whole again after they have lost so much, in my opinion, is far more important than a timber subsidy.

I repeat, $268 million is being taken from the individuals and the businesses, most of which are small businesses, back into the Federal government. And to make matters worse, the IRS did not tell these people until the eve of the tax date so that they spent the money, as Mrs. Olga Diaz did, investing in trying to get her business going again. Now they are coming in and taking a third of her grant, which is just a fraction of the grant that was owed to her in her $300,000 loss.

So this is very unfair, and I do not believe that it is the intent of this body to tax these grants. I hope that in a subsequent bill or amendment it will be made in order or the bill from the delegation may come to the floor to correct this.

Mr. LINDER. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I thank my friend for yielding me time and I rise in strong support of this rule.

As we all know, this rule does in fact make in order the Democratic substitute, which was offered by the gentleman from Maryland (Mr. CARDIN), and I believe that the rule itself should enjoy broad bipartisan support as I hope at the end of the day the legislation will.

This is bipartisan legislation authored by our good friend, the gentleman from Missouri (Mr. BLUNT), the distinguished majority whip, and the gentleman from Tennessee (Mr. FORD), who have worked forming a bipartisan compromise on this. I will say that the goal is a very simple one, and that is to encourage greater philanthropy in contribution.

My friend, the gentleman from Georgia (Mr. LINDER), regularly points to the fact that people in this country were contributing large amounts before the Internal Revenue Code was put into place in 1913, and we do have many people who do step up and voluntarily provide large contributions. We have a lot of foundations that, frankly, do not take the tax ramifications of their contributions into consideration. But there are also incentives that do exist and we need to recognize that and the idea of saying to people who do not itemize, meaning those who are lower, middle income taxpayers, that they should have an opportunity to qualify for a deduction for their charitable contribution is the right thing to do.

This measure also goes a long way towards encouraging corporate philanthropy by increasing from 10 to 20 percent the cap on corporate contributions, so we want to see even greater support from the business community.

Also, the legislation does go a long way towards addressing private foundations, and I think that is an important thing and it deals with the 5 percent minimum for contributions and distributions from those private foundations.

Mr. Speaker, I think that we have here a piece of legislation which will allow us to do something that is very important. We have so many people looking to the Federal Government to provide assistance in a wide range of areas and we, according to Article I, Section 7 of the Constitution, have the responsibility to appropriate dollars. It seems to me that rather than constantly focusing on appropriating the hard earned tax dollars of the American people, what we should do is we should provide an incentive for every American to participate philanthropically by making contributions to meet societal needs that are out there, and I believe that H.R. 7 will go a long way in our quest to do just that.

I urge my colleagues to support the rule and to support the underlying legislation at the end of the day so that we once again can get even more and more people involved in the very, very important decision making process of meeting the needs in their communities and in our Nation.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. WATT).

Mr. WATT. Mr. Speaker, I thank the gentlewoman for yielding me time.

Mr. Speaker, I will say that I am not a member of the Committee on Ways and Means so I thought I would take this opportunity to say what I have to say on the rule itself.

There are some things in this bill that cause me some heartburn and there are some things in this bill that I think are very valuable. And I am not sure exactly which one is taking precedence for me on the bill itself, but I did want to thank the Committee on Ways and Means for addressing a concern that had been raised about the administrative expense part of this bill by the Morehead Foundation, which is a major scholarship giving foundation in North Carolina. The Committee on Ways and Means addressed their concern, and I wanted to acknowledge that and thank them for doing that.

Mr. LINDER. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. HOUGHTON), our colleague on the Committee on Ways and Means.

Mr. HOUGHTON. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I want to encourage my fellow Members to support H.R. 7. There are lots of provisions in the bill which I think are good and I appreciate the comments by the former speaker in terms of what the Committee on Ways and Means has done; but there is a particular provision that would help many Americans who are literally struggling to stay alive.

This provision would expand the current deductions to all businesses, not just C corporations, and I believe this expansion would substantially increase the donation of food to food banks and other organizations. It is that simple.

What these groups do is to provide the obviously daily nourishment to homeless and others that are down on their luck and just cannot provide for all their needs themselves.

The bill also includes the provisions of H.R. 807. This is something that I introduced with the gentleman from Georgia (Mr. LEWIS) and previous to last year Tony Hall. As many know, Tony Hall is now in Rome doing a wonderful job for the United Nations agencies for food and agriculture.

But this bill would open up the deduction for all businesses, as I mentioned earlier, not just the larger corporations, and allow those businesses a deduction for the fair-market value of the food at the time they donate it.

This is a good provision. I urge everybody to support the bill.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the distinguished gentlewoman for yielding me time. I thank the members of the Committee of Ways and Means for bringing this debate of H.R. 7 to the floor of the House.

Let me first of all add my support to the Cardin substitute. It is an equalizing substitute in terms of adding to this legislation a provision to restore the Social Services block grant funding level to $2.8 billion from $1.7 billion. It helps to support the State, local government and community based organization programs intended for the same population as the foundations benefiting from the tax provision that we are now providing or discussing on the floor of the House; additionally, as the entire cost is offset with a set of corporate loophole closures similar to those included in other House Democratic substitutes.

Let me also say that I would hope that in the weeks to come that we could discuss on the floor of the House the repeal of the President's very, if you will, misdirected tax cut in the light of the need for funding for our soldiers in Iraq and as well in light of the very huge budget crisis that we have.

We are bringing this bill to the floor because we are trying to help people. We are trying to create an opportunity for smaller businesses and others to be able to give monies to these social agencies in order to provide for a better quality of life.

Well, Mr. Speaker, I think we can start right here in the United States

Congress to create an opportunity for a better quality of life by immediately repealing the President's tax cut so that we can in fact fund the necessary resources that are needed for our troops, and, as well, that we can provide the social services that our appropriators are now struggling to provide because they are in a crisis as to the amount of dollars that we will have.

Mr. Speaker, I think that the Cardin substitute is a great enhancement of H.R. 7. I rise to support that substitute and certainly will consider its impact on H.R. 7 as I consider my vote on this legislation dealing with the Charitable Giving Act of 2003.

Mr. LINDER. Mr. Speaker, does the gentlewoman from New York (Ms. SLAUGHTER) have any further speakers?

Ms. SLAUGHTER. Mr. Speaker, I did have speakers requesting time but they are not on the floor.

Mr. LINDER. Is the gentlewoman prepared to yield back?

Ms. SLAUGHTER. Mr. Speaker, I yield back the balance of my time.

Mr. LINDER. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1200

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 370, I call up the bill (H.R. 7) to amend the Internal Revenue Code of 1986 to provide incentives for charitable contributions by individuals and businesses, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. THORNBERRY). Pursuant to House Resolution 370, the bill is considered read for amendment.

The text of H.R. 7 is, as follows:

H.R. 7

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Charitable Giving Act of 2003''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

TITLE I—CHARITABLE GIVING INCENTIVES

Sec. 101. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.
Sec. 102. Tax-free distributions from individual retirement plans for charitable purposes.
Sec. 103. Increase in cap on corporate charitable contributions.
Sec. 104. Charitable deduction for contributions of food inventory.
Sec. 105. Reform of certain excise taxes related to private foundations.
Sec. 106. Excise tax on unrelated business taxable income of charitable remainder trusts.
Sec. 107. Expansion of charitable contribution allowed for scientific property used for research and for computer technology and equipment used for educational purposes.
Sec. 108. Adjustment to basis of S corporation stock for certain charitable contributions.

TITLE II—TAX REFORM AND IMPROVEMENTS RELATING TO CHARITABLE ORGANIZATIONS AND PROGRAMS

Sec. 201. Suspension of tax-exempt status of terrorist organizations.
Sec. 202. Clarification of definition of church tax inquiry.
Sec. 203. Expansion of declaratory judgment remedy to tax-exempt organizations.
Sec. 204. Landowner incentives programs.
Sec. 205. Modifications to section 512(b)(13).
Sec. 206. Simplification of lobbying expenditure limitation.
Sec. 207. Permitted holdings of private foundation where corporation is publicly traded and publicly controlled.

TITLE III—OTHER PROVISIONS

Sec. 301. Compassion capital fund.
Sec. 302. Reauthorization of assets for independence demonstration.
Sec. 303. Sense of the Congress regarding corporate contributions to faith-based organizations, etc.
Sec. 304. Maternity group homes.

TITLE I—CHARITABLE GIVING INCENTIVES

SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—

''(1) IN GENERAL.—In the case of an individual who does not itemize deductions for any taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the amount allowable under subsection (a) for the taxable year for cash contributions (determined without regard to any carryover), to the extent that such contributions exceed $250 ($500 in the case of a joint return) but do not exceed $500 ($1,000 in the case of a joint return).

''(2) TERMINATION.—This subsection shall not apply to any taxable year beginning after December 31, 2005.''.

(b) DIRECT CHARITABLE DEDUCTION.—

(1) IN GENERAL.—Subsection (b) of section 63 (defining taxable income) 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) the direct charitable deduction.''.

(2) DEFINITION.—Section 63 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) DIRECT CHARITABLE DEDUCTION.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(m).''.

(3) CONFORMING AMENDMENT.—Subsection (d) of section 63 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) the direct charitable deduction.''.

(c) STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury shall study the effect of the amendments made by this section on increased charitable giving and taxpayer compliance, including a comparison of taxpayer compliance between taxpayers who itemize their charitable contributions and taxpayers who claim a direct charitable deduction.

(2) REPORT.—By not later than December 31, 2005, the Secretary of the Treasury shall report on the study required under paragraph (1) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution.

''(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement plan—

''(i) which is made on or after the date that the individual for whose benefit the plan is maintained has attained age 70 ½, and

''(ii) which is made directly by the trustee—

''(I) to an organization described in section 170(c), or

''(II) to a split-interest entity.

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includible in gross income without regard to subparagraph (A) and, in the case of a distribution to a split-interest entity, only if no person holds an income interest in the amounts in the split-interest entity attributable to such distribution other than one or more of the following: the individual for whose benefit such plan is maintained, the spouse of such individual, or any organization described in section 170(c).

''(C) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—For purposes of this paragraph—

''(i) DIRECT CONTRIBUTIONS.—A distribution to an organization described in section 170(c) shall be treated as a qualified charitable distribution only if a deduction for the entire distribution would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(ii) SPLIT-INTEREST GIFTS.—A distribution to a split-interest entity shall be treated as a qualified charitable distribution only if a deduction for the entire value of the interest in the distribution for the use of an organization described in section 170(c) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(D) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which a distribution is a qualified charitable distribution, the entire amount of the distribution shall be treated as includible in gross income without regard to subparagraph (A) to the extent that such

amount does not exceed the aggregate amount which would have been so includible if all amounts were distributed from all individual retirement plans treated as 1 contract under paragraph (2)(A) for purposes of determining the inclusion on such distribution under section 72. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

''(E) SPECIAL RULES FOR SPLIT-INTEREST ENTITIES.—

''(i) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made from a trust described in subparagraph (G)(i) shall be treated as ordinary income in the hands of the beneficiary to whom is paid the annuity described in section 664(d)(1)(A) or the payment described in section 664(d)(2)(A).

''(ii) POOLED INCOME FUNDS.—No amount shall be includible in the gross income of a pooled income fund (as defined in subparagraph (G)(ii)) by reason of a qualified charitable distribution to such fund, and all distributions from the fund which are attributable to qualified charitable distributions shall be treated as ordinary income to the beneficiary.

''(iii) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made for a charitable gift annuity shall not be treated as an investment in the contract.

''(F) DENIAL OF DEDUCTION.—Qualified charitable distributions shall not be taken into account in determining the deduction under section 170.

''(G) SPLIT-INTEREST ENTITY DEFINED.—For purposes of this paragraph, the term 'split-interest entity' means—

''(i) a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)) which must be funded exclusively by qualified charitable distributions,

''(ii) a pooled income fund (as defined in section 642(c)(5)), but only if the fund accounts separately for amounts attributable to qualified charitable distributions, and

''(iii) a charitable gift annuity (as defined in section 501(m)(5)).''.

(b) MODIFICATIONS RELATING TO INFORMATION RETURNS BY CERTAIN TRUSTS.—

(1) RETURNS.—Section 6034 (relating to returns by trusts described in section 4947(a)(2) or claiming charitable deductions under section 642(c)) is amended to read as follows:

''SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION 4947(a)(2) OR CLAIMING CHARITABLE DEDUCTIONS UNDER SECTION 642(c).

''(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—Every trust described in section 4947(a)(2) shall furnish such information with respect to the taxable year as the Secretary may by forms or regulations require.

''(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION UNDER SECTION 642(c).—

''(1) IN GENERAL.—Every trust not required to file a return under subsection (a) but claiming a deduction under section 642(c) for the taxable year shall furnish such information with respect to such taxable year as the Secretary may by forms or regulations prescribe, including—

''(A) the amount of the deduction taken under section 642(c) within such year,

''(B) the amount paid out within such year which represents amounts for which deductions under section 642(c) have been taken in prior years,

''(C) the amount for which such deductions have been taken in prior years but which has not been paid out at the beginning of such year,

''(D) the amount paid out of principal in the current and prior years for the purposes described in section 642(c),

''(E) the total income of the trust within such year and the expenses attributable thereto, and

''(F) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply to a trust for any taxable year if—

''(A) all the net income for such year, determined under the applicable principles of the law of trusts, is required to be distributed currently to the beneficiaries, or

''(B) the trust is described in section 4947(a)(1).''.

(2) INCREASE IN PENALTY RELATING TO FILING OF INFORMATION RETURN BY SPLIT-INTEREST TRUSTS.—Paragraph (2) of section 6652(c) (relating to returns by exempt organizations and by certain trusts) is amended by adding at the end the following new subparagraph:

''(C) SPLIT-INTEREST TRUSTS.—In the case of a trust which is required to file a return under section 6034(a), subparagraphs (A) and (B) of this paragraph shall not apply and paragraph (1) shall apply in the same manner as if such return were required under section 6033, except that—

''(i) the 5 percent limitation in the second sentence of paragraph (1)(A) shall not apply,

''(ii) in the case of any trust with gross income in excess of $250,000, the first sentence of paragraph (1)(A) shall be applied by substituting '$100' for '$20', and the second sentence thereof shall be applied by substituting '$50,000' for '$10,000', and

''(iii) the third sentence of paragraph (1)(A) shall be disregarded.

In addition to any penalty imposed on the trust pursuant to this subparagraph, if the person required to file such return knowingly fails to file the return, such penalty shall also be imposed on such person who shall be personally liable for such penalty.''.

(3) CONFIDENTIALITY OF NONCHARITABLE BENEFICIARIES.—Subsection (b) of section 6104 (relating to inspection of annual information returns) is amended by adding at the end the following new sentence: ''In the case of a trust which is required to file a return under section 6034(a), this subsection shall not apply to information regarding beneficiaries which are not organizations described in section 170(c).''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to distributions made after December 31, 2003.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to returns for taxable years beginning after December 31, 2003.

SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (2) of section 170(b) (relating to corporations) is amended by striking ''10 percent'' and inserting ''the applicable percentage''.

(b) APPLICABLE PERCENTAGE.—Subsection (b) of section 170 is amended by adding at the end the following new paragraph:

''(3) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	**The applicable percentage is—**
2004	11
2005	12
2006	13
2007	14
2008 through 2011	15
2012 and thereafter	20.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 512(b)(10) and 805(b)(2)(A) are each amended by striking ''10 percent'' each place it occurs and inserting ''the applicable percentage (determined under section 170(b)(3))''.

(2) Sections 545(b)(2) and 556(b)(2) are each amended by striking ''10-percent limitation'' and inserting ''applicable percentage limitation''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Paragraph (3) of section 170(e) (relating to special rule for certain contributions of inventory and other property) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—

''(i) GENERAL RULE.—In the case of a charitable contribution of food, this paragraph shall be applied—

''(I) without regard to whether the contribution is made by a C corporation, and

''(II) only for food that is apparently wholesome food.

''(ii) LIMITATION.—In the case of taxpayer other than a C corporation, clause (i) shall not apply to any contribution of apparently wholesome food from a trade or business of the taxpayer to the extent that such contribution exceeds the applicable percentage (within the meaning of subsection (b)(3)) of the amount of net income of the taxpayer from the trade or business with respect to which such food is inventory. For purposes of the preceding sentence, the amount of net income of the taxpayer from a trade or business is the excess of—

''(I) the aggregate amount of gross income from such trade or business received or accrued by the taxpayer during the taxable year, over

''(II) the aggregate amount of any deductions allocable to such trade or business allowed to the taxpayer under this chapter for the taxable year.

''(iii) DETERMINATION OF FAIR MARKET VALUE.—In the case of a qualified contribution of apparently wholesome food to which this paragraph applies and which, solely by reason of internal standards of the taxpayer or lack of market, cannot or will not be sold, the fair market value of such food shall be determined by taking into account the price at which the same or substantially the same food items (as to both type and quality) are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).

''(iv) APPARENTLY WHOLESOME FOOD.—For purposes of this subparagraph, the term 'apparently wholesome food' shall have the meaning given to such term by section 22(b)(2) of the Bill Emerson Good Samaritan Food Donation Act (42 U.S.C. 1791(b)(2)), as in effect on the date of the enactment of this subparagraph.''.

(b) EFFECTIVE DATE.—The amendment made by section shall apply to taxable years beginning after December 31, 2003.

SEC. 105. REFORM OF CERTAIN EXCISE TAXES RELATED TO PRIVATE FOUNDATIONS.

(a) REDUCTION OF TAX ON NET INVESTMENT INCOME.—Subsection (a) of section 4940 (relating to excise tax based on investment income) is amended by striking ''2 percent'' and inserting ''1 percent''.

(b) REPEAL OF REDUCTION IN TAX WHERE PRIVATE FOUNDATION MEETS CERTAIN DISTRIBUTION REQUIREMENTS.—Section 4940 is amended by striking subsection (e).

(c) MODIFICATION OF EXCISE TAX ON FAILURE TO DISTRIBUTE INCOME.—

(1) ADMINISTRATIVE EXPENSES NOT TREATED AS DISTRIBUTIONS.—Subparagraph (A) of section 4942(g)(1) is amended by striking ''including that portion of reasonable and necessary administrative expenses'' and inserting ''excluding administrative expenses''.

(2) EXCLUSION NOT TO APPLY TO CERTAIN PRIVATE FOUNDATIONS.—Paragraph (3) of section 4942(j) is amended—

(A) by striking ''(within the meaning of paragraph (1) or (2) of subsection (g))'' each place it appears, and

(B) by inserting at the end the following: ''For purposes of this paragraph, the term 'qualifying distributions' means qualifying distributions within the meaning of paragraph (1) or (2) of subsection (g), except that 'including that portion of reasonable and necessary administrative expenses' shall be substituted for 'excluding administrative expenses' in subsection (g)(1)(A).''.

(3) CONFORMING AMENDMENT.—Subsection (g) of section 4942 is amended by striking paragraph (4).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE INCOME OF CHARITABLE REMAINDER TRUSTS.

(a) IN GENERAL.—Subsection (c) of section 664 (relating to exemption from income taxes) is amended to read as follows:

''(c) TAXATION OF TRUSTS.—

''(1) INCOME TAX.—A charitable remainder annuity trust and a charitable remainder unitrust shall, for any taxable year, not be subject to any tax imposed by this subtitle.

''(2) EXCISE TAX.—

''(A) IN GENERAL.—In the case of a charitable remainder annuity trust or a charitable remainder unitrust that has unrelated business taxable income (within the meaning of section 512, determined as if part III of subchapter F applied to such trust) for a taxable year, there is hereby imposed on such trust or unitrust an excise tax equal to the amount of such unrelated business taxable income.

''(B) CERTAIN RULES TO APPLY.—The tax imposed by subparagraph (A) shall be treated as imposed by chapter 42 for purposes of this title other than subchapter E of chapter 42.

''(C) CHARACTER OF DISTRIBUTIONS AND COORDINATION WITH DISTRIBUTION REQUIREMENTS.—The amounts taken into account in determining unrelated business taxable income (as defined in subparagraph (A)) shall not be taken into account for purposes of—

''(i) subsection (b),

''(ii) determining the value of trust assets under subsection (d)(2), and

''(iii) determining income under subsection (d)(3).

''(D) TAX COURT PROCEEDINGS.—For purposes of this paragraph, the references in section 6212(c)(1) to section 4940 shall be deemed to include references to this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 107. EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.

(a) SCIENTIFIC PROPERTY USED FOR RESEARCH.—

(1) IN GENERAL.—Clause (ii) of section 170(e)(4)(B) (defining qualified research contributions) is amended by inserting ''or assembled'' after ''constructed''.

(2) CONFORMING AMENDMENT.—Clause (iii) of section 170(e)(4)(B) is amended by inserting ''or assembling'' after ''construction''.

(b) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—

(1) IN GENERAL.—Clause (ii) of section 170(e)(6)(B) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(2) SPECIAL RULE EXTENDED.—Section 170(e)(6)(G) is amended by striking ''2003'' and inserting ''2005''.

(3) CONFORMING AMENDMENTS.—Subparagraph (D) of section 170(e)(6) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 108. ADJUSTMENT TO BASIS OF S CORPORATION STOCK FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (2) of section 1367(a) (relating to adjustments to basis of stock of shareholders, etc.) is amended by adding at the end the following new flush sentence:

''The decrease under subparagraph (B) by reason of a charitable contribution (as defined in section 170(c)) of property shall be the amount equal to the shareholder's pro rata share of the adjusted basis of such property.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

TITLE II—TAX REFORM AND IMPROVEMENTS RELATING TO CHARITABLE ORGANIZATIONS AND PROGRAMS

SEC. 201. SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.—

''(1) IN GENERAL.—The exemption from tax under subsection (a) with respect to any organization described in paragraph (2), and the eligibility of any organization described in paragraph (2) to apply for recognition of exemption under subsection (a), shall be suspended during the period described in paragraph (3).

''(2) TERRORIST ORGANIZATIONS.—An organization is described in this paragraph if such organization is designated or otherwise individually identified—

''(A) under section 212(a)(3)(B)(vi)(II) or 219 of the Immigration and Nationality Act as a terrorist organization or foreign terrorist organization,

''(B) in or pursuant to an Executive order which is related to terrorism and issued under the authority of the International Emergency Economic Powers Act or section 5 of the United Nations Participation Act of 1945 for the purpose of imposing on such organization an economic or other sanction, or

''(C) in or pursuant to an Executive order issued under the authority of any Federal law if—

''(i) the organization is designated or otherwise individually identified in or pursuant to such Executive order as supporting or engaging in terrorist activity (as defined in section 212(a)(3)(B) of the Immigration and Nationality Act) or supporting terrorism (as defined in section 140(d)(2) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989); and

''(ii) such Executive order refers to this subsection.

''(3) PERIOD OF SUSPENSION.—With respect to any organization described in paragraph (2), the period of suspension—

''(A) begins on the later of—

''(i) the date of the first publication of a designation or identification described in paragraph (2) with respect to such organization, or

''(ii) the date of the enactment of this subsection, and

''(B) ends on the first date that all designations and identifications described in paragraph (2) with respect to such organization are rescinded pursuant to the law or Executive order under which such designation or identification was made.

''(4) DENIAL OF DEDUCTION.—No deduction shall be allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 for any contribution to an organization described in paragraph (2) during the period described in paragraph (3).

''(5) DENIAL OF ADMINISTRATIVE OR JUDICIAL CHALLENGE OF SUSPENSION OR DENIAL OF DEDUCTION.—Notwithstanding section 7428 or any other provision of law, no organization or other person may challenge a suspension under paragraph (1), a designation or identification described in paragraph (2), the period of suspension described in paragraph (3), or a denial of a deduction under paragraph (4) in any administrative or judicial proceeding relating to the Federal tax liability of such organization or other person.

''(6) ERRONEOUS DESIGNATION.—

''(A) IN GENERAL.—If—

''(i) the tax exemption of any organization described in paragraph (2) is suspended under paragraph (1),

''(ii) each designation and identification described in paragraph (2) which has been made with respect to such organization is determined to be erroneous pursuant to the law or Executive order under which such designation or identification was made, and

''(iii) the erroneous designations and identifications result in an overpayment of income tax for any taxable year by such organization,

credit or refund (with interest) with respect to such overpayment shall be made.

''(B) WAIVER OF LIMITATIONS.—If the credit or refund of any overpayment of tax described in subparagraph (A)(iii) is prevented at any time by the operation of any law or rule of law (including res judicata), such credit or refund may nevertheless be allowed or made if the claim therefor is filed before the close of the 1-year period beginning on the date of the last determination described in subparagraph (A)(ii).

''(7) NOTICE OF SUSPENSIONS.—If the tax exemption of any organization is suspended under this subsection, the Internal Revenue Service shall update the listings of tax-exempt organizations and shall publish appropriate notice to taxpayers of such suspension and of the fact that contributions to such organization are not deductible during the period of such suspension.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to designations made before, on, or after the date of the enactment of this Act.

SEC. 202. CLARIFICATION OF DEFINITION OF CHURCH TAX INQUIRY.

Subsection (i) of section 7611 (relating to section not to apply to criminal investigations, etc.) is amended by striking ''or'' at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting '', or'', and by inserting after paragraph (5) the following:

''(6) information provided by the Secretary related to the standards for exemption from tax under this title and the requirements under this title relating to unrelated business taxable income.''.

SEC. 203. EXPANSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (1) of section 7428(a) (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after ''509(a))'' the following: ''or as a private operating foundation (as defined in section 4942(j)(3))''; and

(2) by amending subparagraph (C) to read as follows:

''(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in subsection (c) (other than paragraph (3)) or (d) of section 501 which is exempt from tax under section 501(a), or''.

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking ''United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia'' and inserting the following: ''United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

SEC. 204. LANDOWNER INCENTIVES PROGRAMS.

(a) IN GENERAL.—Subsection (a) of section 126 is amended by redesignating paragraph (10) as paragraph (11) and by inserting after paragraph (9) the following new paragraph:

''(10) Landowner initiatives programs to conserve threatened, endangered, or imperiled species, or protect or restore habitat carried out under—

''(A) the Fish and Wildlife Coordination Act (16 U.S.C. 661 et seq.),

''(B) the Fish and Wildlife Act of 1956 (16 U.S.C. 742f), or

''(C) section 6 of the Endangered Species Act (16 U.S.C. 11531 et seq.).''.

(b) EXCLUDABLE PORTION.—Subparagraph (A) of section 126(b)(1) is amended by inserting after ''Secretary of Agriculture'' the following: ''(the Secretary of the Interior, in the case of the landowner incentives programs described in subsection (a)(10) and the programs described in subsection (a)(11) that are implemented by the Department of the Interior)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 205. MODIFICATIONS TO SECTION 512(b)(13).

(a) IN GENERAL.—Paragraph (13) of section 512(b) (relating to special rules for certain amounts received from controlled entities) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new subparagraph:

''(E) PARAGRAPH TO APPLY ONLY TO EXCESS PAYMENTS.—

''(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a specified payment received or accrued by the controlling organization that exceeds the amount which would have been paid or accrued if such payment met the requirements prescribed under section 482.

''(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of the larger of—

''(I) such excess determined without regard to any amendment or supplement to a return of tax, or

''(II) such excess determined with regard to all such amendments and supplements.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to payments received or accrued after December 31, 2003.

(2) PAYMENTS SUBJECT TO BINDING CONTRACT TRANSITION RULE.—If the amendments made by section 1041 of the Taxpayer Relief Act of 1997 did not apply to any amount received or accrued in the first 2 taxable years beginning on or after the date of the enactment of the Taxpayer Relief Act of 1997 under any contract described in subsection (b)(2) of such section, such amendments also shall not apply to amounts received or accrued under such contract before January 1, 2001.

SEC. 206. SIMPLIFICATION OF LOBBYING EXPENDITURE LIMITATION.

(a) REPEAL OF GRASSROOTS EXPENDITURE LIMIT.—Paragraph (1) of section 501(h) (relating to expenditures by public charities to influence legislation) is amended to read as follows:

''(1) GENERAL RULE.—In the case of an organization to which this subsection applies, exemption from taxation under subsection (a) shall be denied because a substantial part of the activities of such organization consists of carrying on propaganda, or otherwise attempting, to influence legislation, but only if such organization normally makes lobbying expenditures in excess of the lobbying ceiling amount for such organization for each taxable year.''.

(b) EXCESS LOBBYING EXPENDITURES.—Section 4911(b) is amended to read as follows:

''(b) EXCESS LOBBYING EXPENDITURES.—For purposes of this section, the term 'excess lobbying expenditures' means, for a taxable year, the amount by which the lobbying expenditures made by the organization during the taxable year exceed the lobbying nontaxable amount for such organization for such taxable year.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 501(h)(2) is amended by striking subparagraphs (C) and (D).

(2) Section 4911(c) is amended by striking paragraphs (3) and (4).

(3) Paragraph (1)(A) of section 4911(f) is amended by striking ''limits of section 501(h)(1) have'' and inserting ''limit of section 501(h)(1) has''.

(4) Paragraph (1)(C) of section 4911(f) is amended by striking ''limits of section 501(h)(1) are'' and inserting ''limit of section 501(h)(1) is''.

(5) Paragraphs (4)(A) and (4)(B) of section 4911(f) are each amended by striking ''limits of section 501(h)(1)'' and inserting ''limit of section 501(h)(1)''.

(6) Paragraph (8) of section 6033(b) (relating to certain organizations described in section 501(c)(3)) is amended by inserting ''and'' at the end of subparagraph (A) and by striking subparagraphs (C) and (D).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 207. PERMITTED HOLDINGS OF PRIVATE FOUNDATION WHERE CORPORATION IS PUBLICLY TRADED AND PUBLICLY CONTROLLED.

(a) IN GENERAL.—Paragraph (2) of section 4943(c) (relating to the permitted holdings in a corporation) is amended by adding at the end the following new subparagraphs:

''(D) PERMITTED HOLDINGS WHERE CORPORATION IS PUBLICLY-TRADED AND PUBLICLY CONTROLLED.—A private foundation shall not be treated as having excess business holdings in any corporation in any calendar year in which it (together with all other private foundations which are described in section 4946(a)(1)(H)) owns not more than 5 percent of the voting stock and not more than 5 percent in value of all outstanding shares of all classes of stock if—

''(i) the common stock of the corporation, and any other class of stock of which shares are held by the private foundation, are regularly traded on an established securities market (within the meaning of section 897(c)(3)),

''(ii) more than 50 percent of—

''(I) the total combined voting power of all classes of stock of such corporation entitled to vote, and

''(II) the total value of the stock of such corporation,

is owned directly or indirectly by persons other than the private foundation and persons who are disqualified persons with respect to the private foundation,

''(iii) the Board of Directors of such corporation consists of a majority of persons who are not disqualified persons with respect to the private foundation, and

''(iv) any undistributed income (within the meaning of section 4942(c)) of the private foundation for such year (determined after substituting '6 percent' for '5 percent' in section 4942(e)(1)) shall have been distributed within the required period under section 4942(a) so as to avoid application of the initial tax on such undistributed income.

''(E) EXCEPTION TO PERMITTED HOLDINGS WHERE CORPORATION IS PUBLICLY-TRADED AND PUBLICLY CONTROLLED.—No stock of a corporation held by the private foundation shall be considered permitted holdings pursuant to subparagraph (D) to the extent such stock was acquired by the private foundation by purchase in a taxable transaction or was acquired from a disqualified person who acquired such stock by purchase in a taxable transaction within the 5 years immediately preceding the transfer of such stock to the private foundation. Solely for purposes of applying the preceding sentence—

''(i) any such stock acquired by purchase in a taxable transaction by such disqualified person within such 5 year period shall be treated as included in such transfer to the extent of such transfer,

''(ii) all stock acquired by such disqualified person by purchase in a taxable transaction during the 24 month period beginning on the date of the transfer to the private foundation shall be treated as held by such disqualified person on the date of such transfer and included in such transfer, and

''(iii) the private foundation may specifically designate any shares of stock not considered permitted holdings for purposes of allowing such private foundation to dispose of such stock.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

TITLE III—OTHER PROVISIONS

SEC. 301. COMPASSION CAPITAL FUND.

Title IV of the Social Security Act (42 U.S.C. 601–679b) is amended by adding at the end the following:

''PART F—COMPASSION CAPITAL FUND

''SEC. 481. SECRETARY'S FUND TO SUPPORT AND REPLICATE PROMISING SOCIAL SERVICE PROGRAMS.

''(a) GRANT AUTHORITY.—

''(1) IN GENERAL.—The Secretary may make grants to support any private entity that operates a promising social services program.

''(2) APPLICATIONS.—An entity desiring to receive a grant under paragraph (1) shall submit to the Secretary an application for the grant, which shall contain such information as the Secretary may require.

''(b) CONTRACT AUTHORITY, ETC.—The Secretary may enter into a grant, contract, or cooperative agreement with any entity under which the entity would provide technical assistance to another entity to operate a social service program that assists persons and families in need, including by—

''(1) providing the other entity with—

''(A) technical assistance and information, including legal assistance and other business assistance;

''(B) information on capacity-building;

''(C) information and assistance in identifying and using best practices for serving persons and families in need; or

''(D) assistance in replicating programs with demonstrated effectiveness in assisting persons and families in need; or

''(2) supporting research on the best practices of social service organizations.

''(c) GUIDANCE AND TECHNICAL ASSISTANCE.—The Secretary may use not more than 25 percent of the amount appropriated under this section for a fiscal year to provide guidance and technical assistance to States and political subdivisions of States with respect to the implementation of any social service program.

''(d) SOCIAL SERVICES PROGRAM DEFINED.—In this section, the term 'social services program' means a program that provides benefits or services of any kind to persons and families in need.

''(e) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated to the Secretary $150,000,000 for fiscal year 2003, and such sums as may be necessary for fiscal years 2004 through 2007.''.

SEC. 302. REAUTHORIZATION OF ASSETS FOR INDEPENDENCE DEMONSTRATION.

Section 416 of the Assets for Independence Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended by striking ''and 2003'' and inserting ''2003, 2004, 2005, 2006, 2007, and 2008''.

SEC. 303. SENSE OF THE CONGRESS REGARDING CORPORATE CONTRIBUTIONS TO FAITH-BASED ORGANIZATIONS, ETC.

(a) FINDINGS.—The Congress finds as follows:

(1) America's community of faith has long played a leading role in dealing with difficult societal problems that might otherwise have gone unaddressed.

(2) President Bush has called upon Americans ''to revive the spirit of citizenship . . . to marshal the compassion of our people to meet the continuing needs of our Nation''.

(3) Although the work of faith-based organizations should not be used by government as an excuse for backing away from its historic and rightful commitment to help those who are disadvantaged and in need, such organizations can and should be seen as a valuable partner with government in meeting societal challenges.

(4) Every day faith-based organizations in the United States help people recover from drug and alcohol addiction, provide food and shelter for the homeless, rehabilitate prison inmates so that they can break free from the cycle of recidivism, and teach people job skills that will allow them to move from poverty to productivity.

(5) Faith-based organizations are often more successful in dealing with difficult societal problems than government and nonsectarian organizations.

(6) As President Bush has stated, ''It is not sufficient to praise charities and community groups; we must support them. And this is both a public obligation and a personal responsibility.''.

(7) Corporate foundations contribute billions of dollars each year to a variety of philanthropic causes.

(8) According to a study produced by the Capital Research Center, the 10 largest corporate foundations in the United States contributed $1,900,000,000 to such causes.

(9) According to the same study, faith-based organizations only receive a small fraction of the contributions made by corporations in the United States, and 6 of the 10 corporations that give the most to philanthropic causes explicitly ban or restrict contributions to faith-based organizations.

(b) CORPORATIONS ENCOURAGED TO CONTRIBUTE TO FAITH-BASED ORGANIZATIONS.—The Congress calls on corporations in the United States, in the words of the President, ''to give more and to give better'' by making greater contributions to faith-based organizations that are on the front lines battling some of the great societal challenges of our day.

(c) SENSE OF THE CONGRESS.—It is the sense of Congress that—

(1) corporations in the United States are important partners with government in efforts to overcome difficult societal problems; and

(2) no corporation in the United States should adopt policies that prohibit the corporation from contributing to an organization that is successfully advancing a philanthropic cause merely because such organization is faith based.

SEC. 304. MATERNITY GROUP HOMES.

(a) PERMISSIBLE USE OF FUNDS.—Section 322 of the Runaway and Homeless Youth Act (42 U.S.C. 5714–2) is amended—

(1) in subsection (a)(1), by inserting ''(including maternity group homes)'' after ''group homes''; and

(2) by adding at the end the following:

''(c) MATERNITY GROUP HOME.—In this part, the term 'maternity group home' means a community-based, adult-supervised group home that provides—

''(1) young mothers and their children with a supportive and supervised living arrangement in which such mothers are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children; and

''(2) pregnant women with—

''(A) information regarding the option of placing children for adoption through licensed adoption service providers;

''(B) assistance with prenatal care and child birthing; and

''(C) pre- and post-placement adoption counseling.''.

(b) CONTRACT FOR EVALUATION.—Part B of the Runaway and Homeless Youth Act (42 U.S.C. 5701 et seq.) is amended by adding at the end the following:

''SEC. 323. CONTRACT FOR EVALUATION.

''(a) IN GENERAL.—The Secretary shall enter into a contract with a public or private entity for an evaluation of the maternity group homes that are supported by grant funds under this Act.

''(b) INFORMATION.—The evaluation described in subsection (a) shall include the collection of information about the relevant characteristics of individuals who benefit from maternity group homes such as those that are supported by grant funds under this Act and what services provided by those maternity group homes are most beneficial to such individuals.

''(c) REPORT.—Not later than 2 years after the date on which the Secretary enters into a contract for an evaluation under subsection (a), and biennially thereafter, the entity conducting the evaluation under this section shall submit to Congress a report on the status, activities, and accomplishments of maternity group homes that are supported by grant funds under this Act.''.

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 388 of the Runaway and Homeless Youth Act (42 U.S.C. 5751) is amended—

(1) in subsection (a)(1)—

(A) by striking ''There'' and inserting the following:

''(A) IN GENERAL.—There'';

(B) in subparagraph (A), as redesignated, by inserting ''and the purpose described in subparagraph (B)'' after ''other than part E''; and

(C) by adding at the end the following:

''(B) MATERNITY GROUP HOMES.—There is authorized to be appropriated, for maternity group homes eligible for assistance under section 322(a)(1)—

''(i) $33,000,000 for fiscal year 2003; and

''(ii) such sums as may be necessary for fiscal year 2004.''; and

(2) in subsection (a)(2)(A), by striking ''paragraph (1)'' and inserting ''paragraph (1)(A)''.

The SPEAKER pro tempore. The amendment printed in the bill, modified by the amendment printed in part A of House Report 108–273, is adopted.

The committee amendment in the nature of a substitute, as modified, is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Charitable Giving Act of 2003''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

TITLE I—CHARITABLE GIVING INCENTIVES

Sec. 101. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.

Sec. 102. Tax-free distributions from individual retirement plans for charitable purposes.

Sec. 103. Increase in cap on corporate charitable contributions.

Sec. 104. Charitable deduction for contributions of food inventory.

Sec. 105. Reform of certain excise taxes related to private foundations.

Sec. 106. Excise tax on unrelated business taxable income of charitable remainder trusts.

Sec. 107. Expansion of charitable contribution allowed for scientific property used for research and for computer technology and equipment used for educational purposes.

Sec. 108. Adjustment to basis of S corporation stock for certain charitable contributions.

Sec. 109. Charitable organizations permitted to make collegiate housing and infrastructure grants.

Sec. 110. Conduct of certain games of chance not treated as unrelated trade or business.

Sec. 111. Excise taxes exemption for blood collector organizations.

Sec. 112. Nonrecognition of gain on the sale of property used in performance of an exempt function.

Sec. 113. Exemption of qualified 501(c)(3) bonds for nursing homes from Federal guarantee prohibitions.

TITLE II—TAX REFORM AND IMPROVEMENTS RELATING TO CHARITABLE ORGANIZATIONS AND PROGRAMS

Sec. 201. Suspension of tax-exempt status of terrorist organizations.

Sec. 202. Clarification of definition of church tax inquiry.

Sec. 203. Extension of declaratory judgment remedy to tax-exempt organizations.

Sec. 204. Landowner incentives programs.

Sec. 205. Modifications to section 512(b)(13).
Sec. 206. Simplification of lobbying expenditure limitation.
Sec. 207. Pilot project for forest conservation activities.

TITLE III—OTHER PROVISIONS

Sec. 301. Compassion capital fund.
Sec. 302. Reauthorization of assets for independence demonstration.
Sec. 303. Sense of the Congress regarding corporate contributions to faith-based organizations, etc.
Sec. 304. Maternity group homes.
Sec. 305. Authority of States to use 10 percent of their TANF funds to carry out social services block grant programs.

TITLE I—CHARITABLE GIVING INCENTIVES

SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—

''(1) IN GENERAL.—In the case of an individual who does not itemize deductions for a taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the amount allowable under subsection (a) for the taxable year for cash contributions (determined without regard to any carryover), to the extent that such contributions exceed $250 ($500 in the case of a joint return) but do not exceed $500 ($1,000 in the case of a joint return).

''(2) TERMINATION.—Paragraph (1) shall not apply to any taxable year beginning after December 31, 2005.''.

(b) DIRECT CHARITABLE DEDUCTION.—

(1) IN GENERAL.—Subsection (b) of section 63 (defining taxable income) 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) the direct charitable deduction.''.

(2) DEFINITION.—Section 63 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) DIRECT CHARITABLE DEDUCTION.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(m).''.

(3) CONFORMING AMENDMENT.—Subsection (d) of section 63 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) the direct charitable deduction.''.

(c) STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury shall study the effect of the amendments made by this section on increased charitable giving and taxpayer compliance, including a comparison of taxpayer compliance between taxpayers who itemize their charitable contributions and taxpayers who claim a direct charitable deduction.

(2) REPORT.—Not later than December 31, 2006, the Secretary of the Treasury shall report on the study required under paragraph (1) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution.

''(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement plan other than a plan described in subsection (k) or (p) of section 408—

''(i) which is made on or after the date that the individual for whose benefit the plan is maintained has attained age 70½, and

''(ii) which is made directly by the trustee—

''(I) to an organization described in section 170(c), or

''(II) to a split-interest entity.

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includible in gross income without regard to subparagraph (A) and, in the case of a distribution to a split-interest entity, only if no person holds an income interest in the amounts in the split-interest entity attributable to such distribution other than one or more of the following: the individual for whose benefit such plan is maintained, the spouse of such individual, or any organization described in section 170(c).

''(C) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—For purposes of this paragraph—

''(i) DIRECT CONTRIBUTIONS.—A distribution to an organization described in section 170(c) shall be treated as a qualified charitable distribution only if a deduction for the entire distribution would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(ii) SPLIT-INTEREST GIFTS.—A distribution to a split-interest entity shall be treated as a qualified charitable distribution only if a deduction for the entire value of the interest in the distribution for the use of an organization described in section 170(c) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(D) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which a distribution is a qualified charitable distribution, the entire amount of the distribution shall be treated as includible in gross income without regard to subparagraph (A) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts distributed from all individual retirement plans were treated as 1 contract under paragraph (2)(A) for purposes of determining the inclusion of such distribution under section 72. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

''(E) SPECIAL RULES FOR SPLIT-INTEREST ENTITIES.—

''(i) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made from a trust described in subparagraph (G)(i) shall be treated as ordinary income in the hands of the beneficiary to whom is paid the annuity described in section 664(d)(1)(A) or the payment described in section 664(d)(2)(A).

''(ii) POOLED INCOME FUNDS.—No amount shall be includible in the gross income of a pooled income fund (as defined in subparagraph (G)(ii)) by reason of a qualified charitable distribution to such fund, and all distributions from the fund which are attributable to qualified charitable distributions shall be treated as ordinary income to the beneficiary.

''(iii) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made for a charitable gift annuity shall not be treated as an investment in the contract.

''(F) DENIAL OF DEDUCTION.—Qualified charitable distributions shall not be taken into account in determining the deduction under section 170.

''(G) SPLIT-INTEREST ENTITY DEFINED.—For purposes of this paragraph, the term 'split-interest entity' means—

''(i) a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)) which must be funded exclusively by qualified charitable distributions,

''(ii) a pooled income fund (as defined in section 642(c)(5)), but only if the fund accounts separately for amounts attributable to qualified charitable distributions, and

''(iii) a charitable gift annuity (as defined in section 501(m)(5)).''.

(b) MODIFICATIONS RELATING TO INFORMATION RETURNS BY CERTAIN TRUSTS.—

(1) RETURNS.—Section 6034 (relating to returns by trusts described in section 4947(a)(2) or claiming charitable deductions under section 642(c)) is amended to read as follows:

''SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION 4947(a)(2) OR CLAIMING CHARITABLE DEDUCTIONS UNDER SECTION 642(c).

''(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—Every trust described in section 4947(a)(2) shall furnish such information with respect to the taxable year as the Secretary may by forms or regulations require.

''(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION UNDER SECTION 642(c).—

''(1) IN GENERAL.—Every trust not required to file a return under subsection (a) but claiming a deduction under section 642(c) for the taxable year shall furnish such information with respect to such taxable year as the Secretary may by forms or regulations prescribe, including—

''(A) the amount of the deduction taken under section 642(c) within such year,

''(B) the amount paid out within such year which represents amounts for which deductions under section 642(c) have been taken in prior years,

''(C) the amount for which such deductions have been taken in prior years but which has not been paid out at the beginning of such year,

''(D) the amount paid out of principal in the current and prior years for the purposes described in section 642(c),

''(E) the total income of the trust within such year and the expenses attributable thereto, and

''(F) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply to a trust for any taxable year if—

''(A) all the net income for such year, determined under the applicable principles of the law of trusts, is required to be distributed currently to the beneficiaries, or

''(B) the trust is described in section 4947(a)(1).''.

(2) INCREASE IN PENALTY RELATING TO FILING OF INFORMATION RETURN BY SPLIT-INTEREST TRUSTS.—Paragraph (2) of section 6652(c) (relating to returns by exempt organizations and by certain trusts) is amended by adding at the end the following new subparagraph:

''(C) SPLIT-INTEREST TRUSTS.—In the case of a trust which is required to file a return under section 6034(a), subparagraphs (A) and (B) of this paragraph shall not apply and paragraph (1) shall apply in the same manner as if such return were required under section 6033, except that—

''(i) the 5 percent limitation in the second sentence of paragraph (1)(A) shall not apply,

''(ii) in the case of any trust with gross income in excess of $250,000, the first sentence of paragraph (1)(A) shall be applied by substituting '$100' for '$20', and the second sentence thereof shall be applied by substituting '$50,000' for '$10,000', and

''(iii) the third sentence of paragraph (1)(A) shall be disregarded.

In addition to any penalty imposed on the trust pursuant to this subparagraph, if the person required to file such return knowingly fails to file the return, such penalty shall also be imposed on such person who shall be personally liable for such penalty.''.

(3) CONFIDENTIALITY OF NONCHARITABLE BENEFICIARIES.—Subsection (b) of section 6104 (relating to inspection of annual information returns) is amended by adding at the end the following new sentence: ''In the case of a trust which is required to file a return under section 6034(a), this subsection shall not apply to information regarding beneficiaries which are not organizations described in section 170(c).''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to distributions made after December 31, 2003.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to returns for taxable years beginning after December 31, 2003.

SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (2) of section 170(b) (relating to corporations) is amended by striking ''10 percent'' and inserting ''the applicable percentage''.

(b) APPLICABLE PERCENTAGE.—Subsection (b) of section 170 is amended by adding at the end the following new paragraph:

''(3) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	The applicable percentage is—
2004	11
2005	12
2006	13
2007	14
2008 through 2011	15
2012 and thereafter	20.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 512(b)(10) and 805(b)(2)(A) are each amended by striking ''10 percent'' each place it occurs and inserting ''the applicable percentage (determined under section 170(b)(3))''.

(2) Sections 545(b)(2) and 556(b)(2) are each amended by striking ''10-percent limitation'' and inserting ''applicable percentage limitation''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Paragraph (3) of section 170(e) (relating to special rule for certain contributions of inventory and other property) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—

''(i) GENERAL RULE.—In the case of a charitable contribution of food from any trade or business (or interest therein) of the taxpayer, this paragraph shall be applied—

''(I) without regard to whether the contribution is made by a C corporation, and

''(II) only to food that is apparently wholesome food.

''(ii) LIMITATION.—In the case of a taxpayer other than a C corporation, the aggregate amount of such contributions for any taxable year which may be taken into account under this section shall not exceed the applicable percentage (within the meaning of subsection (b)(3)) of the taxpayer's aggregate net income for such taxable year from all trades or businesses from which such contributions were made for such year, computed without regard to this section.

''(iii) DETERMINATION OF FAIR MARKET VALUE.—In the case of a qualified contribution of apparently wholesome food to which this paragraph applies and which, solely by reason of internal standards of the taxpayer or lack of market, cannot or will not be sold, the fair market value of such food shall be determined by taking into account the price at which the same or substantially the same food items (as to both type and quality) are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).

''(iv) APPARENTLY WHOLESOME FOOD.—For purposes of this subparagraph, the term 'apparently wholesome food' has the meaning given to such term by section 22(b)(2) of the Bill Emerson Good Samaritan Food Donation Act (42 U.S.C. 1791(b)(2)), as in effect on the date of the enactment of this subparagraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 105. REFORM OF CERTAIN EXCISE TAXES RELATED TO PRIVATE FOUNDATIONS.

(a) REDUCTION OF TAX ON NET INVESTMENT INCOME.—Section 4940(a) (relating to tax-exempt foundations) is amended by striking ''2 percent'' and inserting ''1 percent''.

(b) REPEAL OF REDUCTION IN TAX WHERE PRIVATE FOUNDATION MEETS CERTAIN DISTRIBUTION REQUIREMENTS.—Section 4940 (relating to excise tax based on investment income) is amended by striking subsection (e).

(c) MODIFICATION OF EXCISE TAX ON SELF-DEALING.—The second sentence of section 4941(a)(1) (relating to initial excise tax imposed on self-dealer) is amended by striking ''5 percent'' and inserting ''25 percent''.

(d) MODIFICATION OF EXCISE TAX ON FAILURE TO DISTRIBUTE INCOME.—

(1) CERTAIN ADMINISTRATIVE EXPENSES NOT TREATED AS DISTRIBUTIONS.—Section 4942(g) is amended by striking paragraph (4) and inserting the following new paragraphs:

''(4) LIMITATION ON ADMINISTRATIVE EXPENSES TREATED AS DISTRIBUTIONS.—

''(A) IN GENERAL.—For purposes of paragraph (1)(A), the following administrative expenses shall not be treated as qualifying distributions:

''(i) Any administrative expense which is not directly attributable to direct charitable activities, grant selection activities, grant monitoring and administration activities, compliance with applicable Federal, State, or local law, or furthering public accountability of the private foundation.

''(ii) Any compensation paid to a disqualified person to the extent that such compensation exceeds an annual rate of $100,000.

''(iii) Any expense incurred for transportation by air unless such transportation is regularly-scheduled commercial air transportation.

''(iv) Any expense incurred for regularly-scheduled commercial air transportation to the extent that such expense exceeds the cost of such transportation in coach-class accommodations.

''(B) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after December 31, 2004, the $100,000 amount in subparagraph (A)(ii) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2003' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as increased under the preceding sentence is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of paragraph (4). Such regulations shall provide that administrative expenses which are excluded from qualifying distributions solely by reason of the limitations in paragraph (4) shall not for such reason subject a private foundation to any other excise taxes imposed by this subchapter.''.

(2) DISALLOWANCE NOT TO APPLY TO CERTAIN PRIVATE FOUNDATIONS.—

(A) IN GENERAL.—Section 4942(j)(3) (defining operating foundation) is amended—

(i) by striking ''(within the meaning of paragraph (1) or (2) of subsection (g))'' each place it appears, and

(ii) by adding at the end the following new sentence: ''For purposes of this paragraph, the term 'qualifying distributions' means qualifying distributions within the meaning of paragraph (1) or (2) of subsection (g) (determined without regard to subsection (g)(4)).''.

(B) CONFORMING AMENDMENT.—Section 4942(f)(2)(C)(i) is amended by inserting ''(determined without regard to subsection (g)(4))'' after ''within the meaning of subsection (g)(1)(A)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE INCOME OF CHARITABLE REMAINDER TRUSTS.

(a) IN GENERAL.—Subsection (c) of section 664 (relating to exemption from income taxes) is amended to read as follows:

''(c) TAXATION OF TRUSTS.—

''(1) INCOME TAX.—A charitable remainder annuity trust and a charitable remainder unitrust shall, for any taxable year, not be subject to any tax imposed by this subtitle.

''(2) EXCISE TAX.—

''(A) IN GENERAL.—In the case of a charitable remainder annuity trust or a charitable remainder unitrust that has unrelated business taxable income (within the meaning of section 512, determined as if part III of subchapter F applied to such trust) for a taxable year, there is hereby imposed on such trust or unitrust an excise tax equal to the amount of such unrelated business taxable income.

''(B) CERTAIN RULES TO APPLY.—The tax imposed by subparagraph (A) shall be treated as imposed by chapter 42 for purposes of this title other than subchapter E of chapter 42.

''(C) CHARACTER OF DISTRIBUTIONS AND COORDINATION WITH DISTRIBUTION REQUIREMENTS.—The amounts taken into account in determining unrelated business taxable income (as defined in subparagraph (A)) shall not be taken into account for purposes of—

''(i) subsection (b),

''(ii) determining the value of trust assets under subsection (d)(2), and

''(iii) determining income under subsection (d)(3).

''(D) TAX COURT PROCEEDINGS.—For purposes of this paragraph, the references in section 6212(c)(1) to section 4940 shall be deemed to include references to this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 107. EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.

(a) SCIENTIFIC PROPERTY USED FOR RESEARCH.—

(1) IN GENERAL.—Clause (ii) of section 170(e)(4)(B) (defining qualified research contributions) is amended by inserting ''or assembled'' after ''constructed''.

(2) CONFORMING AMENDMENT.—Clause (iii) of section 170(e)(4)(B) is amended by inserting ''or assembling'' after ''construction''.

(b) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—

(1) IN GENERAL.—Clause (ii) of section 170(e)(6)(B) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(2) SPECIAL RULE MADE PERMANENT.—Section 170(e)(6) is amended by striking subparagraph (G).

(3) CONFORMING AMENDMENTS.—Subparagraph (D) of section 170(e)(6) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 108. ADJUSTMENT TO BASIS OF S CORPORATION STOCK FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (2) of section 1367(a) (relating to adjustments to basis of stock of shareholders, etc.) is amended by adding at the end the following new flush sentence:

''The decrease under subparagraph (B) by reason of a charitable contribution (as defined in section 170(c)) of property shall be the amount equal to the shareholder's pro rata share of the adjusted basis of such property.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 109. CHARITABLE ORGANIZATIONS PERMITTED TO MAKE COLLEGIATE HOUSING AND INFRASTRUCTURE GRANTS.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.), as amended by section 201, is further amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) TREATMENT OF ORGANIZATIONS MAKING COLLEGIATE HOUSING AND INFRASTRUCTURE IMPROVEMENT GRANTS.—

''(1) IN GENERAL.—For purposes of subsection (c)(3) and sections 170(c)(2)(B), 2055(a), and 2522(a)(2), an organization shall not fail to be treated as organized and operated exclusively for charitable or educational purposes solely because such organization makes collegiate housing and infrastructure grants to an organization described in subsection (c)(7), so long as, at the time of the grant, substantially all of the active members of the recipient organization are full-time students at the college or university with which such recipient organization is associated.

''(2) HOUSING AND INFRASTRUCTURE GRANTS.—For purposes of paragraph (1), collegiate housing and infrastructure grants are grants to provide, improve, operate, or maintain collegiate housing that may involve more than incidental social, recreational, or private purposes, so long as such grants are for purposes that would be permissible for a dormitory of the college or university referred to in paragraph (1). A grant shall not be treated as a collegiate housing and infrastructure grant for purposes of paragraph (1) to the extent that such grant is used to provide physical fitness equipment.

''(3) GRANTS TO CERTAIN ORGANIZATIONS HOLDING TITLE TO PROPERTY, ETC.—For purposes of this subsection, a collegiate housing and infrastructure grant to an organization described in subsection (c)(2) or (c)(7) holding title to property exclusively for the benefit of an organization described in subsection (c)(7) shall be considered a grant to the organization described in subsection (c)(7) for whose benefit such property is held.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to grants made after December 31, 2003.

SEC. 110. CONDUCT OF CERTAIN GAMES OF CHANCE NOT TREATED AS UNRELATED TRADE OR BUSINESS.

(a) IN GENERAL.—Paragraph (1) of section 513(f) (relating to certain bingo games) is amended to read as follows:

''(1) IN GENERAL.—The term 'unrelated trade or business' does not include—

''(A) any trade or business which consists of conducting bingo games, and

''(B) any trade or business which consists of conducting qualified games of chance if the net proceeds from such trade or business are paid or set aside for payment for purposes described in section 170(c)(2)(B), for the promotion of social welfare (within the meaning of section 501(c)(4)), or for a purpose for which State law specifically authorizes the expenditure of such proceeds.''.

(b) QUALIFIED GAMES OF CHANCE.—Subsection (f) of section 513 is amended by adding at the end the following new paragraph:

''(3) QUALIFIED GAMES OF CHANCE.—For purposes of paragraph (1), the term 'qualified game of chance' means any game of chance (other than bingo) conducted by an organization if—

''(A) such organization is licensed pursuant to State law to conduct such game,

''(B) only organizations which are organized as nonprofit corporations or are exempt from tax under section 501(a) may be so licensed to conduct such game within the State, and

''(C) the conduct of such game does not violate State or local law.''

(c) CLERICAL AMENDMENT.—The subsection heading of section 513(f) is amended by striking ''BINGO GAMES'' and inserting ''GAMES OF CHANCE''.

(d) EFFECTIVE DATE.— The amendments made by this section shall apply to games conducted after December 31, 2003.

SEC. 111. EXCISE TAXES EXEMPTION FOR BLOOD COLLECTOR ORGANIZATIONS.

(a) EXEMPTION FROM IMPOSITION OF SPECIAL FUELS TAX.—Section 4041(g) (relating to other exemptions) is amended by striking ''and'' at the end of paragraph (3), by striking the period in paragraph (4) and inserting ''; and'', and by inserting after paragraph (4) the following new paragraph:

''(5) with respect to the sale of any liquid to a qualified blood collector organization (as defined in section 7701(a)(48)) for such organization's exclusive use, or with respect to the use by a qualified blood collector organization of any liquid as a fuel.''.

(b) EXEMPTION FROM MANUFACTURERS EXCISE TAX.—

(1) IN GENERAL.—Section 4221(a) (relating to certain tax-free sales) is amended by striking ''or'' at the end of paragraph (4), by adding ''or'' at the end of paragraph (5), and by inserting after paragraph (5) the following new paragraph:

''(6) to a qualified blood collector organization (as defined in section 7701(a)(48)) for such organization's exclusive use,''.

(2) CONFORMING AMENDMENTS.—

(A) The second sentence of section 4221(a) is amended by striking ''Paragraphs (4) and (5)'' and inserting ''Paragraphs (4), (5), and (6)''.

(B) Section 6421(c) is amended by striking ''or (5)'' and inserting ''(5), or (6)''.

(c) EXEMPTION FROM COMMUNICATION EXCISE TAX.—

(1) IN GENERAL.—Section 4253 (relating to exemptions) is amended by redesignating subsection (k) as subsection (l) and inserting after subsection (j) the following new subsection:

''(k) EXEMPTION FOR QUALIFIED BLOOD COLLECTOR ORGANIZATIONS.—Under regulations provided by the Secretary, no tax shall be imposed under section 4251 on any amount paid by a qualified blood collector organization (as defined in section 7701(a)(48)) for services or facilities furnished to such organization.''.

(2) CONFORMING AMENDMENT.—Section 4253(l), as redesignated by paragraph (1), is amended by striking ''or (j)'' and inserting ''(j), or (k)''.

(d) CREDIT FOR REFUND FOR CERTAIN TAXES ON SALES AND SERVICES.—

(1) DEEMED OVERPAYMENT.—

(A) IN GENERAL.—Section 6416(b)(2) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following new subparagraph:

''(E) sold to a qualified blood collector organization (as defined in section 7701(a)(48)) for such organization's exclusive use;''.

(B) CONFORMING AMENDMENTS.—Section 6416(b)(2) is amended—

(i) by striking ''Subparagraphs (C) and (D)'' and inserting ''Subparagraphs (C), (D), and (E)'', and

(ii) by striking ''(C), and (D)'' and inserting ''(C), (D), and (E)''.

(2) SALES OF TIRES.—Clause (ii) of section 6416(b)(4)(B) is amended by inserting ''sold to a qualified blood collector organization (as defined in section 7701(a)(48)) for its exclusive use,'' after ''for its exclusive use,''.

(e) DEFINITION OF QUALIFIED BLOOD COLLECTOR ORGANIZATION.—Section 7701(a) is amended by inserting at the end the following new paragraph:

''(48) QUALIFIED BLOOD COLLECTOR ORGANIZATION.—The term 'qualified blood collector organization' means an organization which is—

''(A) described in section 501(c)(3) and exempt from tax under section 501(a),

''(B) registered by the Food and Drug Administration to collect blood, and

''(C) primarily engaged in the activity of the collection of blood.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2004.

SEC. 112. NONRECOGNITION OF GAIN ON THE SALE OF PROPERTY USED IN PERFORMANCE OF AN EXEMPT FUNCTION.

(a) IN GENERAL.—Subparagraph (D) of section 512(a)(3) is amended to read as follows:

''(D) NONRECOGNITION OF GAIN.—

''(i) IN GENERAL.—If property used directly in the performance of the exempt function of an organization described in paragraph (7), (9), (17), or (20) of section 501(c) is sold by such organization, and within a period beginning 1 year before the date of such sale, and ending 3 years (10 years, in the case of an organization described in section 501(c)(7)) after such date, other property is purchased and used by such organization directly in the performance of its exempt function, gain (if any) from such sale shall be recognized only to the extent that such organization's sales price of the old property exceeds the organization's cost of purchasing the other property.

''(ii) STATUTE OF LIMITATIONS.—If an organization described in section 501(c)(7) sells property on which gain is not recognized, in whole or in part, by reason of clause (i), then the statutory period for the assessment of any deficiency attributable to such gain shall not expire until the end of the 3-year period beginning on the date that the Secretary is notified by such organization (in such manner as the Secretary may prescribe) that—

''(I) the organization has met the requirements of clause (i) with respect to gain which was not recognized,

''(II) the organization does not intend to meet such requirements, or

''(III) the organization failed to meet such requirements within the prescribed period.

For the purposes of this clause, any deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

''(iii) DESTRUCTION AND LOSS.—For purposes of this subparagraph, the destruction in whole or in part, theft, seizure, requisition, or condemnation of property, shall be treated as the sale of such property, and rules similar to the rules provided by subsections (b), (c), (e), and (j) of section 1034 (as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997) shall apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to the sale of any property for which the 3-year period for offsetting gain by purchasing other property under subparagraph (D) of section 512(a)(3) of the Internal Revenue Code (as in effect on the day before the date of the enactment of this Act) had not expired as of January 1, 2001.

SEC. 113. EXEMPTION OF QUALIFIED 501(c)(3) BONDS FOR NURSING HOMES FROM FEDERAL GUARANTEE PROHIBITIONS.

(a) IN GENERAL.—For purposes of section 149(b)(1) of the Internal Revenue Code of 1986, any qualified 501(c)(3) bond (as defined in section 145 of such Code) shall not be treated as federally guaranteed solely because such bond is part of an issue supported by a letter of credit, if such bond—

(1) is issued after December 31, 2003, and before the date which is 1 year after the date of the enactment of this Act, and

(2) is part of an issue 95 percent or more of the net proceeds of which are to be used to finance 1 or more of the following facilities primarily for the benefit of the elderly:

(A) Licensed nursing home facility.

(B) Licensed or certified assisted living facility.

(C) Licensed personal care facility.

(D) Continuing care retirement community.

(b) LIMITATION ON ISSUER.—Subsection (a) shall not apply to any bond described in such subsection if the aggregate authorized face amount of the issue of which such bond is a part, when increased by the outstanding amount of such bonds issued by the issuer during the period described in subsection (a)(1) exceeds $15,000,000.

(c) LIMITATION ON BENEFICIARY.—Rules similar to the rules of section 144(a)(10) of the Internal Revenue Code of 1986 shall apply for purposes of this section, except that—

(1) ''$15,000,000'' shall be substituted for ''$40,000,000'' in subparagraph (A) thereof, and

(2) such rules shall be applied—

(A) only with respect to bonds described in this section, and

(B) with respect to the aggregate authorized face amount of all issues of such bonds which are allocable to the beneficiary.

(d) CONTINUING CARE RETIREMENT COMMUNITY.—For purposes of this section, the term ''continuing care retirement community'' means a community which provides, on the same campus, a consortium of residential living options and support services to persons at least 60 years of age under a written agreement. For purposes of the preceding sentence, the residential living options shall include independent living units, nursing home beds, and either assisted living units or personal care beds.

TITLE II—TAX REFORM AND IMPROVEMENTS RELATING TO CHARITABLE ORGANIZATIONS AND PROGRAMS

SEC. 201. SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.—

''(1) IN GENERAL.—The exemption from tax under subsection (a) with respect to any organization described in paragraph (2), and the eligibility of any organization described in paragraph (2) to apply for recognition of exemption under subsection (a), shall be suspended during the period described in paragraph (3).

''(2) TERRORIST ORGANIZATIONS.—An organization is described in this paragraph if such organization is designated or otherwise individually identified—

''(A) under section 212(a)(3)(B)(vi)(II) or 219 of the Immigration and Nationality Act as a terrorist organization or foreign terrorist organization,

''(B) in or pursuant to an Executive order which is related to terrorism and issued under the authority of the International Emergency Economic Powers Act or section 5 of the United Nations Participation Act of 1945 for the purpose of imposing on such organization an economic or other sanction, or

''(C) in or pursuant to an Executive order issued under the authority of any Federal law if—

''(i) the organization is designated or otherwise individually identified in or pursuant to such Executive order as supporting or engaging in terrorist activity (as defined in section 212(a)(3)(B) of the Immigration and Nationality Act) or supporting terrorism (as defined in section 140(d)(2) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989); and

''(ii) such Executive order refers to this subsection.

''(3) PERIOD OF SUSPENSION.—With respect to any organization described in paragraph (2), the period of suspension—

''(A) begins on the later of—

''(i) the date of the first publication of a designation or identification described in paragraph (2) with respect to such organization, or

''(ii) the date of the enactment of this subsection, and

''(B) ends on the first date that all designations and identifications described in paragraph (2) with respect to such organization are rescinded pursuant to the law or Executive order under which such designation or identification was made.

''(4) DENIAL OF DEDUCTION.—No deduction shall be allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 for any contribution to an organization described in paragraph (2) during the period described in paragraph (3).

''(5) DENIAL OF ADMINISTRATIVE OR JUDICIAL CHALLENGE OF SUSPENSION OR DENIAL OF DEDUCTION.—Notwithstanding section 7428 or any other provision of law, no organization or other person may challenge a suspension under paragraph (1), a designation or identification described in paragraph (2), the period of suspension described in paragraph (3), or a denial of a deduction under paragraph (4) in any administrative or judicial proceeding relating to the Federal tax liability of such organization or other person.

''(6) ERRONEOUS DESIGNATION.—

''(A) IN GENERAL.—If—

''(i) the tax exemption of any organization described in paragraph (2) is suspended under paragraph (1),

''(ii) each designation and identification described in paragraph (2) which has been made with respect to such organization is determined to be erroneous pursuant to the law or Executive order under which such designation or identification was made, and

''(iii) the erroneous designations and identifications result in an overpayment of income tax for any taxable year by such organization,

credit or refund (with interest) with respect to such overpayment shall be made.

''(B) WAIVER OF LIMITATIONS.—If the credit or refund of any overpayment of tax described in subparagraph (A)(iii) is prevented at any time by the operation of any law or rule of law (including res judicata), such credit or refund may nevertheless be allowed or made if the claim therefor is filed before the close of the 1-year period beginning on the date of the last determination described in subparagraph (A)(ii).

''(7) NOTICE OF SUSPENSIONS.—If the tax exemption of any organization is suspended under this subsection, the Internal Revenue Service shall update the listings of tax-exempt organizations and shall publish appropriate notice to taxpayers of such suspension and of the fact that contributions to such organization are not deductible during the period of such suspension.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to designations made before, on, or after the date of the enactment of this Act.

SEC. 202. CLARIFICATION OF DEFINITION OF CHURCH TAX INQUIRY.

Subsection (i) of section 7611 (relating to section not to apply to criminal investigations, etc.) is amended by striking ''or'' at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting '', or'', and by inserting after paragraph (5) the following:

''(6) information provided by the Secretary related to the standards for exemption from tax under this title and the requirements under this title relating to unrelated business taxable income.''.

SEC. 203. EXTENSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (1) of section 7428(a) (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after ''509(a))'' the following: ''or as a private operating foundation (as defined in section 4942(j)(3))''; and

(2) by amending subparagraph (C) to read as follows:

''(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in subsection (c) (other than paragraph (3)) or (d) of section 501 which is exempt from tax under section 501(a), or''.

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking ''United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia'' and inserting the following: ''United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

SEC. 204. LANDOWNER INCENTIVES PROGRAMS.

(a) IN GENERAL.—Subsection (a) of section 126 is amended by redesignating paragraph (10) as paragraph (11) and by inserting after paragraph (9) the following new paragraph:

''(10) Landowner initiatives programs to conserve threatened, endangered, or imperiled species, or protect or restore habitat carried out under—

''(A) the Fish and Wildlife Coordination Act (16 U.S.C. 661 et seq.),

''(B) the Fish and Wildlife Act of 1956 (16 U.S.C. 742f), or

''(C) section 6 of the Endangered Species Act (16 U.S.C. 11531 et seq.).''.

(b) EXCLUDABLE PORTION.—Subparagraph (A) of section 126(b)(1) is amended by inserting after ''Secretary of Agriculture'' the following: ''(the Secretary of the Interior, in the case of the landowner incentives programs described in subsection (a)(10) and the programs described in subsection (a)(11) that are implemented by the Department of the Interior)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 2003, in taxable years ending after such date.

SEC. 205. MODIFICATIONS TO SECTION 512(b)(13).

(a) IN GENERAL.—Paragraph (13) of section 512(b) (relating to special rules for certain amounts received from controlled entities) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new subparagraph:

''(E) PARAGRAPH TO APPLY ONLY TO EXCESS PAYMENTS.—

''(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a specified payment received or accrued by the controlling organization that exceeds the amount which would have been paid or accrued if such payment met the requirements prescribed under section 482.

''(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of the larger of—

''(I) such excess determined without regard to any amendment or supplement to a return of tax, or

''(II) such excess determined with regard to all such amendments and supplements.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to payments received or accrued after December 31, 2003.

(2) PAYMENTS SUBJECT TO BINDING CONTRACT TRANSITION RULE.—If the amendments made by section 1041 of the Taxpayer Relief Act of 1997 did not apply to any amount received or accrued in the first 2 taxable years beginning on or after the date of the enactment of the Taxpayer Relief Act of 1997 under any contract described in subsection (b)(2) of such section, such amendments also shall not apply to amounts received or accrued under such contract before January 1, 2001.

SEC. 206. SIMPLIFICATION OF LOBBYING EXPENDITURE LIMITATION.

(a) REPEAL OF GRASSROOTS EXPENDITURE LIMIT.—Paragraph (1) of section 501(h) (relating to expenditures by public charities to influence legislation) is amended to read as follows:

''(1) GENERAL RULE.—In the case of an organization to which this subsection applies, exemption from taxation under subsection (a) shall be denied because a substantial part of the activities of such organization consists of carrying on propaganda, or otherwise attempting, to influence legislation, but only if such organization normally makes lobbying expenditures in excess of the lobbying ceiling amount for such organization for each taxable year.''.

(b) EXCESS LOBBYING EXPENDITURES.—Section 4911(b) is amended to read as follows:

''(b) EXCESS LOBBYING EXPENDITURES.—For purposes of this section, the term 'excess lobbying expenditures' means, for a taxable year, the amount by which the lobbying expenditures made by the organization during the taxable year exceed the lobbying nontaxable amount for such organization for such taxable year.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 501(h)(2) is amended by striking subparagraphs (C) and (D).

(2) Section 4911(c) is amended by striking paragraphs (3) and (4).

(3) Paragraph (1)(A) of section 4911(f) is amended by striking ''limits of section 501(h)(1) have'' and inserting ''limit of section 501(h)(1) has''.

(4) Paragraph (1)(C) of section 4911(f) is amended by striking ''limits of section 501(h)(1) are'' and inserting ''limit of section 501(h)(1) is''.

(5) Paragraphs (4)(A) and (4)(B) of section 4911(f) are each amended by striking ''limits of section 501(h)(1)'' and inserting ''limit of section 501(h)(1)''.

(6) Paragraph (8) of section 6033(b) (relating to certain organizations described in section 501(c)(3)) is amended by inserting ''and'' at the end of subparagraph (A) and by striking subparagraphs (C) and (D).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 207. PILOT PROJECT FOR FOREST CONSERVATION ACTIVITIES.

(a) TAX-EXEMPT BOND FINANCING.—

(1) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, any qualified forest conservation bond shall be treated as an exempt facility bond under section 142 of such Code.

(2) QUALIFIED FOREST CONSERVATION BOND.—For purposes of this section, the term ''qualified forest conservation bond'' means any bond issued as part of an issue if—

(A) 95 percent or more of the net proceeds (as defined in section 150(a)(3) of such Code) of such issue are to be used for qualified project costs,

(B) such bond is an obligation of the State of Washington or any political subdivision thereof, and

(C) such bond is issued for a qualified organization before December 31, 2006.

(3) LIMITATION ON AGGREGATE AMOUNT ISSUED.—The maximum aggregate face amount of bonds which may be issued under this subsection shall not exceed $250,000,000.

(4) QUALIFIED PROJECT COSTS.—For purposes of this subsection, the term ''qualified project costs'' means the sum of—

(A) the cost of acquisition by the qualified organization from an unrelated person of forests and forest land located in the State of Washington which at the time of acquisition or immediately thereafter are subject to a conservation restriction described in subsection (c)(2),

(B) interest on the qualified forest conservation bonds for the 3-year period beginning on the date of issuance of such bonds, and

(C) credit enhancement fees which constitute qualified guarantee fees (within the meaning of section 148 of such Code).

(5) SPECIAL RULES.—In applying the Internal Revenue Code of 1986 to any qualified forest conservation bond, the following modifications shall apply:

(A) Section 146 of such Code (relating to volume cap) shall not apply.

(B) For purposes of section 147(b) of such Code (relating to maturity may not exceed 120 percent of economic life), the land and standing timber acquired with proceeds of qualified forest conservation bonds shall have an economic life of 35 years.

(C) Subsections (c) and (d) of section 147 of such Code (relating to limitations on acquisition of land and existing property) shall not apply.

(D) Section 57(a)(5) of such Code (relating to tax-exempt interest) shall not apply to interest on qualified forest conservation bonds.

(6) TREATMENT OF CURRENT REFUNDING BONDS.—Paragraphs (2)(C) and (3) shall not apply to any bond (or series of bonds) issued to refund a qualified forest conservation bond issued before December 31, 2006, if—

(A) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

(B) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

(C) the net proceeds of the refunding bond are used to redeem the refunded bond not later than 90 days after the date of the issuance of the refunding bond.

For purposes of subparagraph (A), average maturity shall be determined in accordance with section 147(b)(2)(A) of such Code.

(7) EFFECTIVE DATE.—This subsection shall apply to obligations issued on or after the date of enactment of this Act.

(b) ITEMS FROM QUALIFIED HARVESTING ACTIVITIES NOT SUBJECT TO TAX OR TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Income, gains, deductions, losses, or credits from a qualified harvesting activity conducted by a qualified organization shall not be subject to tax or taken into account under subtitle A of the Internal Revenue Code of 1986.

(2) LIMITATION.—The amount of income excluded from gross income under paragraph (1) for any taxable year shall not exceed the amount used by the qualified organization to make debt service payments during such taxable year for qualified forest conservation bonds.

(3) QUALIFIED HARVESTING ACTIVITY.—For purposes of paragraph (1)—

(A) IN GENERAL.—The term ''qualified harvesting activity'' means the sale, lease, or harvesting, of standing timber—

(i) on land owned by a qualified organization which was acquired with proceeds of qualified forest conservation bonds, and

(ii) pursuant to a qualified conservation plan adopted by the qualified organization.

(B) EXCEPTIONS.—

(i) CESSATION AS QUALIFIED ORGANIZATION.—The term ''qualified harvesting activity'' shall not include any sale, lease, or harvesting for any period during which the organization ceases to qualify as a qualified organization.

(ii) EXCEEDING LIMITS ON HARVESTING.—The term ''qualified harvesting activity'' shall not include any sale, lease, or harvesting of standing timber on land acquired with proceeds of qualified forest conservation bonds to the extent that—

(I) the average annual area of timber harvested from such land exceeds 2.5 percent of the total area of such land, or

(II) the quantity of timber removed from such land exceeds the quantity which can be removed from such land annually in perpetuity on a sustained-yield basis with respect to such land.

The limitations under subclauses (I) and (II) shall not apply to post-fire restoration and rehabilitation or sanitation harvesting of timber stands which are substantially damaged by fire, windthrow, or other catastrophes, or which are in imminent danger from insect or disease attack.

(4) TERMINATION.—This subsection shall not apply to any qualified harvesting activity occurring after the date on which there is no outstanding qualified forest conservation bond or any such bond ceases to be a tax-exempt bond.

(5) PARTIAL RECAPTURE OF BENEFITS IF HARVESTING LIMIT EXCEEDED.—If, as of the date that this subsection ceases to apply under paragraph (4), the average annual area of timber harvested from the land exceeds the requirement of paragraph (3)(B)(ii)(I), the tax imposed by chapter 1 of such Code shall be increased, under rules prescribed by the Secretary of the Treasury, by the sum of the tax benefits attributable to such excess and interest at the underpayment rate under section 6621 of such Code for the period of the underpayment.

(c) DEFINITIONS.—For purposes of this section—

(1) QUALIFIED CONSERVATION PLAN.—The term ''qualified conservation plan'' means a multiple land use program or plan which—

(A) is designed and administered primarily for the purposes of protecting and enhancing wildlife and fish, timber, scenic attributes, recreation, and soil and water quality of the forest and forest land,

(B) mandates that conservation of forest and forest land is the single-most significant use of the forest and forest land, and

(C) requires that timber harvesting be consistent with—

(i) restoring and maintaining reference conditions for the region's ecotype,

(ii) restoring and maintaining a representative sample of young, mid, and late successional forest age classes,

(iii) maintaining or restoring the resources' ecological health for purposes of preventing damage from fire, insect, or disease,

(iv) maintaining or enhancing wildlife or fish habitat, or

(v) enhancing research opportunities in sustainable renewable resource uses.

(2) CONSERVATION RESTRICTION.—The conservation restriction described in this paragraph is a restriction which—

(A) is granted in perpetuity to an unrelated person which is described in section 170(h)(3) of such Code and which, in the case of a nongovernmental unit, is organized and operated for conservation purposes,

(B) meets the requirements of clause (ii) or (iii)(II) of section 170(h)(4)(A) of such Code,

(C) obligates the qualified organization to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction, and

(D) requires an increasing level of conservation benefits to be provided whenever circumstances allow it.

(3) QUALIFIED ORGANIZATION.—The term ''qualified organization'' means an organization—

(A) which is a nonprofit organization substantially all the activities of which are charitable, scientific, or educational, including acquiring, protecting, restoring, managing, and developing forest lands and other renewable resources for the long-term charitable, educational, scientific and public benefit,

(B) more than half of the value of the property of which consists of forests and forest land acquired with the proceeds from qualified forest conservation bonds,

(C) which periodically conducts educational programs designed to inform the public of environmentally sensitive forestry management and conservation techniques,

(D) which has at all times a board of directors—

(i) at least 20 percent of the members of which represent the holders of the conservation restriction described in paragraph (2),

(ii) at least 20 percent of the members of which are public officials, and

(iii) not more than one-third of the members of which are individuals who are or were at any time within 5 years before the beginning of a term of membership on the board, an employee of, independent contractor with respect to, officer of, director of, or held a material financial interest in, a commercial forest products enterprise with which the qualified organization has a contractual or other financial arrangement,

(E) the bylaws of which require at least two-thirds of the members of the board of directors to vote affirmatively to approve the qualified conservation plan and any change thereto, and

(F) upon dissolution, is required to dedicate its assets to—

(i) an organization described in section 501(c)(3) of such Code which is organized and operated for conservation purposes, or

(ii) a governmental unit described in section 170(c)(1) of such Code.

(4) UNRELATED PERSON.—The term ''unrelated person'' means a person who is not a related person.

(5) RELATED PERSON.—A person shall be treated as related to another person if—

(A) such person bears a relationship to such other person described in section 267(b) (determined without regard to paragraph (9) thereof), or 707(b)(1), of such Code, determined by substituting ''25 percent'' for ''50 percent'' each place it appears therein, and

(B) in the case such other person is a nonprofit organization, if such person controls directly or indirectly more than 25 percent of the governing body of such organization.

(d) REPORT.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the pilot project for forest conservation activities under this section. Such study shall examine the extent to which forests and forest lands were managed during the 5-year period beginning on the date of the enactment of this Act to achieve the goals of such project.

(2) SUBMISSION OF REPORT TO CONGRESS.—Not later than six years after the date of the enactment of this Act, the Comptroller General shall submit a report of such study to the Committee on Ways and Means and the Committee on Resources of the House of Representatives and the Committee on Finance and the Committee on Energy and Natural Resources of the Senate.

TITLE III—OTHER PROVISIONS

SEC. 301. COMPASSION CAPITAL FUND.

Title IV of the Social Security Act (42 U.S.C. 601–679b) is amended by adding at the end the following:

''PART F—COMPASSION CAPITAL FUND

''SEC. 481. SECRETARY'S FUND TO SUPPORT AND REPLICATE PROMISING SOCIAL SERVICE PROGRAMS.

''(a) GRANT AUTHORITY.—

''(1) IN GENERAL.—The Secretary may make grants to support any private entity that operates a promising social services program.

''(2) APPLICATIONS.—An entity desiring to receive a grant under paragraph (1) shall submit to the Secretary an application for the grant, which shall contain such information as the Secretary may require.

''(b) CONTRACT AUTHORITY, ETC.—The Secretary may enter into a grant, contract, or cooperative agreement with any entity under which the entity would provide technical assistance to another entity to operate a social service program that assists persons and families in need, including by—

''(1) providing the other entity with—

''(A) technical assistance and information, including legal assistance and other business assistance;

''(B) information on capacity-building;

''(C) information and assistance in identifying and using best practices for serving persons and families in need; or

''(D) assistance in replicating programs with demonstrated effectiveness in assisting persons and families in need; or

''(2) supporting research on the best practices of social service organizations.

''(c) GUIDANCE AND TECHNICAL ASSISTANCE.—The Secretary may use not more than 25 percent of the amount appropriated under this section for a fiscal year to provide guidance and technical assistance to States and political subdivisions of States with respect to the implementation of any social service program.

''(d) SOCIAL SERVICES PROGRAM DEFINED.—In this section, the term 'social services program' means a program that provides benefits or services of any kind to persons and families in need.

''(e) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated to the Secretary $150,000,000 for fiscal year 2004, and such sums as may be necessary for fiscal years 2005 through 2008.''.

SEC. 302. REAUTHORIZATION OF ASSETS FOR INDEPENDENCE DEMONSTRATION.

(a) IN GENERAL.—Section 416 of the Assets for Independence Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended by striking ''and 2003'' and inserting ''2003, 2004, 2005, 2006, 2007, and 2008''.

(b) REMOVAL OF ECONOMIC LITERACY ACTIVITIES FROM LIMITATION ON USE OF AMOUNTS IN THE RESERVE FUND.—Section 407(c)(3) of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended by adding at the end the following: ''The preceding sentences of this paragraph shall not apply to amounts used by an entity for any activity described in paragraph (1)(A).''.

(c) ELIGIBILITY EXPANDED TO INCLUDE INDIVIDUALS IN HOUSEHOLDS WITH INCOME NOT EXCEEDING 50 PERCENT OF AREA MEDIAN INCOME.—Section 408(a)(1) of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended to read as follows:

''(1) INCOME TEST.—The adjusted gross income of the household—

''(A) does not exceed 200 percent of the poverty line (as determined by the Office of Management and Budget) or the earned income amount described in section 32 of the Internal Revenue Code of 1986 (taking into account the size of the household); or

''(B) does not exceed 50 percent of the area median income (as determined by the Secretary of Housing and Urban Development) for the area in which the household is located.''.

(d) EXTENSION OF TIME FOR ACCOUNT HOLDERS TO ACCESS FEDERAL FUNDS.—Section 407(d) of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended—

(1) in the subsection heading, by striking ''WHEN PROJECT TERMINATES''; and

(2) by striking ''upon'' and inserting ''on the date that is 6 months after''.

(e) VERIFICATION OF POSTSECONDARY EDUCATION EXPENSES.—Section 404(8)(A) of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended in the 1st sentence by inserting ''or a vendor, but only to the extent that the expenses are described in a document which explains the educational items to be purchased, and the document and the expenses are approved by the qualified entity'' before the period.

(f) AUTHORITY TO USE EXCESS INTEREST TO FUND OTHER INDIVIDUAL DEVELOPMENT ACCOUNTS.—Section 410 of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended—

(1) in subsection (a)(3)—

(A) by striking ''any interest that has accrued'' and inserting ''interest that has accrued during that period''; and

(B) by striking the period and inserting '', but only to the extent that the amount of the interest does not exceed the amount of interest that has accrued during that period on amounts deposited in the account by that individual.''; and

(2) by adding at the end the following:

''(f) USE OF EXCESS INTEREST TO FUND OTHER INDIVIDUAL DEVELOPMENT ACCOUNTS.—To the extent that a qualified entity has an amount that, but for the limitation in subsection (a)(3), would be required by that subsection to be deposited into the individual development account of an individual or into a parallel account maintained by the qualified entity, the qualified entity may deposit the amount into the individual development account of any individual or into any such parallel account maintained by the qualified entity.''.

SEC. 303. SENSE OF THE CONGRESS REGARDING CORPORATE CONTRIBUTIONS TO FAITH-BASED ORGANIZATIONS, ETC.

(a) FINDINGS.—The Congress finds as follows:

(1) America's community of faith has long played a leading role in dealing with difficult societal problems that might otherwise have gone unaddressed.

(2) President Bush has called upon Americans ''to revive the spirit of citizenship . . . to marshal the compassion of our people to meet the continuing needs of our Nation''.

(3) Although the work of faith-based organizations should not be used by government as an excuse for backing away from its historic and rightful commitment to help those who are disadvantaged and in need, such organizations can and should be seen as a valuable partner with government in meeting societal challenges.

(4) Every day faith-based organizations in the United States help people recover from drug and alcohol addiction, provide food and shelter for the homeless, rehabilitate prison inmates so that they can break free from the cycle of recidivism, and teach people job skills that will allow them to move from poverty to productivity.

(5) Faith-based organizations are often more successful in dealing with difficult societal problems than government and non-sectarian organizations.

(6) As President Bush has stated, ''It is not sufficient to praise charities and community groups; we must support them. And this is both a public obligation and a personal responsibility.''.

(7) Corporate foundations contribute billions of dollars each year to a variety of philanthropic causes.

(8) According to a study produced by the Capital Research Center, the 10 largest corporate foundations in the United States contributed $1,900,000,000 to such causes.

(9) According to the same study, faith-based organizations only receive a small fraction of the contributions made by corporations in the United States, and 6 of the 10 corporations that give the most to philanthropic causes explicitly ban or restrict contributions to faith-based organizations.

(b) CORPORATIONS ENCOURAGED TO CONTRIBUTE TO FAITH-BASED ORGANIZATIONS.—The Congress calls on corporations in the United States, in the words of the President, ''to give

more and to give better'' by making greater contributions to faith-based organizations that are on the front lines battling some of the great societal challenges of our day.

(c) SENSE OF THE CONGRESS.—It is the sense of Congress that—

(1) corporations in the United States are important partners with government in efforts to overcome difficult societal problems; and

(2) no corporation in the United States should adopt policies that prohibit the corporation from contributing to an organization that is successfully advancing a philanthropic cause merely because such organization is faith based.

SEC. 304. MATERNITY GROUP HOMES.

Section 322 of the Runaway and Homeless Youth Act (42 U.S.C. 5714–2) is amended—

(1) in subsection (a)(1), by inserting ''(including maternity group homes)'' after ''group homes''; and

(2) by adding at the end the following:

''(c) MATERNITY GROUP HOME.—In this part, the term 'maternity group home' means a community-based, adult-supervised group home that provides—

''(1) young mothers and their children with a supportive and supervised living arrangement in which such mothers are required to learn parenting skills, including child development, family budgeting, health and nutrition, and other skills to promote their long-term economic independence and the well-being of their children; and

''(2) pregnant women with—

''(A) information regarding the option of placing children for adoption through licensed adoption service providers;

''(B) assistance with prenatal care and child birthing; and

''(C) pre- and post-placement adoption counseling.''.

SEC. 305. AUTHORITY OF STATES TO USE 10 PERCENT OF THEIR TANF FUNDS TO CARRY OUT SOCIAL SERVICES BLOCK GRANT PROGRAMS.

Section 404(d)(2) of the Social Security Act (42 U.S.C. 604(d)(2)) is amended to read as follows:

''(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—A State may use not more than 10 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to title XX.''.

The SPEAKER pro tempore. After one hour of debate on the bill, as amended, it shall be in order to consider the further amendment printed in part B of the report, if offered by the gentleman from Maryland (Mr. CARDIN), or his designee, which shall be considered read, and shall be debatable for one hour, equally divided and controlled by the proponent and an opponent.

The gentleman from California (Mr. THOMAS) and the gentleman from California (Mr. STARK) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

First of all, I want to compliment the cosponsors of the bill, the gentleman from Missouri (Mr. BLUNT) and the gentleman from Tennessee (Mr. FORD). The fact that they decided on a bipartisan approach, I think set the tone for the changes that result in the bill we have before us.

The President had indicated that one of his top priorities, as he said, to rally the armies of compassion, to help the underprivileged in the United States is, in fact, to a certain extent a uniquely American structure dealing with the creation of foundations, charitable trusts and other structures to assist those in need in a private plan from those who have wealth.

These plans, approaches and foundations are governed, especially in terms of a privileged position, under the tax code as those who, when they conduct these activities, are exempt from various taxable consequences. Periodically, we really do need to review the structure, the relationships and the way in which these foundations and other structures relate to the tax code.

In addition to that, there is nothing wrong with this society, through the tax code, influencing in a positive way a people's willingness to carry on contributions and charitable acts. That really is the core of H.R. 7, and I am pleased to say, notwithstanding the fact that the minority will offer a substitute for the bill, those portions that I have just discussed are identical between H.R. 7 and the substitute that will be offered.

The difference is about other actions, other money, other funding arguments. Those will be examined in terms of the substitute versus the underlying bill, but I want to underscore, this bill came out of the Committee on Ways and Means by a voice vote. What that means is that, basically, it was supported by all of the Members. The compromise that was achieved that produced this result is an excellent example of people who are going to be governed working with those people who are empowered to do the governing and resolving differences.

I do believe the core portion of H.R. 7 is not controversial and should be passed.

Mr. Speaker, last week H.R. 7, the Charitable Giving Act of 2003 passed the Committee on Ways and Means, as amended, by voice vote.

The Charitable Giving Act is one of President Bush's top priorities, and will—as he has said—"rally the armies of compassion" to help the underprivileged in the United States. The bill encourages charitable contributions by individuals, businesses and foundations, while improving the effectiveness and efficacy of the government's delivery program for these important donations. The tax incentives in H.R. 7 will encourage and promote philanthropic donations by removing barriers that restrict giving.

H.R. 7 allows those taxpayers who do not itemize, which accounts for roughly two-thirds of returns, the opportunity to deduct a portion of their charitable contributions.

The bill provides an exclusion from gross income for otherwise taxable withdrawals from traditional or Roth IRAs that are made for charitable purposes. IRAs represent a major untapped source of charitable contributions, and it is estimated that Americans have used these plans to save roughly $2.3 trillion. By allowing taxpayers who have reached age 70½ to make tax-free transfers of IRA assets for charitable purposes, this provision represents a key source of increased charitable giving while also providing safeguards to ensure that IRA owners have ample assets for retirement.

H.R. 7 increases incentives that encourage benevolent contributions by corporations and other business. The bill increases the cap on corporate charitable contributions from 10 to 20 percent of modified taxable income and allows all businesses, rather than just C corporations, to take advantage of an extension of enhanced deductions for donations of food inventory. In addition, H.R. 7 better allows corporations to donate scientific property, computer technology and equipment to enhance research, and allows a shareholder in an S corporation to receive the benefit of a full charitable deduction for charitable contributions made by the S corporation.

In addition, this bill includes legislation to authorize a new compassion capital fund to support propitious social programs while extending and strengthening current efforts that urge low-income families to save in hopes to pay for school, start a business, or purchase a home. Furthermore, the enhanced State flexibility outlined in H.R. 7 allows States to transfer 10 percent of annual Federal cash welfare funds to the Social Services Block Grant in order to better help low-income families.

Mr. Speaker, this legislation is very important for two reasons: (1) it will help Americans help those who need it the most—whether it is through initiatives to end substance abuse and gang related violence, or to improve the health of the neediest; and (2) it will ensure uniformity exists in how charitable foundations operate. I urge my colleagues to vote in support of H.R. 7.

Mr. Speaker, I yield the balance of my time to the gentleman from Missouri (Mr. BLUNT) and ask unanimous consent that he control the balance of the time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume to address not just this bill but all the things that the bill either ignores or demeans by suggesting that these charitable acts will solve some of the major problems in our country.

The bill suggests that it is going to spend $13 billion, when any reasonable assessment would suggest that it is a $23-billion bill because it sunsets the tax deduction in the second year, and we know that as night follows day, the next request will be to make it permanent, and I think it is rather deceptive to suggest to the public that it is, in fact, 13 when it is arguably substantially more, if one believes that the bill does the right thing to begin with.

The bill ought to be noted for what it does not do. What it does not do is deal with 12 million children whose parents will not receive a tax credit, which the President supports, the other body supports, and for some reason, my Republican colleagues in this House feel that because their parents pay little or no income tax, while they may pay substantial payroll taxes, they ought not to receive this money.

So many of the parents who are such low income, including the parents of 250,000 or more children who are children of our brave troops who will not

receive this money, many of those same families will be importuned and given $6 a month in tax deduction for contributing to various causes. One imagines the United Crusade or whatever.

Many of us suspect that that will not generate very much charitable giving, and it would seem to me to be much more direct to deal with tax credits for families under $25,000 a year who have children to raise wherein health care is limited, wherein there is no help for housing or clothing or school subsidies which we have talked about on this floor. So, again, this bill is notable for what it does not do.

Then it has a certain amount of arrogance in what it does do. For example, it is almost cute, there is a college housing project, as it is called, in this bill, and what that basically does is help Delta Kappa Epsilon and Phi Beta Kappa and Kappa Kappa Alpha. It is a gift to fraternity and sorority houses on college campuses.

□ 1215

Now, I have no quarrel with fraternities and sororities; but they are, indeed, private social clubs; and it seems to me that we are taking the first step in giving taxpayer dollars to private clubs that have every right to restrict their membership by race, by religion, by ethnicity, or any other reason. And there is no quarrel, but we have never before in the history of our Tax Code of our country given taxpayer dollars to golf clubs or tennis clubs or any other types of clubs.

And then we are going to go and have an experiment, and this is an experiment for a very limited group of Americans. We are going to give $61 million to create experiments to show that by cutting down trees we are going to save trees. Now that may work, but if it works, it is only going to work in the State of Washington because the $61 million in experiments cannot be used in any one of the other 49 States.

I noticed that the two distinguished sponsors of this bill are from Tennessee. To my knowledge, there is a timber industry in Tennessee. What is so shabby about the timber industry in Tennessee that we cannot help them do an experiment in ecological management of our forests? There happens to be a timber industry in California where the chairman of the Committee on Ways and Means resides. Why would we not like to help preserve the redwoods in California with some of this money, or the State of Oregon or the State of Maine? Why is it that only one State gets to participate in this experiment? And I might add it adds up to one timber company, the Weyerhaeuser timber company, which is owned by a very rich family, so we maybe could say it is only one family that participates. That is not right. It is not the proper thing to do.

If these programs are good, in every other experiment, we let people apply and we try and award these not as pork and a reward to some individual politician, but we try to reward them to the program which shows they have the most potential for benefiting the most Americans. That is the way a democracy ought to work; and in this new administration which tends to interpret democracy any way that the Attorney General chooses on that particular day, we seem to be redefining in this bill how we should apply charity and what are charitable organizations, how we should apply the largess of the Federal Government with rifle-shot approaches to individual corporations.

Mr. Speaker, this is a bill that is fraught with help for individual companies and individual interests; and it is most notable, as I would like to repeat once again, for what it does not do. It does not help those 12 million children in low-income families who most need assistance and which this House has repeatedly turned its back on due to the Republican leadership's refusal to bring up the child tax credit extension.

So it is with heavy heart, Mr. Speaker, that I say that charitable giving here has been politicized to the extent that under the guise of helping low-income people with $6 a month, we are giving humongous rewards to fraternities and sororities, to the Weyerhaeuser timber company in the State of Washington, and to people who arguably do not need that charity today.

Mr. Speaker, I reserve the balance of my time.

Mr. BLUNT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am glad to be here to talk about this bill. This is a tax bill. It is a tax bill that really is an important step toward what we do for charities in this country. It is an important step in the President's faith-based agenda; but certainly as a tax bill that encourages charitable giving, all that giving is not necessarily done to faith-based institutions. This has broad bipartisan support. I am pleased with the way the Committee on Ways and Means dealt with this bill and brought this bill to the floor without any dissenting votes on Tuesday of last week.

The gentleman from Tennessee (Mr. FORD), a cosponsor of the bill, worked hard on this bill; and we have over 80 bipartisan House cosponsors working with us on this bill.

The truth is our charities need some encouragement. They have faced some difficult times. 2001 was the first year that charitable giving in this country was lower than the year before. Giving in 2002 seems to continue to reflect that trend. Corporate giving fell by almost 15 percent between 2000 and 2001.

As we look towards what this does for charities generally, we can also look at what it does for faith-based charities which are so important in providing services in the country. Seventy-five percent of the food pantries in America are run by religious organizations, 71 percent of the food kitchens are faith based, 43 percent of the shelters are run by the faith-based community.

This act really allows those who give to charity more ways to give and encourages them to give in new ways. This is a change in the Tax Code that has impact. In fact, the Congressional Budget Office estimate of the impact of this bill would indicate that $45 to $50 billion more will be given to charities over the next 10 years if this bill becomes law than would be given to charities if this bill does not become law.

There are many things, particularly as charities reach out to individuals in need, food kitchens, shelters, food pantries, where the charity has proved to be such a compassionate way to deal with this problem with the most impact. Clearly the family unit intact is the best way to provide services to people. After that I think we could have a debate that my side would win advocating that when charities step in, they are almost always more compassionate, quicker, more cost effective, and get out more of the money available to them, and get help sooner and quicker and more effectively than any other way to do this. Of course, where both the family has failed, where individuals through the church and community have not been able to do the job, there is a place for government programs. But there is a clear place for charities.

Let me talk about two or three things in this bill that make a difference in terms of how millions of Americans are affected. Eighty-six million Americans do not itemize their taxes, but of those 86 million Americans, many give money every week, every month, every year to a church or charity. The bill of the gentleman from Tennessee (Mr. FORD) and my bill changes the Tax Code in a way that lets those people who give to church and charity have credit for some of the giving that they do to church and charity. Just like people who itemize their taxes, they have to demonstrate that they did make that gift, but this treats them differently from the people who do not itemize their taxes and do not give. This really does reward giving for individuals and couples.

The second big area of impact of the bill, I believe, will be the changes we make in those resources and how we deal with those resources that people have in IRAs. There are $2.5 trillion in the country today in IRAs. Many people, as they begin to utilize their IRAs, suddenly realize they do not have enough money in their IRAs to do all of the things that they would like to do; but many people realize through some good fortune in investing, an extraordinary commitment to funding their IRA, through that and the other things they have done providing for their retirement, their IRA is a big resource of money that they do not need or are not likely to need all of.

Today, the tax consequences of gifting IRAs are such that almost none of that money is given to charity or

faith-based charities. The change in this bill removes the tax obstacle from giving that money. After people reach the age of 70½ and begin to evaluate their resources and the need for those resources, suddenly that $2.5 trillion out there in IRAs is available for gifting potential.

If we talk to our friends who raise money for their local college or university, for the Red Cross, for the blood center, for whatever it would be, they would say that this portion of the bill is the portion that they look to which has the greatest opportunity to change giving in the future.

We raise the cap on corporate charitable contributions over the next 10 years from 10 percent that could be gifted of profits to 20 percent of profits. We extend current incentives for food donations to apply to even more farmers, more restaurants, more retailers, more wholesalers. We allow value added to those products to have a greater value in gifting than it has today.

This bill reauthorizes a program which allows low-income working Americans the opportunity to build assets through matching savings accounts, known as IDAs, which can be used to purchase a home, expand educational opportunity, or to start a small business.

This bill provides $150 million a year for a compassion capital fund to assist small community and faith-based organizations who want to start a charitable outreach to do that, to set up their organization or to expand their capacity to serve. This encourages conservation by private landowners by requiring certain Federal grant money for conservation be treated as tax free.

Mr. Speaker, I yield 1⅓ minutes to the gentleman from Wisconsin (Mr. RYAN) to respond to one statement made by the gentleman from California (Mr. STARK).

Mr. RYAN of Wisconsin. Mr. Speaker, I thank the gentleman for his tireless work on a bipartisan basis to bring this bill to the floor.

I want to quickly address some of the inaccuracies dealing with the collegiate housing issue. The claim is the collegiate housing issue only helps sororities and fraternities. Let me tell Members exactly what this does and does not do. Number one, for many of us who represent colleges and universities in our districts, we realize that there is an undersupply of off-campus housing and an overcrowding on campus in our Nation's colleges and universities.

What this simply does is it allows off-campus housing be built by nonprofit organizations to address this need, to bring up to code, to fire code, off-campus housing because right now if you are going to invest tax-deductible dollars into a nonprofit, you can deduct those and invest them on campus for university housing; but you cannot take tax-deductible dollars to invest in building collegiate housing off campus even though they are nonprofit, not-for-profit foundations.

So this goes well beyond sororities and fraternities. It goes to religious organizations, Hillel; it goes to nonprofits and fraternities and sororities, and only to university students who have academic careers, not to country clubs or anything else. It is tightly defined, and it puts the need where it is required and that is to address this critical shortage of bringing buildings up to code and addressing this housing shortage need.

Mr. STARK. Mr. Speaker, I yield 5½ minutes to the gentleman from Maryland (Mr. CARDIN), the author of our proposed Democratic substitute, who can speak to the issue of how we might pay for this bill.

□ 1230

Mr. CARDIN. Mr. Speaker, first let me compliment the gentleman from Missouri (Mr. BLUNT), the sponsor of this legislation, and the gentleman from Tennessee (Mr. FORD) for reaching, I think, a fair compromise on some very controversial issues so that we really do have a chance to enact a bill this year that can help our faith-based institutions, our nonprofit institutions in carrying out their very important responsibility. Major compromises were reached along with Senator LIEBERMAN and Senator SANTORUM in the Senate that would provide our sponsors in the House to eliminate from the bill a very controversial provision dealing with employment discrimination. I know that many of our Members have been concerned about that. Those provisions are not included in this legislation, and I want to compliment all involved who were responsible for the removal of that provision.

I also want to compliment the architects of this legislation for working out a fair compromise as it relates to a foundation's administrative costs. We have a fair compromise on that issue that puts some Federal controls on administrative costs but also allows the foundations to be able to do their business in the most cost-effective way.

In my view, this legislation is a positive help to faith-based institutions, nonprofit institutions and is consistent with the tradition of our country to maintain the church-state separation. There is help here for those who want to privately give, whether they be individuals or corporations, to our nonprofit community through the use of direct contributions or their IRAs.

Mr. Speaker, let me also agree with the gentleman from Wisconsin (Mr. RYAN) in regards to the provisions relating to housing.

I think this bill is a positive bill. I agree with the distinguished Republican whip that this bill has moved in a bipartisan way through this body and through the other body and we therefore have a good bill before us. I would urge my good friend to continue that process and let Members vote their convictions on the amendment that I will be offering a little bit later.

It includes two more provisions. It builds on the underlying bill but adds two more provisions that has strong bipartisan support not only in this body but also the other body. It provides an extra $1.1 billion for the social services block grant program. In 1996, we were financing the social services block grant program at $2.8 billion a year. We cut it in the welfare bill to $2.38 billion a year but we made a commitment in that legislation that we would restore that cut in 2003. That is exactly what the Cardin amendment will do. And it has strong bipartisan support. Many Members on the Republican side of the Committee on Ways and Means support that change. I hope they will vote that way today. It is vitally important to our faith-based institutions.

Let me just give my colleagues one example. Catholic Charities relies upon public programs for 62 percent of their support. The social services block grant program is a very important part of that. It provides day care for low-income families, offers counseling services to at-risk youth, provides nutritional assistance to the elderly and provides community-based care to the disabled. This is their number one priority as far as help in order to be able to carry out their very important mission.

The second change is that the bill is fully paid for by closing corporate loopholes through tax shelters. I know that a document was sent out that says this is extremely controversial. If it is extremely controversial, why did 95 members of the other body vote in favor of it? It passed 95 to 3 or 4 in the Senate. It is not controversial. It is controversial to add $13 billion more to the national debt and not pay for it. So this amendment pays for the cost of the bill through a provision that is good tax policy.

Our deficit this year is projected to grow by over $500 billion. That does not even include the $87 billion that the President has asked us to pass by a supplemental appropriation to prosecute the war in Iraq and Afghanistan. What my amendment will do is close tax shelters by codifying the practice of the courts that will bring in moneys from activities that have no economic value. It is what the other body did to pay for it.

There is one more thing I might add. We are in the closing days of this first session of this Congress. Major differences between the House and Senate will have difficult times being reconciled in conference. The adoption of my amendment gives us a much better chance to get this bill to the President this year. I urge my colleagues not only to support the underlying bill, support the Cardin amendment so that we can get a bill to the President and that we can also accomplish two more important factors that I think are supported on a bipartisan basis. I urge support for the amendment that will be offered later and I hope that we can continue to work in a bipartisan way to get this bill to the President's desk.

Mr. BLUNT. Mr. Speaker, I appreciate the gentleman from Maryland's work on getting this bill out of committee unanimously and the fact that it is totally included in his substitute.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Washington (Ms. DUNN).

Ms. DUNN. Mr. Speaker, I rise in support of H.R. 7 and I call for its swift adoption by the House. I think this is a piece of legislation that shows that all of us care and we are delighted to have it before the body today.

I do want to respond to a mistaken and outdated characterization that came up in previous comments about one of the provisions on forestry bonds in this piece of legislation. This is a provision that was passed by this House last March. Forestry bonds as included in H.R. 7 are a new and collaborative approach to preserving sensitive lands that are close to major population areas. Instead of wasting millions of dollars on lawsuits, which has been the case often in the past between members of the conservation community and timber owners, this proposal enables a board of trustees made up of timber executives, of conservationists and people representing the Contract Logging Association to purchase property through tax-free bonds from a willing seller. Twenty percent of the property is immediately put into conservation easements, probably the most sensitive portion of the property, around lakes and rivers and streams, for example. There is a continuation, however, of timber harvests, because the purpose of the harvests must be to pay off the bonds that are granted by an organization within the involved State. It is a broadly supported provision, broadly supported by the conservation community and also the timber community. I think it is an ideal way to provide a collaborative approach, one that will be an experiment and I think will yield great returns certainly out of this experiment, perhaps eventually something that could be used by folks all over the United States to preserve these important properties.

Mr. STARK. Mr. Speaker, I am pleased to yield 5 minutes to the gentleman from Wisconsin (Mr. KLECZKA).

Mr. KLECZKA. Mr. Speaker, I always thought that charitable giving came from the heart and not through tax breaks in the Federal Tax Code. I come to the floor today to oppose this bill and I feel somewhat like the skunk at the picnic, but I think it is time that this Congress act more responsibly.

Let me give my colleagues a little background as to where we are as far as the Federal deficit. This administration took over and inherited a $236 billion surplus. In 4 short years, they have turned it into a deficit, and the Congressional Budget Office indicates that deficit will be $580 billion. Yes, there has been a downturn in the economy, but more importantly over the last few years, this Congress has given almost $3 trillion in tax cuts. If these cuts were affordable, one would say fine. But they are not, my friends. For every tax cut we give today, it goes on the deficit and your kids and your grandkids are going to pay for it. Not us, your kids and grandkids will.

So here we have a bill that costs $13 billion and it is geared to enhance charitable giving. What a noble purpose. If the economy was different, if the fiscal picture for the country was different, I probably would be supporting the bill, also. But, my friends, the plain, simple fact is, it is nice but we cannot afford it. My constituents would like to go and buy a new car and a new refrigerator, and those things are nice, but they cannot afford it, so they do not do it. But this Congress just cannot stop giving away money.

Let us look at the bill itself. In the bill, we double the corporate charitable giving deduction. Currently corporations can give away and take a tax credit for 10 percent of their gross income. This bill doubles it. Are the corporations so overtaxed? A lot of them are running offshore to escape all taxation. In 1996, corporate taxes made up 12 percent of all the revenue the Federal Government takes in. In 2002, that shrunk to 8 percent. So do not tell me corporations are in need of another tax break. Their liability is drastically being reduced. And to tell me that if we do not double their charitable giving to 20 percent, instead of 10, they are not going to give the excess food to the food pantry, they are going to throw it in the dumpster, that is nonsense.

Another provision in the bill tells nonitemizers, those people who do the short form, that they can, after giving individually $500, take a $250 above-the-line credit. That seems well and good. However, the standard deduction that filer gets already includes a portion for charitable giving. So if we want to increase it, let us increase the standard deduction. But know full well 80 to 90 percent of those filers are going to claim the $250 credit and that is why we do not trust them because that provision is only good for 2 years. They are going to have a little study. But we do not have enough auditors to audit that and I suspect that almost all the filers will take that credit.

Mr. Speaker, it is a great bill, but the fact of the matter is the taxpayers cannot afford this bill. And as I look at the various portions of it, even including the lumber company giveaway, those might be nice in better times. Another portion of the bill decreases the taxes for charitable foundations in half. That costs some $2.8 billion. Today charitable corporations pay 2 percent Federal tax on their income. That is not a heck of a lot. Boy, I wish my constituents only paid 2 percent. But we feel so generous today, we are going to cut that in half to 1 percent. And that $2.8 billion goes smack on to the deficit.

One other item I think we should mention, I indicated that the Federal deficit is slated by the Congressional Budget Office to be $580 billion. That is without the $87 billion the President has asked for the war in Iraq. That goes right on it. That means the deficit is going to be over $650 billion.

Mr. BLUNT. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. FEENEY), the former Speaker of the House of Florida.

Mr. FEENEY. Mr. Speaker, I rise in support of this great bill. I want to thank and congratulate the gentleman from Missouri (Mr. BLUNT) and the gentleman from Tennessee (Mr. FORD) for this bipartisan effort.

America is the most charitable country in the history of planet Earth. We ought to rejoice in the American great tradition of charity. The problem is that unfortunately, taxpayers, businesses and individuals, are punished through the Tax Code even when they use after-tax dollars to contribute to the well-being of their fellow citizens. For all of the reasons that the critics dislike this bill, one critic suggested he is opposed to this bill because it does not do everything that we should be doing to help America. The last speaker just suggested that what we have is a problem in that the Federal Government is losing money. Well, the whole presumption is that somehow this is the Federal Government's money in the first place. I would suggest that people in Oviedo, where I live, think it is their money and that they are best able to determine how to help the well-being of their neighbors and charities.

This is a wonderful bill because it allows the two-thirds of us that do not itemize our deductions to participate in a tax deduction when we help our fellow citizens. I think that is a great idea. It levels the playing field. You do not have to be a wealthy, complicated tax filer in order to enjoy the deduction. This bill levels the playing field. All of us will get the deduction. It allows people that have built up assets in their IRA that maybe will not be necessary for their retirement to take advantage of a provision so that they will be able to contribute to important charities in their neighborhoods and communities. Finally, it adds additional help to businesses that want to provide food or shelter or well-being for the needy.

I will end with the fact that there are two approaches to how we can help our fellow man. Some people, well-meaning, think we ought to confiscate as much tax dollars as we can from individuals and businesses in order to have a one-size-fits-all government program to help the needy. My experience is that the best way to help people is through local charitable giving where you can help people not become dependent on government but you can help them reform their lives, get back on their feet and help themselves. That is what this bill does.

□ 1245

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Washington State (Mr. MCDERMOTT).

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, I came rushing over here to make a public service announcement. There is a hurricane coming. But the name is not Isabel. The name is George.

Ever since President Bush got elected, this Congress has rubber-stamped every single tax cut he came up with. In fact, I got over here in such a hurry, I forgot my rubber stamp. But the fact is that, at some point, the President has to be brought to reality. I saw the gentleman from Maryland (Mr. CARDIN) out here all exercised over this. This is only $12 billion he is giving away this time. This is chump change. I do not know. I think he has lost his nerve maybe. Because he comes in here one day and asks for $87 billion, and then he says, by the way, let us give away another $12 billion to people. I hope Americans, if they just remember that I gave them all that money and put them $44 trillion in debt in the future, they will reelect me.

You say where do I get that number? Well, the Financial Times, and this is no liberal newspaper I want the Members to understand, they revealed that the Bush administration shelved a report commissioned by the Treasury Department that shows that the U.S. economy faces a future of chronic budget deficits totaling $44 trillion, the study's most comprehensive assessment of how the U.S. Government is at risk at being overwhelmed by the baby boom generation's future health and retirement costs.

This President does not care about anything except if he can trick the people with a tax cut, he thinks he can get elected. They will forget about the mess he has created in Iraq. They will forget about the mess in Afghanistan. I have got $12 billion more for you, folks, that is our President's plan, and they are going to keep trying to give money away. They act like the $480 billion is nothing. They put on another $100 billion this week, 87 for Iraq and $13 billion in this bill. Is there any end? One would say this was somebody who was addicted if one was talking in any other terms. I mean they cannot get off the needle of tax cuts. And if the Congress does not stand up, when are the people going to be taken care of? Is this bill saving our country? Is it going to make more jobs? I think not. There is no plan to spend any money on making jobs, no. This is just give $12 billion more away so that companies will give more to charity because the Government is not doing its job.

Mr. BLUNT. Mr. Speaker, I yield myself 45 seconds.

I would just remind the Members in the debate that this is about not $12 billion; it is really about $50 billion, $50 billion that the American people decide they want to give to charities to help their fellow citizens, and certainly that makes a difference in the character of the country. Anytime we individually reach out, frankly, that is more character developing than seeing the Government reach out. It does not mean there is not a place for the Government to reach out, but to suggest that it is a bad thing in any way to encourage people to reach out or to suggest that people who give money to church and charity every month will lie about whether they gave that money is inappropriate.

I want to say how much I have appreciated the opportunity to work with the gentleman from Tennessee (Mr. FORD), my good friend. We came to Congress at the same time. We developed a bill here that has broad bipartisan support. That was voted unanimously out of the Committee on Ways and Means.

Mr. Speaker, I yield 3½ minutes to the gentleman from Tennessee (Mr. FORD).

The SPEAKER pro tempore (Mr. THORNBERRY). The Chair first announces to Members the gentleman from Missouri (Mr. BLUNT) has 14 minutes remaining, and the gentleman from California (Mr. STARK) has 8½ minutes remaining.

Mr. FORD. Mr. Speaker, I thank the gentleman from Missouri (Mr. BLUNT) for yielding me this time. And I thank the leadership on my side, the gentleman from California (Mr. STARK) and the gentleman from Washington (Mr. MCDERMOTT) and, of course, the gentleman from New York (Mr. RANGEL).

I rise today in support of H.R. 7. It has been a pleasure to work with the gentleman from Missouri (Mr. BLUNT) and the leadership on his side. I thank him for the new friendship, or the strengthened friendship, we now have, and I appreciate the bill we have been able to put together.

The intent of the Charitable Giving Act, which has already been stated, is pretty simple. We want to help churches and charities and places of faith and nonprofit groups across the country who are committed to making a difference, and I dare say, making our communities better. With this slow economy, with some 3 million jobs lost and the end of a bull market now, it seems more important than ever to find new ways to encourage giving, charitable giving.

As generous as our Nation is, we all know we face challenges, for many of my colleagues on my side of the aisle have highlighted how some of the decisions we have made here in this Congress have impacted our ability to grow. But as the Speaker knows, millions of Americans give a portion of their paychecks or their savings to help those less fortunate than them. In my community of Memphis and communities across America, nonprofit groups, volunteer organizations work every day to fill those vital needs. Often these efforts can do more to help than what we do here in Government. And at a time of mounting budget deficits in Washington and in almost all 50 State capitals, charities are carrying a heavier burden. States are cutting back money to hospitals, health clinics, schools, drug and alcohol rehab programs, preschool and afterschool programs. Because of the deep wells of compassion that exist in our communities, we cannot let any people fall through the cracks.

But money is tight for millions of families. They want to give, but they also want to have money to pay the bills. This bill is one way we can empower people to give more to charity for it empowers those whose compassion runs deep, especially those who do not have deep pockets. As the Members know, many in Congress and in this country raised constitutional concerns about many aspects of the President's faith-based agenda. We share the President's goal of rallying the armies of compassion, but we were concerned about the faith-based component. Our bill will encourage giving and help charities without regard to religious affiliation.

What this bill does is remove obstacles to charitable giving in a tax code. First, the bill allows some 86 million Americans who do not itemize the opportunity to deduct a portion of their charitable contribution, between $250 and $500, $250 for individuals and $500 for married couples. It raises the cap on corporate charitable contributions from 10 percent to 20 percent over 10 years. It also provides for tax-free contributions from IRAs for charitable purposes, which will help a wide range of charities, especially education institutions. It provides $150 million a year for a Compassion Capital Fund to assist small community and faith-based organizations with technical assistance and to expand their capacity to serve.

In closing, Mr. Speaker, I want to commend the gentleman from New York (Mr. RANGEL) and the gentleman from Maryland (Mr. CARDIN) for the substitute to H.R. 7, which I intend to support. The substitute includes the entire original bill, and it makes it better by increasing the authorization levels for the Social Services Block Grant by $1.1 billion. The Senate companion of this bill includes funding for SSBG as well.

I also commend the gentleman from Texas (Mr. DOGGETT) for working to make this bill revenue neutral. The revenue effect of H.R. 7 is tiny compared to the positive benefits, as the gentleman from Missouri (Mr. BLUNT) has already stated, that will come out of it, and certainly compared to other bills that we have considered in this Chamber in recent years.

In closing, I urge all of my colleagues, particularly my Democratic colleagues, to support this bill on final passage. I look forward to working with many here and others in the Chamber to reconcile whatever differences there may be and realize that when we support this bill, despite its minor cost, as the gentleman from Missouri (Mr. BLUNT) and others have stated, it will help so many of our Nation's

charities, places of faith, and educational institutions.

Mr. BLUNT. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. GREEN).

Mr. GREEN of Wisconsin. Mr. Speaker, I thank the gentleman for yielding me this time and I congratulate him and the gentleman from Tennessee (Mr. FORD) for this piece of legislation.

The previous speaker asked rhetorically what does this bill do? By spurring investment in America's charities, this bill will help lift lives and heal neighborhoods. It sounds like a pretty good deal to me.

I would like to talk about a very specific provision in this bill because this bill also rightly points to a problem that we have in charitable giving, one that Congress cannot by itself solve. As section 303 of this bill points out, many of our Nation's largest foundations have a bias against giving to the community of faith. As so many people have noted, every day all across America, faith-based organizations help people, help them recover from drug and alcohol addiction, provide food and shelter to the homeless, teach people skills that they need to move from poverty to productivity, and so much more. And yet foundations, especially corporate foundations, will not give help to these groups. Corporate foundations give roughly $2 billion a year to charities, but a mere fraction of that goes to the community of faith. Of the ten largest corporations in America, six have restrictions either banning or greatly limiting contributions to faith-based organizations and not one of them gives more than 5 percent of its donations to these groups. The leading 1,000 foundations in America have targeted just 2.3 percent of their grants to faith-based organizations. The leading 100 have given just 1.5 percent. Shame on them. They are missing a chance to do so much good.

Let us hope that the public, let us hope that shareholders demand a change. This legislation shines a spotlight on this problem and encourages them to rethink their restrictions. It is time for us to reach out. It is time for corporate America to reach out to the community of faith. There are so many needs and so many opportunities. There is so much good that we can do if corporate America, if foundations, if we all reach out and partner with those who are on the frontlines each and every day.

I am proud to support this legislation. I think this is going to make a historic difference, and once again, I congratulate the authors.

Mr. STARK. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, on January 29, 2002, President Bush stood at this podium, and he told this Congress and the Nation ''our budget will run a deficit that will be small and short term.'' He had hardly gotten out of the room before the deficit began soaring, soaring so much that this year, we have the largest deficit in the history of the United States. Soaring so much that over the course of this year and next year, we will probably exceed $1 trillion in additional national debt. Any honest projection shows that these deficits will continue rising throughout this decade. We have the largest fiscal reversal in the history of the United States, if not the history of the world, moving from the surplus the Bush Administration inherited to the unending debt with which we are now being burdened.

We begin to understand why they call this a ''faith-based'' initiative because despite this devastating fiscal record, they ask us to have faith that somehow their speeches will balance the budget even while they continue depleting the national treasury with one good cause and some not so good causes after another, taking out $10 billion here, $20 billion there, $50 billion some other place.

If you have faith in the bill that you are advancing today, have the good faith to deal straight with the American people instead of just giving them another IOU. And I commend the gentleman from Tennessee (Mr. FORD) for having the courage to support the substitute paying for this chartible giving initiative to which I know he is so committed. The Republican sponsor in the last Congress of this measure (Mr. WATTS) was willing to do the same until he found out paying for it requires more than a speech.

We can pay for this initiative today, and then some, by correcting a considerable inequity in our tax system. The Founding Fathers believed that there should be no ''taxation without representation,'' and certainly we all agree. But some taxpayers, as a result of the inaction of the House Committee on Ways and Means and the leadership of this House, are today turning that on its head. They believe that we should have no ''taxation through misrepresentation.'' Too many corporations have misrepresented to their shareholders, their investors, to the tax collector the true nature of their income. They give new meaning to Leona Helmsley's claim that ''only the little people pay taxes.'' And today my colleagues talk about charity. Charity is when Congress ignores $10 billion a year, according to some estimates, in losses due to sham corporate tax shelters—shelters that are abuses of our current legal system. Charity is when the Republican leadership persists turning a blind eye to that abuse.

Since 1999, we have had a way to solve this problem. We have been asking for approval of a tax shelter measure that has had broad support in this body and is so ''controversial'' that almost every Republican Member of the United States Senate has voted for it. It passed 95 to 5 as a part not of some other bill, but of this very chartible giving bill. So what happens when it gets to the House Committee on Ways and Means? The same people that have been protecting these corporate tax abusers all this time have again offered them a little ''charity'' by removing all of the tax shelter language.

□ 1300

They stripped out the ''pay-for'' in this bill, a ''pay-for'' that brings equity to our tax system, that ensures that these corporate tax abusers get a little fair treatment. When such tax evaders dodge their taxes, guess who has to pay for national security and homeland security? All of the small businesses and large businesses and taxpayers large and small, who are already doing their fair share, already paying their fair portion of taxes.

Mr. Speaker, we have an opportunity today through the Democratic alternative to end this abuse of corporate tax shelters and at the same time pay for this charitable bill giving instead of incurring more public debt.

Mr. BLUNT. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. SOUDER).

(Mr. SOUDER asked and was given permission to revise and extend his remarks.)

Mr. SOUDER. Mr. Speaker, first I want to thank the gentleman from Missouri (Mr. BLUNT) and the gentleman from Tennessee (Mr. FORD) for their leadership on this bill. It is something that I have long waited to see, an actual change in our Tax Code to give more incentive to charitable giving.

It is unfortunate that partisan politics has been, again, injected into this. Because as we have been holding a series of faith-based hearings around the country, one thing that we recently heard in Texas in San Antonio from the most effective faith-based drug addict rescue group in the State of Texas, and, really, in America, said, where do you think the financial support of our ministry comes from? The people who have come through the front door of that home.

This bill will give those people a chance to get a tax break, many who have very little funds who have been ignored because of the way our Tax Code is structured in charitable giving. This is one small step, and I hope we can expand it in the future, but an important step and the most important step.

We have been on the floor arguing over charitable choice. I said from the beginning that the Tax Code was the most important and the second most was the Compassion Capital Fund, which is also in this bill to help these little usually urban or rural organizations get an ability to do a 501(c)(3) corporation. And this bill also covers that. I am thrilled with this bill.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. Mr. Speaker, I think it is important to speak about what is not in this bill as well as what is in it. This bill is in stark contrast to

the bill which passed 2 years ago in that it does not include the provision that would allow employment discrimination with Federal dollars. In fact, the bill preserves current civil rights protections.

Faith-based organizations willing to comply with civil rights laws will be able to get funding under this bill just as they can today. And organizations which refuse to comply with the 60-year tradition of no discrimination with Federal funds will not be able to get funding under this bill.

When we talk about discrimination, let us remember that there was a time in America when people of certain religions were routinely denied jobs solely because of their religious beliefs, but we passed laws to end that invidious discrimination.

All of us can be supportive of the work of faith-based organizations and recognize that many can successfully sponsor federally funded programs, but we do not have to sabotage anti-discrimination laws to do that. And it is insulting to suggest that we can get investments in needy areas only if we turn back the clock on civil rights.

This bill allows us to support the work of faith-based organizations without sacrificing our hard-won civil rights protections. The language in the original bill that will allow faith-based organizations to proselytize to beneficiaries in public services and use Federal money to convert people to their own religion has likewise been dropped from this bill as well.

An individual in a homeless shelter should not be required to have to consider changing his religion in order to get a meal if that meal is paid for with Federal funds. The Constitution does not permit this and neither should we.

I hope this bill can be a positive step in the right direction, but all of us should be cognizant that although the old H.R. 7 is gone, there are currently several bills, individual bills, that would allow faith-based organizations to discriminate in employment based on religion with Federal funds.

We have already seen these provisions in the reauthorization of the Head Start bill that passed the House and the Workforce Investment Act, and I am sure that there will be others.

Mr. Speaker, this bill shows that we can do better than that. We can support good community organizations that do good work without sacrificing either civil rights protections or the Constitution.

We can accomplish this by providing them more money to do that work and providing guidance and navigating the Federal bureaucracy, and we do not have to undermine constitutional and anti-discrimination laws to do that.

Mr. BLUNT. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. PORTMAN).

Mr. PORTMAN. Mr. Speaker, I thank the gentleman for yielding me time and want to congratulate him and the gentleman from Tennessee (Mr. FORD) for their good bipartisan work on this legislation.

The legislation does have a cost, as it is analyzed by the Joint Tax Committee, and I believe that is $12.6 billion. Guess what? Over that same period of time, the estimates are there will be about $50 billion more in contributions to our charities. These are faith-based charities, community organizations, those who are out there doing the good work to help those most in need.

I love the provision on the nonitemizers, because it helps people who are nonitemizers now not only give more money to charity and gives them a break for it, but gets them more engaged as volunteers in their communities in helping out, having an investment in these charities.

I like the provision on the IRA rollover. We ought to do the same with some other retirement accounts. With the IRAs, we are able to say if you are 70½, you can then roll over into a charity without having the tax consequences. That will help not only this year, but going forward, as baby boomers begin to get these big lump sums in their IRAs, to be able to give those to charities. There are a lot of assets there, and it is a great policy.

The gentleman from Texas raises a substitute; and I just have to say, codifying this very complicated issue of economic substance doctrine is a very difficult thing to do. The Treasury Department is dead set against it. They instead believe what we ought to be doing is providing more disclosure and tightening the rules. That is going to be in a bill coming to the floor, we hope soon, out of the FSC-ETI bill. That is a better way to approach it.

Finally, the codification of economic substance, to my understanding, is retroactive, so you are actually changing the rules of the game after the fact. So those who have entered into transactions and arrangements are now being told after the fact, guess what, the rules all change; now we have this new rule to be applied.

I am afraid what will happen is you will see tax shelters going underground. You will not see what we ought to be seeing, which is more disclosure and tightening of the rules.

So I think this is a great bill. I would urge my colleagues to support it, because it does the right thing on policy grounds; and I would be very skeptical about this substitute. I think it is bad tax policy; and it will result, perhaps inadvertently, in more problems in our Tax Code.

Mr. BLUNT. Mr. Speaker, I am pleased that the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Michigan (Mr. CAMP), the next speaker, have done such a good job to get this bill to the floor.

Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. CAMP).

Mr. CAMP. Mr. Speaker, I thank the majority whip for his hard work on this bill; and I lend my strong support to H.R. 7, which passed the committee by voice vote. I think all members on the committee agreed that this policy was an appropriate way to increase philanthropy among individuals, corporations, and foundations. I think it contains the right mix of tax incentives to spur individual giving, business and foundation giving, for example, the nonitemizer provision for low- and middle-income taxpayers. In my view, the Tax Code should provide a tax incentive to all taxpayers to give to charity, not just those who itemize; and this bill does that.

Another important feature is those who have reached 70½ can make tax-free contributions from their IRAs.

Last, I want to thank the majority whip and the committee for their hard work in making sure that we also do what we can to increase giving from charitable organizations and foundations. I think we have the right mix in this bill to do that.

I lend my strong support to this legislation.

Mr. BLUNT. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. CRENSHAW).

Mr. CRENSHAW. Mr. Speaker, I just want to rise in strong support of this legislation. I want to highlight a charitable organization in my community, Jacksonville, Florida, called the Jessie Ball duPont Fund. Last year they gave away about $13.5 million. They gave it to over 300 different organizations, everything from the Boys Clubs to the Girls Clubs to the United Way.

What this legislation does is encourages foundations like the duPont Fund and other charitable organizations, it gives them technical advice, it gives them guidance, and, more than anything, maybe holds them to public accountability.

The bottom line, Mr. Speaker, is this kind of legislation encourages people to be good stewards in their own community. America is great because America is about people helping people; and any time that people want to give money, in terms of charity, we ought to do everything we can to pave the way. So I urge support of this legislation.

Mr. BLUNT. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. Mr. Speaker, I rise with a deep sense of gratitude to our majority whip, the gentleman from Missouri (Mr. BLUNT), and to his colleague, the gentleman from Tennessee (Mr. FORD), for their yeoman's work in crafting the Blunt-Ford Charitable Giving Act. It is an extraordinary piece of legislation that will encourage the investment by everyday Americans into the organizations that make our communities great.

While this bill is targeted to all charities, its impact will be profound, especially in the faith-based community. It

is worthy of noting that 75 percent of food pantries are religious-based, 71 percent of food kitchens are faith-based, and 43 percent of shelters in this country are faith-based providers. Today's Blunt-Ford Charitable Giving Act is part of President Bush's vision of a faith-based initiative encouraging everyday Americans to come along side those who each and every day do for the least of these.

I strongly support this legislation and strongly urge its passage today.

Mr. STARK. Mr. Speaker, I yield the balance of my time to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, without a doubt there are many good features of this proposal. That is why so many people support it. Perhaps the benefits are a bit exaggerated in the suggestion there will be $40 billion or $50 billion in additional money motivated by tax considerations instead of the heart. That probably overstates the case. But the important argument in favor of the Democratic substitute is that this proposal is presented as just another free lunch, like so many other allegedly pain free measures that keep rolling through this House.

As proposed, this bill will add to the burden of our children and our grandchildren billions of dollars that could and should be paid for now. That is why one of the cosponsors, the gentleman from Tennessee (Mr. FORD), has said he supports the substitute. He is ready to pay for his bill, he has that much confidence in it. The only argument against paying for it was the unusual suggestion of the gentleman from Ohio (Mr. PORTMAN) that it would be ''difficult.''

I agree, it has proven very difficult for the Committee on Ways and Means to do anything about corporate tax cheats. They have known about this problem since at least 1999, and they have chosen to sit on their hands.

Most people have heard about something called Enron, a Texas corporation. The Committee on Ways and Means was afraid though to look under the rock for all the Enron dirty tax secrets, about how much it avoided paying of its fair share of taxes, for fear of what Republicans might find, and they have still not, until this very day, found it possible to overcome what they call the ''difficulties'' of dealing with the Enron tax transgressions, nor those of any other corporation.

Pay for this bill. The Democratic substitute does.

Mr. BLUNT. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Speaker, I thank the gentleman for yielding me time.

I want to commend the chairman for crafting a bill that will reward average taxpayers for their generosity and eliminate unnecessary barriers to giving. This is a bipartisan bill that will expand our communities' ability to help each other. However, there are some additional provisions that I hope we will be able to work on with the Senate.

First of all, the social services block grant enables communities to address special needs in a very flexible and very local manner, and I am thrilled that this bill reinstates the 10 percent right of transferring money from the TANF block grant to the social services block grant. But more needs to be done, and the Senate bill does offer us that opportunity in the conference.

Secondly, I hope that it will look at some of the charitable incentives for conservation in the Senate bill, a higher deduction for donating land to qualified land trusts, for example, that will enable small landowners to be part of conservation and preservation in their communities.

□ 1315

Mr. BLUNT. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. CRANE).

Mr. CRANE. Mr. Speaker, charitable organizations are vital to the health and well-being of American citizens. Charity benefits both the giver and the receiver in like proportions. The act of giving elevates the heart of the giver; the act of receiving elevates the condition of the recipient. Charity is a blessed act that should suffer no discouragement from something so punitive as the Tax Code.

Mr. Speaker, I am very pleased that two major components of H.R. 7 are based upon legislation I have introduced for almost 20 years, the Charitable Giving Tax Relief Act and the IRA Charitable Rollover Incentive Act. The Charitable Giving Tax Relief Act allow nonitemizers to deduct 100 percent of any charitable contributions up to the amount of standard deduction.

Secondly, under H.R. 7, individuals age 70½ or older will be able to contribute amounts currently held in IRA accounts directly to qualified charities without having to first recognize the income for tax purposes and then take a charitable deduction.

We now have an excellent opportunity to advance sound tax policy and sound social policy by returning to our Nation's historical emphasis on private activities and personal involvement in the well-being of our communities.

I congratulate all, and I urge everyone to vote for the bill.

Mr. BLUNT. Mr. Speaker, I would just like to say as I yield myself the remainder of my time that I appreciate the character of the debate, I appreciate the opportunity to work with the gentleman from Tennessee (Mr. FORD) and the members of the Committee on Ways and Means in bringing this bill to the floor. We look forward to passage today and a quick effort to work with our friends in the other body and see this bill on the President's desk become law and make a difference in the way people are encouraged to do things for others in their community and in our country and around the world.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in support of H.R. 7, the Charitable Giving Act of 2003 along with the Democrats' Substitute Amendment Agreement. The Democrats' Substitute Amendment has three parts. First, the Substitute would include all the provisions of the underlying bill, H.R. 7, as reported by the Committee on Ways and Means. Second, the Substitute would add a provision increasing the funding for the Social Services Block Grant, SSBG, by $1.1 billion next year. Third, the Substitute would add revenue offset provisions to curtail abusive tax shelter schemes. The Substitute is a fiscally responsible approach for encouraging charitable giving and providing assistance to vulnerable families during these particularly difficult times.

Considering that the federal deficit is projected to exceed $500 billion next year and the President's request for an additional $87 billion for Iraq, I urge all House Members vote for the Democratic Substitute Amendment.

The Substitute increases funding for the Social Services Block Grant, SSBG, by $1.1 billion next year. This increase is included in S. 476, the Senate-passed CARE Act of 2003. The SSBG funds community programs to protect abused children, provide day care to low-income families, offer counseling services to at-risk youth, provide nutritional assistance to the elderly, and provide community-based care to the disabled.

The Substitute provides immediate resources to States to address program cuts in these important areas. Rep. CARDIN offered such a provision as an amendment during Committee markup of H.R. 7.

The Substitute includes provisions to curtail abusive tax shelter schemes. These provisions would prevent tax shelter transactions that have no economic substance, without affecting legitimate business transactions, and would tighten penalties for egregious behavior. The provisions would offset the costs of the Substitute (including both the underlying bill and increased funding for the SSBG).

Congressman DOGGETT offered such an offset during Committee markup of H.R. 7. Corporations increasingly are engaged in aggressive tax avoidance transactions. Those transactions often are very complicated transactions that lack little, if any, business purpose or profit motive. The transactions are very similar in their structure with the accounting gimmicks used by Enron. They both pretend to technically comply with complicated rules, but create results that cannot be justified.

Not surprisingly, large accounting firms, the same people who assisted Enron, sell corporate tax shelters. The Joint Committee on Taxation recommended many of anti-tax shelter provisions in the Substitute.

The major provision of the Substitute would codify and slightly strengthen the ''economic substance doctrine.'' The economic substance doctrine is a court-made rule of law that disallows claimed tax benefits if the benefits arise out of a transaction for which there is no business purpose or profit motive.

The other major provision of the Substitute would not permit legal opinions to be used in order to avoid penalties when courts disallow tax benefits using economic substance analysis. (Under current law, legal opinions provide protection against penalties even when the legal opinions are fairly poor.) All of Enron's tax shelter transactions had legal opinions supporting them.

Mr. Speaker, for the above reasons, I support this bill with the Substitute Amendment.

Mr. TURNER. Mr. Speaker, I rise today in strong support of H.R. 7, the Charitable Giving Act, and to urge my colleagues to do the same.

Let me begin by saying that I value the role of charitable organizations in the delivery and provision of social services. Our country has been made stronger through the good works of people who dedicate their time, efforts, and skills to helping those in need. These organizations have long fed the hungry, clothed the poor, given shelter to the homeless, and helped heal the sick. Their contributions have been absolutely essential for millions of Americans throughout the history of our great nation.

It is time now that we help these charitable organizations continue to help those in need. The bill before us today contains many important provisions that work toward a single goal of encouraging charitable giving in the United States. The bill does this by making it easier for individuals to deduct their charitable contributions from their income taxes, by allowing tax-free distributions from IRAs for charities and by encouraging donations of important items such as food and computers.

I know firsthand about the important role that charitable organizations play in every community. In my own district the Matile Family Foundation, the Dayton Foundation, and the Iddings Foundation have a long and distinguished record of giving and serving the Dayton community. Similarly our community is home to numerous faith-based organizations that also provide important services to those in need, including the Gospel Mission, Revival Center Ministries and St. Mary's Neighborhood Development Corporation.

In May I convened a community and faith-based forum where over 80 individuals from charitable organizations met to discuss partnering with the Federal government on the delivery of social services. I believe the bill before us will help these and many other organizations throughout my congressional district.

As a cosponsor of this important legislation, I am proud to join my colleagues in expressing support for H.R. 7 and urge all Members to vote in favor of it. This critical measure will help ensure that charitable organizations can continue to attract the resources necessary to help our most vulnerable populations by improving the incentives for individuals and corporations to donate to charitable entities.

Mr. EMANUEL. Mr. Speaker, I rise proudly as an original cosponsor of the Charitable Giving Act and also in strong support of Cardin-Doggett substitute.

I signed on as an original cosponsor of H.R. 7 because our Nation's charities are struggling in this weak economy to meet increasing demands with diminishing resources. In response, this bill delivers tax fairness and strong incentives for America's donors to give generously, even those with modest means.

I am pleased that the substitute makes this bill even stronger by taking this opportunity to shut down tax avoidance schemes built into the Tax Code that encourage dishonest corporate transactions and bookkeeping practices. Another improvement is that the substitute pays for the bill. This is critical since the President has asked Congress for another $87 billion for rebuilding Iraq, twice the amount originally anticipated.

I am as pleased as the next person when corporations earn profits. But there is something wrong when tax breaks for working families are outnumbered by corporate subsidies for oil drilling, insurance, nuclear power, commercial real estate, equipment purchases, drug manufacturing, ethanol production, and more.

President Reagan criticized corporate tax subsidies as wasteful and in direct conflict with free market principles and economic growth. In 1986, he issued executive orders to cut back many of these subsidies. Republicans and Democrats should continue working together to follow his lead.

In recent years, however, subsidies have made a comeback. At the same time, corporate income taxes are virtually the lowest among the world's developed countries. The Bermuda scheme is the tip of the offshore iceberg now costing U.S. taxpayers $50 billion or more a year. Taxpayers subsidize overall corporate subsidies worth $125 billion. This amount is equivalent to the income taxes paid by 60 million individuals and families.

Many of these subsidies fail to serve any worthwhile economic or social objective. But since 2001, more loopholes and breaks for special and corporate interests have been added to the code. It is replete with sunsets, phase-ins, phase outs, and gimmicks that encouraged Enron, Tyco, and WorldCom to circumvent tax law. But nothing has been done to make it easier for working families to navigate the Code. There is something wrong when more than 60 percent of Americans found it necessary to pay an accountant or tax preparer to file their taxes in 2002.

Ending offshore havens, gimmicks and tax shelters should go hand in hand with simplification in any tax reform initiative. The Cardin substitute is a first step toward reforming a tax code that's proven more user-friendly to corporations and the wealthy than America's working families. Another important step would be for Congress to consider my proposal to create a Simplified Family Credit that merges the EITC, the child tax credit and the dependent exemption into one easy-to-claim credit. I will continue supporting legislation that simplifies the Code for reward working families as much as corporate interests.

Mr. Speaker, to that end, I am please to vote for the Cardin-Doggett substitute, and in support of the Charitable Giving Act of 2003. This important legislation, in addition to closing unfair tax loopholes, will recreate new incentives for Americans to make charitable donations for an array of worth and important social services in our Nation.

Mr. TERRY. Mr. Speaker, I rise today in support of H.R. 7, the Charitable Giving Act of 2003. I commend Whip BLUNT and Chairman THOMAS for their diligent efforts on this important legislation.

As a cosponsor, I have supported this bill for several reasons.

The American people are the most generous people in the world. It is estimated Americans gave more than 183 billion dollars last year to charitable organizations. Foundations, bequests, and corporations brought charitable giving up to 241 billion dollars.

These donations advanced noble causes in religion, health, science, the environment. To alleviate pain and suffering. To promote culture and world understanding.

For example, in my own district, The Durham Research Center at the University of Nebraska Medical Center, a $77 million, 10-level facility, was completed without tax dollars. It will enable UNMC to enhance its research in a number of areas including cancer, cardiovascular diseases, neurosciences, transplantation biology, genetics and eye research.

Charities and institutions often serve purposes that exceed government efforts to promote the health, safety, and well-being of its citizens, and often with lower costs.

The purpose behind this act is simple. We must ensure the best policies to encourage people to donate to charities. Whether the goal is collecting food for the hungry, shelter for the indigent, or treatment for the addicted, this bill strengthens the existing tax code to encourage charitable donations.

For example, this bill:

Provides 86 million Americans who do not itemize the opportunity to deduct a portion of their charitable contributions—representing more than two-thirds of tax returns filed.

Provides incentives for individuals to give tax-free contributions from their Individual Retirement Accounts (IRAs) for charitable purposes, which will help a wide range of charities.

Raises the cap on corporate charitable contributions from 10% to 20% over 10 years.

Extends current incentives for food donations to apply to even more farmers, restaurants, and corporations to help those in need.

Anne Frank once wrote: ''No one has ever become poor by giving.'' We recognize this sentiment with H.R. 7 and I urge my colleagues to join me in supporting the Charitable Giving Act.

Mr. WOLF. Mr. Speaker, I rise today in support of H.R. 7, the Charitable Giving Act. This legislation takes an important step to help further the efforts begun nearly 40 years when President Johnson declared war on poverty and hunger. Sadly, according to the U.S. Department of Agriculture reports that 13 million kids live in households that do not have an adequate supply of food.

In 2001, the USDA says there were 33.6 million Americans—20 million adults and 13 million children—who were hungry or at risk of hunger. In Matthew 25, Jesus talks about the obligation to feed the hungry. In a world, and especially a nation, as plentiful as ours, it is tragic that even one child is hungry.

Barriers need to be eliminated to allow businesses to do the morally conscionable thing and donate their surplus food. It's outrageous that it is more ''cost effective'' for a business to throw out or destroy surplus food rather than donate it to a local soup kitchen. The Charitable Giving Act takes important steps to ensure that more of America's abundant food supply ends up in the mouths of America's hungry families, not in landfills. The USDA estimates that 96 billion pounds of food are thrown away each year.

I would like to submit for the RECORD a recent article from the Chicago Tribune titled ''Hunger has a new face.'' This article points out that many of these hungry children live in households in with working parents. As the cost of living in many urban areas continues to increase, the number of working poor is expanding rapidly, hitting single moms particularly hard. As the face of hunger in America changes, we must make sure that our policies continue to meet the needs.

The Charitable Giving Act provides incentives to farmers and small businesses, whose

resources are also constrained in these economic times. I applaud the authors of this bill for their dedication to building a greater America. But our work is not yet done. I want to encourage my colleagues appointed to conference this important legislation to consider the food donation provision contained in the Senate bill—the same food donation provision, I might add, that was introduced earlier this year by my colleague Mr. BAKER from Louisiana.

America's Second Harvest estimates that the Senate version would produce over 878 million new meals by 2013—that's over three times the number of new meals than the House bill will provide. Make no mistake, the bill we have in front of us today is a very good start and is a victory for all those who have hope for a better America. Let us now move forward, and show America that fighting hunger isn't about what side of the aisle you stand on, but rather what kind of humanity we seek to be.

[From the Chicago Tribune, Sept. 1, 2003]

HUNGER HAS A NEW FACE

(By V. Dion Haynes)

BEND, ORE.—Despite working full time as a waitress at an International House of Pancakes restaurant, Crystal Carter regularly must turn to charities and generous friends to feed herself and her three small children.

Likewise, Leslie Ramaekers finds it difficult to stretch the wages from her full-time auto-detailing job to buy enough food. She often skips breakfast and lunch to ensure that her four children can eat.

Randy Malone has it even worse. Laid off 1½ years ago, he has to use his sparse resources to feed his two nieces and nephew, who live with him. Forced to skip meals, Malone has lost 25 pounds.

''I don't normally eat breakfast or lunch. Sometimes for dinner I might get a peanut butter sandwich or a piece of bread,'' said Malone, 42, who was picking up a bag of free groceries from a food pantry in northeast Portland one day this summer.

''I'd rather them eat it than me,'' he added, referred to the children, age 7 to 12.

In a survey, 25 U.S. cities reported on average a 19 percent increase in demand for emergency food assistance from 2001 to 2002. Some city officials say Carter, Ramaekers and Malone represent the new face of hunger in America.

SINGLE MOMS AFFECTED

The ranks of the hungry more and more include single mothers stuck in low-wage jobs, married couples who can't keep up with soaring housing costs and able-bodied people who can't find jobs.

Their predicament forces them every month to grapple with vexing trade-offs: Pay the rent or child care? Buy that prescription for a sick child or pay that overdue electric bill? Put gas in the car or food on the table?

''We're seeing Depression-era food lines in 21st Century America. . . . This is the most food productive nation on the planet, and we should not have hunger,'' said Doug O'Brien, vice president for policy and research at Chicago-based America's Second Harvest, the umbrella organization for the nation's food banks and the largest hunger relief organization in the U.S.

The previous profile of a hungry person, O'Brien said, was ''a homeless, chronically unemployed, mentally ill substance abuser.''

But by 2001, ''we were as likely to see a single mother who's employed as we would a homeless man,'' he added. ''Nationwide, 40 percent of the people we serve come from households where at least one person is working.''

Agriculture Department experts peg the number of hungry or ''food insecure'' people at about 34 million, up from about 30 million in 1995. Hunger and food insecurity are defined broadly—when people are forced to skip a meal or cut back on what they eat because they lack money, when people don't know where their next meal is coming from or when people must visit a soup kitchen or food pantry for emergency assistance.

Demand for emergency food rose dramatically from 2001 to 2002 in about 25 cities polled late last year by the U.S. Conference of Mayors. Requests for food jumped 52 percent in Kansas City, 49 percent in Miami, 28 percent in Chicago, 25 percent in Los Angeles, 14 percent in Cleveland and 10 percent in New Orleans.

STATES STEP UP OUTREACH

The issue has been receiving attention in recent months. Oregon, Wisconsin, Virginia and West Virginia have stepped up their outreach to hungry people who might qualify for assistance from food stamp programs. And two bills have been introduced in Congress to expand the number of children eligible for free school meal programs.

A study released in July by the Center on Hunger and Poverty at Brandeis University suggested that hunger is released to the epidemic of obesity. The study said that low-income families ''may consume low-cost foods with relatively higher levels of calories per dollar to stave off hunger'' rather than more nutritious food when their resources run short.

No state better exemplifies the crisis than Oregon, which has been ranked by the U.S. Department of Agriculture as No. 1 in hunger and food insecurity.

Oregon, which prospered in the 1990s from the dot-com boom and has an image as a recreation-friendly and environmentally conscious state, hardly seems a candidate for hunger capital of the nation.

But the state, which also ranks at or near the top in unemployment, has been grappling with an economic meltdown. If has made drastic spending cuts for schools, health care, social programs and courts to relieve a nearly $3 billion deficit.

As serious as the budget problems are, according to experts, the current crisis is the product of a systemic shift as low-paying, low-skill jobs in the service industry replaced high-paying, low-skill jobs in the timber and fishing industries.

Bend, Ore., reflects that wage gap and economic metamorphosis.

For generations, this region was timber country, with an abundance of family-run mills. But from 1989 to 1997, jobs in the forest industry declined by 47 percent in central Oregon. Now only one family-run mill is left in the region.

During the same time, dozens of golf courses, spas, mountain lake and ski lodges and new housing developments sprang up, transforming central Oregon into a resort and an upscale retirement area.

''A lot of people say it's going to be another Aspen, Colo.,'' said Carter; the IHOP waitress, who often visits an area food pantry to feed her two daughters and son.

''There's no middle class here,'' added Carter. ''Either you have money or you don't.''

Instead of making $17 an hour in a mill, the most people can get around here [in serviced industry jobs] is around minimum wage,'' said Sweet Pea Cole, a coordinator for the Central Oregon Community Action Agency, where Carter gets her free food.

Advocates for the poor say Oregon officials largely were in denial about the state's hunger problem—until this year:

When Gov. Ted Kulongoski took office in January, he made fighting hunger a priority. Kulongoski, a Democrat, is appearing in TV public service announcements to raise awareness.

The governor also is calling for more affordable housing. And he recently signed legislation to refurbish crumbling bridges and highways, which would create 5,000 jobs annually for 10 years.

But some people struggling to put food on the table say the efforts will do little to help them.

''There has to be some way of training people, people who are stuck and struggling and want to do something with their lives,'' said Ramaekers, 28, of Tualatin, Ore., the auto-detail worker and mother of four who skips meals and frequents food banks.

''You're working harder but always staying in the same place.''

Mr. SOUDER. Mr. Speaker, for several years now we have been having the discussion on how best to help faith-based organizations. Very few clear answers have emerged. Today we are here to discuss H.R. 7, the Charitable Giving Act, which addresses the two areas where I believe the government can best assist faith-based and community organizations in their work.

A few months ago I initiated a series of field hearings to talk directly to the faith-based providers of social services. We've put the cart before the horse in this debate, and what we're trying to do with these hearings is to take a step back, and ask the providers what qualities they possess that makes them unique. Time and time again, they are telling me that it is their faith that drives them to do the work that they do, often in undesirable conditions for little or no recognitnition. Our second hearing was held in San Antonio, where Freddie Garcia has built a very successful drug treatment program that is not only faith-base, but faith-saturated. Jack Willome is a San Antonio businessman who volunteers his time to help Victory Fellowship with financial planning. During his testimony at our hearing he recounted a conversation he had had with a friend prior to his involvement with Victory Fellowship. His friend counseled him, ''Jack, when you're giving money away, your first objective should be to try to do no harm.''

When we as the Congress are debating how we can best support the scores of faith-based organizations working in our neighborhoods, we need to heed that same advice. Do no harm. We know that organizations like Victory Fellowship, Lutheran Social Services, Prison Fellowship, Chicago's Emmaus Ministries and T.E.A.M. III in my hometown of Fort Wayne, Indiana, are helping people every day, and they do not apologize for the role faith plays in their programs. As we start attaching restrictions and qualifications to the money government is wiling to give faith-based organizations, we put ourselves in the position of asking those charities to drain their programs of the very qualities that make them effective providers of social services.

So how can we best help these organizations without asking them to dilute or eliminate their religious character? The Charitable Giving Act, is a good step in the right direction. Research shows that individuals who receive a tax deduction for charitable giving contribute more than individuals who do not receive such tax benefits. By allowing the 86 million Americans who currently do not itemize on their tax returns an opportunity to deduct a portion of their charitable contributions, we are recognizing that the best way to help the private

sector is to encourage more charitable giving by individuals. We know that there are limits on how much money the government is able to spend on social services. Unfortunately, the demand for social services far exceeds the money government is able to spend. It doesn't matter who is in office, the dollars just aren't there.

So, we need to turn to the neighborhood organizations that are providing services, with or without government aid. Americans know which organizations in their communities are making a difference. By encouraging individuals to increase their charitable giving, we improve the likelihood that the dollars are going to go to the organizations that will produce the best results. Jack Willome also testified about the fundraising and fiscal accountability of Victory Fellowship. He said that that 90 percent of Victory Fellowship's budget comes from the giving of people who have benefited from the ministry. As he testified,

> It's the only project I have ever been involved in as a donor where I have total confidence that the organization has the ability to sustain the operations in the new facility, and I don't have to worry about that because of their track record. The financial support of the ministry, guess where it comes from? The people who have come through the front door of that home after—as their characters are being transformed and they become involved in Victory Temple Church and they give financially to the work of the church.''

It makes no difference if the government is involved with a faith-based organization or not. Those charities will be accountable, first and foremost, to their clients and to their donors. The support of the community is perhaps our best indicator of how successful an organization is at improving the lives of their clients.

I believe that the best way we can help the faith-based community is to encourage private sector philanthropy for all individuals who contribute to charitable organizations, not just those who itemize. Approximately two-thirds of tax returns filed do not claim itemized deductions; therefore those taxpayers are not eligible to deduct their charitable contributions. The majority of non-itemizers are low- and middle-income taxpayers—the very taxpayers who would benefit from this piece of legislation.

Here are a few examples of who would benefit from this bill. A non-itemizing, single taxpayer with a taxable income of $45,000 owes about $8,060 in federal income taxes. This legislation would reduce the individual's taxes owed by $62.50 if he or she donated $500 to a charity of his or her choice. Likewise, a family of four with a taxable income of $65,000 would save $125 in taxes for a donation of $1,000 to a local charity. While the savings may seem small, it is certainly better than the current tax policy of providing no benefit to non-itemizers. It is my hope that Congress will revisit this issue in the future to further expand tax relief for individuals and families who contribute financially to the valuable work of faith-based organizations.

The second thing we can do to help the countless faith-based and community organizations serve their communities is to provide these organizations with the training and technical assistance they need in order to serve their clients more effectively. Mark Terrell, CEO of Lifeline Youth and Family Services in Fort Wayne, a program that provides prevention, intervention, and aftercare service for families and children in the Fort Wayne community testified at our Chicago field hearing that

> there needs to be a system put in place that will help both small and large agencies meet the financial reporting requirements that are necessary when using public funds. The desire and ability of these organizations to do great work within a community that desperately needs their help can be undermined or undone when they don't have the skills or resources necessary to meet high-maintenance reporting requirements.

The authorization of a Compassion Capital Fund recognizes the unique contributions of faith-based and community organizations to the provision of social services by providing the resources necessary for these smaller organizations to improve and expand their services. Last year, the Department of Health and Human Services created a Compassion Capital Fund funded with $30 million appropriated by Congress. HHS then took $24.8 million of that appropriation and awarded it in grants to 21 intermediary organizations whose purpose was to help smaller organizations operate and manage their programs more effectively, train staff, and expand the types and scope of the social services they provide to their communities.

Two years ago I stood in this Chamber and told you about Pastor Jesse Beasley. Pastor Beasley was trying to start a youth program for kids to protect them from the drug problem and high murder rate affecting Fort Wayne. Now, two years later, that desire to help improve the lives of his neighbors has led Pastor Jesse Beasley along with several other Fort Wayne clergy to begin a program called T.E.A.M. III, which is an acronym for Touching and Equipping All Mankind. T.E.A.M. III now provides mentoring, a summer feeding program, a workforce development program and other social services. As T.E.A.M. III is working to provide services, they would benefit from the training that a Compassion Capital Fund would provide. They know where the need is, they have the faith to tackle any problem that comes their way, but they may need additional assistance if they desire to apply for a federal grant. There are a lot of small faith-based and community organizations in this country that have the heart for service but lack the finances to hire a CPA or attorney on their staff.

I commend the Ways and Means Committee for including a $150 million Compassion Capital grant fund in this bill. This authorization level will enable the Health and Human Services Department to expand their technical assistance services to greater numbers of faith-based organizations.

The Charitable Giving Act of 2003 is the culmination of several years of hard work, and I am proud to be a cosponsor of this important bill. It contains, in large part, what I believe are the most effective ways the federal government can lend its support to faith-based organizations. As Jack Willome said, it does no harm. It encourages individuals and businesses to make private contributions to organizations that are truly transforming people's lives—not just through assisting people with their physical needs, but also their spiritual needs.

While government can be helpful in alleviating some of the problems our society faces today, it will never have the answers for some of our country's neediest people—people who need more than their physical needs met. They need help spiritually; they need God to fill the void in their lives. Community and faith-based organizations are critical to the stability and health of our country, and they rely on the support of private donations, not government aid. I encourage my colleagues to vote for this legislation. The return on the dollar from private donations resulting from this legislation will be immeasurable. Not only will individual lives be changed, but our entire society will change as crime rates do down, unwed pregnancies decrease, drug rates and suicides diminish and, in time, those same people begin to give back to their communities as others once helped them.

Mr. CRANE. Mr. Speaker, from spiritual counseling to rape crisis centers, charitable organizations are vital to the health and well-being of American citizens. Charity benefits both the giver and receiver in like proportions. The act of giving elevates the heart of the giver; the act of receiving elevates the condition of the recipient.

Charity is a blessed act that should suffer no discouragement from something so punitive as the tax code, which contains absurd, yet very real, disincentives to individuals willing and able to exercise the gift of charity. Such disincentives have terrible consequences in reducing the resources available to private organizations. If our tax code were not so laden with peculiarities and oddities, this legislation would not be needed. Unfortunately, in many cases under current law, a contribution results in a loss of some portion of the charitable deduction.

Mr. Speaker, I am very pleased that two major components of H.R. 7 are based upon legislation I have introduced for many years, the Charitable Giving Tax Relief Act and the IRA Charitable Rollover Incentive Act. The Charitable Giving Tax Relief Act allows non-itemizers to deduct 100 percent of any charitable contributions up to the amount of the standard deduction. Under current law, while non-itemizers receive the standard deduction, only itemizers can take a deduction for their charitable contributions. Approximately two-thirds of tax returns filed do not claim itemized deductions; therefore those taxpayers are not eligible to deduct their charitable contributions. the majority of non-itemizers are low- and middle-income taxpayers. The tax code should provide a tax benefit to all taxpayers, not just those who itemize.

Secondly, I am pleased that H.R. 7 includes language based upon the IRA Charitable Rollover Incentive Act. Under H.R. 7, individuals age 70½ or older will be able to contribute amounts currently held in Individual Retirement Accounts (IRAs) directly to qualified charities without having to first recognize the income for tax purposes and then take a charitable deduction.

The IRA was intended to encourage individuals to save for retirement, but due to the general increase in asset values over the years, many individuals have more than sufficient funds to retire comfortably. Thus it is a common practice for retirees to transfer some of their wealth to charities and, in some cases, that wealth is held in an IRA. Unfortunately, in many cases under current law such a simple arrangement results in a loss of some portion of the charitable deduction. This legislation will give individuals more freedom to allocate their resources as they see fit while providing badly

needed resources to churches, colleges and universities, and other social organizations.

We now have an excellent opportunity to advance sound tax policy and sound social policy by returning to our Nation's historical emphasis on private activities and personal involvement in the well-being of our communities. I commend the authors of this legislation and urge all of my colleagues to support this vitally important bill.

Mr. BLUNT. Mr. Speaker, I yield back the balance of my time.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. CARDIN

Mr. CARDIN. Mr. Speaker, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. CARDIN:

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 ''Charitable Giving Act of 2003''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

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Sec. 531. Affirmation of consolidated return regulation authority.

TITLE I—CHARITABLE GIVING INCENTIVES

SEC. 101. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—

''(1) IN GENERAL.—In the case of an individual who does not itemize deductions for a taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the amount allowable under subsection (a) for the taxable year for cash contributions (determined without regard to any carryover), to the extent that such contributions exceed $250 ($500 in the case of a joint return) but do not exceed $500 ($1,000 in the case of a joint return).

''(2) TERMINATION.—Paragraph (1) shall not apply to any taxable year beginning after December 31, 2005.''.

(b) DIRECT CHARITABLE DEDUCTION.—

(1) IN GENERAL.—Subsection (b) of section 63 (defining taxable income) 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) the direct charitable deduction.''.

(2) DEFINITION.—Section 63 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) DIRECT CHARITABLE DEDUCTION.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(m).''.

(3) CONFORMING AMENDMENT.—Subsection (d) of section 63 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) the direct charitable deduction.''.

(c) STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury shall study the effect of the amendments made by this section on increased charitable giving and taxpayer compliance, including a comparison of taxpayer compliance between taxpayers who itemize their charitable contributions and taxpayers who claim a direct charitable deduction.

(2) REPORT.—Not later than December 31, 2006, the Secretary of the Treasury shall report on the study required under paragraph (1) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 102. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution.

''(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement plan other than a plan described in subsection (k) or (p) of section 408—

''(i) which is made on or after the date that the individual for whose benefit the plan is maintained has attained age 70 ½, and

''(ii) which is made directly by the trustee—

''(I) to an organization described in section 170(c), or

''(II) to a split-interest entity.

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includible in gross income without regard to subparagraph (A) and, in the case of a distribution to a split-interest entity, only if no person holds an income interest in the amounts in the split-interest entity attributable to such distribution other than one or more of the following: the individual for whose benefit such plan is maintained, the spouse of such individual, or any organization described in section 170(c).

''(C) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—For purposes of this paragraph—

''(i) DIRECT CONTRIBUTIONS.—A distribution to an organization described in section 170(c) shall be treated as a qualified charitable distribution only if a deduction for the entire distribution would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(ii) SPLIT-INTEREST GIFTS.—A distribution to a split-interest entity shall be treated as a qualified charitable distribution only if a deduction for the entire value of the interest in the distribution for the use of an organization described in section 170(c) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(D) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which a distribution is a qualified charitable distribution, the entire amount of the distribution shall be treated as includible in gross income without regard to subparagraph (A) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts distributed from all individual retirement plans were treated as 1 contract under paragraph (2)(A) for purposes of determining the inclusion of such distribution under section 72. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

''(E) SPECIAL RULES FOR SPLIT-INTEREST ENTITIES.—

''(i) CHARITABLE REMAINDER TRUSTS.—Notwithstanding section 664(b), distributions made from a trust described in subparagraph (G)(i) shall be treated as ordinary income in the hands of the beneficiary to whom is paid the annuity described in section 664(d)(1)(A) or the payment described in section 664(d)(2)(A).

''(ii) POOLED INCOME FUNDS.—No amount shall be includible in the gross income of a pooled income fund (as defined in subparagraph (G)(ii)) by reason of a qualified charitable distribution to such fund, and all distributions from the fund which are attributable to qualified charitable distributions shall be treated as ordinary income to the beneficiary.

''(iii) CHARITABLE GIFT ANNUITIES.—Qualified charitable distributions made for a charitable gift annuity shall not be treated as an investment in the contract.

''(F) DENIAL OF DEDUCTION.—Qualified charitable distributions shall not be taken into account in determining the deduction under section 170.

''(G) SPLIT-INTEREST ENTITY DEFINED.—For purposes of this paragraph, the term 'split-interest entity' means—

''(i) a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)) which must be funded exclusively by qualified charitable distributions,

''(ii) a pooled income fund (as defined in section 642(c)(5)), but only if the fund accounts separately for amounts attributable to qualified charitable distributions, and

''(iii) a charitable gift annuity (as defined in section 501(m)(5)).''.

(b) MODIFICATIONS RELATING TO INFORMATION RETURNS BY CERTAIN TRUSTS.—

(1) RETURNS.—Section 6034 (relating to returns by trusts described in section 4947(a)(2) or claiming charitable deductions under section 642(c)) is amended to read as follows:

''SEC. 6034. RETURNS BY TRUSTS DESCRIBED IN SECTION 4947(a)(2) OR CLAIMING CHARITABLE DEDUCTIONS UNDER SECTION 642(c).

''(a) TRUSTS DESCRIBED IN SECTION 4947(a)(2).—Every trust described in section 4947(a)(2) shall furnish such information with respect to the taxable year as the Secretary may by forms or regulations require.

''(b) TRUSTS CLAIMING A CHARITABLE DEDUCTION UNDER SECTION 642(c).—

''(1) IN GENERAL.—Every trust not required to file a return under subsection (a) but claiming a deduction under section 642(c) for the taxable year shall furnish such information with respect to such taxable year as the Secretary may by forms or regulations prescribe, including—

''(A) the amount of the deduction taken under section 642(c) within such year,

''(B) the amount paid out within such year which represents amounts for which deductions under section 642(c) have been taken in prior years,

''(C) the amount for which such deductions have been taken in prior years but which has not been paid out at the beginning of such year,

''(D) the amount paid out of principal in the current and prior years for the purposes described in section 642(c),

''(E) the total income of the trust within such year and the expenses attributable thereto, and

''(F) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply to a trust for any taxable year if—

''(A) all the net income for such year, determined under the applicable principles of the law of trusts, is required to be distributed currently to the beneficiaries, or

''(B) the trust is described in section 4947(a)(1).''.

(2) INCREASE IN PENALTY RELATING TO FILING OF INFORMATION RETURN BY SPLIT-INTEREST TRUSTS.—Paragraph (2) of section 6652(c) (relating to returns by exempt organizations and by certain trusts) is amended by adding at the end the following new subparagraph:

''(C) SPLIT-INTEREST TRUSTS.—In the case of a trust which is required to file a return under section 6034(a), subparagraphs (A) and (B) of this paragraph shall not apply and paragraph (1) shall apply in the same manner as if such return were required under section 6033, except that—

''(i) the 5 percent limitation in the second sentence of paragraph (1)(A) shall not apply,

''(ii) in the case of any trust with gross income in excess of $250,000, the first sentence of paragraph (1)(A) shall be applied by substituting '$100' for '$20', and the second sentence thereof shall be applied by substituting '$50,000' for '$10,000', and

''(iii) the third sentence of paragraph (1)(A) shall be disregarded.

In addition to any penalty imposed on the trust pursuant to this subparagraph, if the person required to file such return knowingly fails to file the return, such penalty shall also be imposed on such person who shall be personally liable for such penalty.''.

(3) CONFIDENTIALITY OF NONCHARITABLE BENEFICIARIES.—Subsection (b) of section 6104 (relating to inspection of annual information returns) is amended by adding at the end the following new sentence: ''In the case of a trust which is required to file a return under section 6034(a), this subsection shall not apply to information regarding beneficiaries which are not organizations described in section 170(c).''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to distributions made after December 31, 2003.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to returns for taxable years beginning after December 31, 2003.

SEC. 103. INCREASE IN CAP ON CORPORATE CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (2) of section 170(b) (relating to corporations) is amended by striking ''10 percent'' and inserting ''the applicable percentage''.

(b) APPLICABLE PERCENTAGE.—Subsection (b) of section 170 is amended by adding at the end the following new paragraph:

''(3) APPLICABLE PERCENTAGE DEFINED.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	**The applicable percentage is—**
2004	11
2005	12
2006	13
2007	14
2008 through 2011	15
2012 and thereafter	20.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 512(b)(10) and 805(b)(2)(A) are each amended by striking ''10 percent'' each place it occurs and inserting ''the applicable percentage (determined under section 170(b)(3))''.

(2) Sections 545(b)(2) and 556(b)(2) are each amended by striking ''10-percent limitation'' and inserting ''applicable percentage limitation''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 104. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Paragraph (3) of section 170(e) (relating to special rule for certain contributions of inventory and other property) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—

''(i) GENERAL RULE.—In the case of a charitable contribution of food from any trade or business (or interest therein) of the taxpayer, this paragraph shall be applied—

''(I) without regard to whether the contribution is made by a C corporation, and

''(II) only to food that is apparently wholesome food.

''(ii) LIMITATION.—In the case of a taxpayer other than a C corporation, the aggregate amount of such contributions for any taxable year which may be taken into account under this section shall not exceed the applicable percentage (within the meaning of subsection (b)(3)) of the taxpayer's aggregate net income for such taxable year from all trades or businesses from which such contributions were made for such year, computed without regard to this section.

''(iii) DETERMINATION OF FAIR MARKET VALUE.—In the case of a qualified contribution of apparently wholesome food to which

this paragraph applies and which, solely by reason of internal standards of the taxpayer or lack of market, cannot or will not be sold, the fair market value of such food shall be determined by taking into account the price at which the same or substantially the same food items (as to both type and quality) are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).

''(iv) APPARENTLY WHOLESOME FOOD.—For purposes of this subparagraph, the term 'apparently wholesome food' has the meaning given to such term by section 22(b)(2) of the Bill Emerson Good Samaritan Food Donation Act (42 U.S.C. 1791(b)(2)), as in effect on the date of the enactment of this subparagraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 105. REFORM OF CERTAIN EXCISE TAXES RELATED TO PRIVATE FOUNDATIONS.

(a) REDUCTION OF TAX ON NET INVESTMENT INCOME.—Section 4940(a) (relating to tax-exempt foundations) is amended by striking ''2 percent'' and inserting ''1 percent''.

(b) REPEAL OF REDUCTION IN TAX WHERE PRIVATE FOUNDATION MEETS CERTAIN DISTRIBUTION REQUIREMENTS.—Section 4940 (relating to excise tax based on investment income) is amended by striking subsection (e).

(c) MODIFICATION OF EXCISE TAX ON SELF-DEALING.—The second sentence of section 4941(a)(1) (relating to initial excise tax imposed on self-dealer) is amended by striking ''5 percent'' and inserting ''25 percent''.

(d) MODIFICATION OF EXCISE TAX ON FAILURE TO DISTRIBUTE INCOME.—

(1) CERTAIN ADMINISTRATIVE EXPENSES NOT TREATED AS DISTRIBUTIONS.—Section 4942(g) is amended by striking paragraph (4) and inserting the following new paragraphs:

''(4) LIMITATION ON ADMINISTRATIVE EXPENSES TREATED AS DISTRIBUTIONS.—

''(A) IN GENERAL.—For purposes of paragraph (1)(A), the following administrative expenses shall not be treated as qualifying distributions:

''(i) Any administrative expense which is not directly attributable to direct charitable activities, grant selection activities, grant monitoring and administration activities, compliance with applicable Federal, State, or local law, or furthering public accountability of the private foundation.

''(ii) Any compensation paid to a disqualified person to the extent that such compensation exceeds an annual rate of $100,000.

''(iii) Any expense incurred for transportation by air unless such transportation is regularly-scheduled commercial air transportation.

''(iv) Any expense incurred for regularly-scheduled commercial air transportation to the extent that such expense exceeds the cost of such transportation in coach-class accommodations.

''(B) ADJUSTMENT FOR INFLATION.—In the case of a taxable year beginning after December 31, 2004, the $100,000 amount in subparagraph (A)(ii) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2003' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as increased under the preceding sentence is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of paragraph (4). Such regulations shall provide that administrative expenses which are excluded from qualifying distributions solely by reason of the limitations in paragraph (4) shall not for such reason subject a private foundation to any other excise taxes imposed by this subchapter.''.

(2) DISALLOWANCE NOT TO APPLY TO CERTAIN PRIVATE FOUNDATIONS.—

(A) IN GENERAL.—Section 4942(j)(3) (defining operating foundation) is amended—

(i) by striking ''(within the meaning of paragraph (1) or (2) of subsection (g))'' each place it appears, and

(ii) by adding at the end the following new sentence: ''For purposes of this paragraph, the term 'qualifying distributions' means qualifying distributions within the meaning of paragraph (1) or (2) of subsection (g) (determined without regard to subsection (g)(4)).''.

(B) CONFORMING AMENDMENT.—Section 4942(f)(2)(C)(i) is amended by inserting ''(determined without regard to subsection (g)(4))'' after ''within the meaning of subsection (g)(1)(A)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 106. EXCISE TAX ON UNRELATED BUSINESS TAXABLE INCOME OF CHARITABLE REMAINDER TRUSTS.

(a) IN GENERAL.—Subsection (c) of section 664 (relating to exemption from income taxes) is amended to read as follows:

''(c) TAXATION OF TRUSTS.—

''(1) INCOME TAX.—A charitable remainder annuity trust and a charitable remainder unitrust shall, for any taxable year, not be subject to any tax imposed by this subtitle.

''(2) EXCISE TAX.—

''(A) IN GENERAL.—In the case of a charitable remainder annuity trust or a charitable remainder unitrust that has unrelated business taxable income (within the meaning of section 512, determined as if part III of subchapter F applied to such trust) for a taxable year, there is hereby imposed on such trust or unitrust an excise tax equal to the amount of such unrelated business taxable income.

''(B) CERTAIN RULES TO APPLY.—The tax imposed by subparagraph (A) shall be treated as imposed by chapter 42 for purposes of this title other than subchapter E of chapter 42.

''(C) CHARACTER OF DISTRIBUTIONS AND COORDINATION WITH DISTRIBUTION REQUIREMENTS.—The amounts taken into account in determining unrelated business taxable income (as defined in subparagraph (A)) shall not be taken into account for purposes of—

''(i) subsection (b),

''(ii) determining the value of trust assets under subsection (d)(2), and

''(iii) determining income under subsection (d)(3).

''(D) TAX COURT PROCEEDINGS.—For purposes of this paragraph, the references in section 6212(c)(1) to section 4940 shall be deemed to include references to this paragraph.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 107. EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.

(a) SCIENTIFIC PROPERTY USED FOR RESEARCH.—

(1) IN GENERAL.—Clause (ii) of section 170(e)(4)(B) (defining qualified research contributions) is amended by inserting ''or assembled'' after ''constructed''.

(2) CONFORMING AMENDMENT.—Clause (iii) of section 170(e)(4)(B) is amended by inserting ''or assembling'' after ''construction''.

(b) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—

(1) IN GENERAL.—Clause (ii) of section 170(e)(6)(B) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(2) SPECIAL RULE MADE PERMANENT.—Section 170(e)(6) is amended by striking subparagraph (G).

(3) CONFORMING AMENDMENTS.—Subparagraph (D) of section 170(e)(6) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 108. ADJUSTMENT TO BASIS OF S CORPORATION STOCK FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) IN GENERAL.—Paragraph (2) of section 1367(a) (relating to adjustments to basis of stock of shareholders, etc.) is amended by adding at the end the following new flush sentence:

''The decrease under subparagraph (B) by reason of a charitable contribution (as defined in section 170(c)) of property shall be the amount equal to the shareholder's pro rata share of the adjusted basis of such property.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 109. CHARITABLE ORGANIZATIONS PERMITTED TO MAKE COLLEGIATE HOUSING AND INFRASTRUCTURE GRANTS.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.), as amended by section 201, is further amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) TREATMENT OF ORGANIZATIONS MAKING COLLEGIATE HOUSING AND INFRASTRUCTURE IMPROVEMENT GRANTS.—

''(1) IN GENERAL.—For purposes of subsection (c)(3) and sections 170(c)(2)(B), 2055(a), and 2522(a)(2), an organization shall not fail to be treated as organized and operated exclusively for charitable or educational purposes solely because such organization makes collegiate housing and infrastructure grants to an organization described in subsection (c)(7), so long as, at the time of the grant, substantially all of the active members of the recipient organization are full-time students at the college or university with which such recipient organization is associated.

''(2) HOUSING AND INFRASTRUCTURE GRANTS.—For purposes of paragraph (1), collegiate housing and infrastructure grants are grants to provide, improve, operate, or maintain collegiate housing that may involve more than incidental social, recreational, or private purposes, so long as such grants are for purposes that would be permissible for a dormitory of the college or university referred to in paragraph (1). A grant shall not be treated as a collegiate housing and infrastructure grant for purposes of paragraph (1) to the extent that such grant is used to provide physical fitness equipment.

''(3) GRANTS TO CERTAIN ORGANIZATIONS HOLDING TITLE TO PROPERTY, ETC.—For purposes of this subsection, a collegiate housing and infrastructure grant to an organization described in subsection (c)(2) or (c)(7) holding title to property exclusively for the benefit of an organization described in subsection (c)(7) shall be considered a grant to the organization described in subsection (c)(7) for whose benefit such property is held.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to grants made after December 31, 2003.

SEC. 110. CONDUCT OF CERTAIN GAMES OF CHANCE NOT TREATED AS UNRELATED TRADE OR BUSINESS.

(a) IN GENERAL.—Paragraph (1) of section 513(f) (relating to certain bingo games) is amended to read as follows:

''(1) IN GENERAL.—The term 'unrelated trade or business' does not include—

''(A) any trade or business which consists of conducting bingo games, and

''(B) any trade or business which consists of conducting qualified games of chance if the net proceeds from such trade or business are paid or set aside for payment for purposes described in section 170(c)(2)(B), for the promotion of social welfare (within the meaning of section 501(c)(4)), or for a purpose for which State law specifically authorizes the expenditure of such proceeds.''.

(b) QUALIFIED GAMES OF CHANCE.—Subsection (f) of section 513 is amended by adding at the end the following new paragraph:

''(3) QUALIFIED GAMES OF CHANCE.—For purposes of paragraph (1), the term 'qualified game of chance' means any game of chance (other than bingo) conducted by an organization if—

''(A) such organization is licensed pursuant to State law to conduct such game,

''(B) only organizations which are organized as nonprofit corporations or are exempt from tax under section 501(a) may be so licensed to conduct such game within the State, and

''(C) the conduct of such game does not violate State or local law.''

(c) CLERICAL AMENDMENT.—The subsection heading of section 513(f) is amended by striking ''BINGO GAMES'' and inserting ''GAMES OF CHANCE''.

(d) EFFECTIVE DATE.— The amendments made by this section shall apply to games conducted after December 31, 2003.

SEC. 111. EXCISE TAXES EXEMPTION FOR BLOOD COLLECTOR ORGANIZATIONS.

(a) EXEMPTION FROM IMPOSITION OF SPECIAL FUELS TAX.—Section 4041(g) (relating to other exemptions) is amended by striking ''and'' at the end of paragraph (3), by striking the period in paragraph (4) and inserting ''; and'', and by inserting after paragraph (4) the following new paragraph:

''(5) with respect to the sale of any liquid to a qualified blood collector organization (as defined in section 7701(a)(48)) for such organization's exclusive use, or with respect to the use by a qualified blood collector organization of any liquid as a fuel.''.

(b) EXEMPTION FROM MANUFACTURERS EXCISE TAX.—

(1) IN GENERAL.—Section 4221(a) (relating to certain tax-free sales) is amended by striking ''or'' at the end of paragraph (4), by adding ''or'' at the end of paragraph (5), and by inserting after paragraph (5) the following new paragraph:

''(6) to a qualified blood collector organization (as defined in section 7701(a)(48)) for such organization's exclusive use,''.

(2) CONFORMING AMENDMENTS.—

(A) The second sentence of section 4221(a) is amended by striking ''Paragraphs (4) and (5)'' and inserting ''Paragraphs (4), (5), and (6)''.

(B) Section 6421(c) is amended by striking ''or (5)'' and inserting ''(5), or (6)''.

(c) EXEMPTION FROM COMMUNICATION EXCISE TAX.—

(1) IN GENERAL.—Section 4253 (relating to exemptions) is amended by redesignating subsection (k) as subsection (l) and inserting after subsection (j) the following new subsection:

''(k) EXEMPTION FOR QUALIFIED BLOOD COLLECTOR ORGANIZATIONS.—Under regulations provided by the Secretary, no tax shall be imposed under section 4251 on any amount paid by a qualified blood collector organization (as defined in section 7701(a)(48)) for services or facilities furnished to such organization.''.

(2) CONFORMING AMENDMENT.—Section 4253(l), as redesignated by paragraph (1), is amended by striking ''or (j)'' and inserting ''(j), or (k)''.

(d) CREDIT FOR REFUND FOR CERTAIN TAXES ON SALES AND SERVICES.—

(1) DEEMED OVERPAYMENT.—

(A) IN GENERAL.—Section 6416(b)(2) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following new subparagraph:

''(E) sold to a qualified blood collector organization (as defined in section 7701(a)(48)) for such organization's exclusive use;''.

(B) CONFORMING AMENDMENTS.—Section 6416(b)(2) is amended—

(i) by striking ''Subparagraphs (C) and (D)'' and inserting ''Subparagraphs (C), (D), and (E)'', and

(ii) by striking ''(C), and (D)'' and inserting ''(C), (D), and (E)''.

(2) SALES OF TIRES.—Clause (ii) of section 6416(b)(4)(B) is amended by inserting ''sold to a qualified blood collector organization (as defined in section 7701(a)(48)) for its exclusive use,'' after ''for its exclusive use,''.

(e) DEFINITION OF QUALIFIED BLOOD COLLECTOR ORGANIZATION.—Section 7701(a) is amended by inserting at the end the following new paragraph:

''(48) QUALIFIED BLOOD COLLECTOR ORGANIZATION.—The term 'qualified blood collector organization' means an organization which is—

''(A) described in section 501(c)(3) and exempt from tax under section 501(a),

''(B) registered by the Food and Drug Administration to collect blood, and

''(C) primarily engaged in the activity of the collection of blood.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2004.

SEC. 112. NONRECOGNITION OF GAIN ON THE SALE OF PROPERTY USED IN PERFORMANCE OF AN EXEMPT FUNCTION.

(a) IN GENERAL.—Subparagraph (D) of section 512(a)(3) is amended to read as follows:

''(D) NONRECOGNITION OF GAIN.—

''(i) IN GENERAL.—If property used directly in the performance of the exempt function of an organization described in paragraph (7), (9), (17), or (20) of section 501(c) is sold by such organization, and within a period beginning 1 year before the date of such sale, and ending 3 years (10 years, in the case of an organization described in section 501(c)(7)) after such date, other property is purchased and used by such organization directly in the performance of its exempt function, gain (if any) from such sale shall be recognized only to the extent that such organization's sales price of the old property exceeds the organization's cost of purchasing the other property.

''(ii) STATUTE OF LIMITATIONS.—If an organization described in section 501(c)(7) sells property on which gain is not recognized, in whole or in part, by reason of clause (i), then the statutory period for the assessment of any deficiency attributable to such gain shall not expire until the end of the 3-year period beginning on the date that the Secretary is notified by such organization (in such manner as the Secretary may prescribe) that—

''(I) the organization has met the requirements of clause (i) with respect to gain which was not recognized,

''(II) the organization does not intend to meet such requirements, or

''(III) the organization failed to meet such requirements within the prescribed period.

For the purposes of this clause, any deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.

''(iii) DESTRUCTION AND LOSS.—For purposes of this subparagraph, the destruction in whole or in part, theft, seizure, requisition, or condemnation of property, shall be treated as the sale of such property, and rules similar to the rules provided by subsections (b), (c), (e), and (j) of section 1034 (as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997) shall apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to the sale of any property for which the 3-year period for offsetting gain by purchasing other property under subparagraph (D) of section 512(a)(3) of the Internal Revenue Code (as in effect on the day before the date of the enactment of this Act) had not expired as of January 1, 2001.

SEC. 113. EXEMPTION OF QUALIFIED 501(c)(3) BONDS FOR NURSING HOMES FROM FEDERAL GUARANTEE PROHIBITIONS.

(a) IN GENERAL.—For purposes of section 149(b)(1) of the Internal Revenue Code of 1986, any qualified 501(c)(3) bond (as defined in section 145 of such Code) shall not be treated as federally guaranteed solely because such bond is part of an issue supported by a letter of credit, if such bond—

(1) is issued after December 31, 2003, and before the date which is 1 year after the date of the enactment of this Act, and

(2) is part of an issue 95 percent or more of the net proceeds of which are to be used to finance 1 or more of the following facilities primarily for the benefit of the elderly:

(A) Licensed nursing home facility.

(B) Licensed or certified assisted living facility.

(C) Licensed personal care facility.

(D) Continuing care retirement community.

(b) LIMITATION ON ISSUER.—Subsection (a) shall not apply to any bond described in such subsection if the aggregate authorized face amount of the issue of which such bond is a part, when increased by the outstanding amount of such bonds issued by the issuer during the period described in subsection (a)(1) exceeds $15,000,000.

(c) LIMITATION ON BENEFICIARY.—Rules similar to the rules of section 144(a)(10) of the Internal Revenue Code of 1986 shall apply for purposes of this section, except that—

(1) ''$15,000,000'' shall be substituted for ''$40,000,000'' in subparagraph (A) thereof, and

(2) such rules shall be applied—

(A) only with respect to bonds described in this section, and

(B) with respect to the aggregate authorized face amount of all issues of such bonds which are allocable to the beneficiary.

(d) CONTINUING CARE RETIREMENT COMMUNITY.—For purposes of this section, the term ''continuing care retirement community'' means a community which provides, on the same campus, a consortium of residential living options and support services to persons at least 60 years of age under a written agreement. For purposes of the preceding sentence, the residential living options shall include independent living units, nursing home beds, and either assisted living units or personal care beds.

TITLE II—TAX REFORM AND IMPROVEMENTS RELATING TO CHARITABLE ORGANIZATIONS AND PROGRAMS

SEC. 201. SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain

trusts, etc.) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.—

''(1) IN GENERAL.—The exemption from tax under subsection (a) with respect to any organization described in paragraph (2), and the eligibility of any organization described in paragraph (2) to apply for recognition of exemption under subsection (a), shall be suspended during the period described in paragraph (3).

''(2) TERRORIST ORGANIZATIONS.—An organization is described in this paragraph if such organization is designated or otherwise individually identified—

''(A) under section 212(a)(3)(B)(vi)(II) or 219 of the Immigration and Nationality Act as a terrorist organization or foreign terrorist organization,

''(B) in or pursuant to an Executive order which is related to terrorism and issued under the authority of the International Emergency Economic Powers Act or section 5 of the United Nations Participation Act of 1945 for the purpose of imposing on such organization an economic or other sanction, or

''(C) in or pursuant to an Executive order issued under the authority of any Federal law if—

''(i) the organization is designated or otherwise individually identified in or pursuant to such Executive order as supporting or engaging in terrorist activity (as defined in section 212(a)(3)(B) of the Immigration and Nationality Act) or supporting terrorism (as defined in section 140(d)(2) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989); and

''(ii) such Executive order refers to this subsection.

''(3) PERIOD OF SUSPENSION.—With respect to any organization described in paragraph (2), the period of suspension—

''(A) begins on the later of—

''(i) the date of the first publication of a designation or identification described in paragraph (2) with respect to such organization, or

''(ii) the date of the enactment of this subsection, and

''(B) ends on the first date that all designations and identifications described in paragraph (2) with respect to such organization are rescinded pursuant to the law or Executive order under which such designation or identification was made.

''(4) DENIAL OF DEDUCTION.—No deduction shall be allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 for any contribution to an organization described in paragraph (2) during the period described in paragraph (3).

''(5) DENIAL OF ADMINISTRATIVE OR JUDICIAL CHALLENGE OF SUSPENSION OR DENIAL OF DEDUCTION.—Notwithstanding section 7428 or any other provision of law, no organization or other person may challenge a suspension under paragraph (1), a designation or identification described in paragraph (2), the period of suspension described in paragraph (3), or a denial of a deduction under paragraph (4) in any administrative or judicial proceeding relating to the Federal tax liability of such organization or other person.

''(6) ERRONEOUS DESIGNATION.—

''(A) IN GENERAL.—If—

''(i) the tax exemption of any organization described in paragraph (2) is suspended under paragraph (1),

''(ii) each designation and identification described in paragraph (2) which has been made with respect to such organization is determined to be erroneous pursuant to the law or Executive order under which such designation or identification was made, and

''(iii) the erroneous designations and identifications result in an overpayment of income tax for any taxable year by such organization,

credit or refund (with interest) with respect to such overpayment shall be made.

''(B) WAIVER OF LIMITATIONS.—If the credit or refund of any overpayment of tax described in subparagraph (A)(iii) is prevented at any time by the operation of any law or rule of law (including res judicata), such credit or refund may nevertheless be allowed or made if the claim therefor is filed before the close of the 1-year period beginning on the date of the last determination described in subparagraph (A)(ii).

''(7) NOTICE OF SUSPENSIONS.—If the tax exemption of any organization is suspended under this subsection, the Internal Revenue Service shall update the listings of tax-exempt organizations and shall publish appropriate notice to taxpayers of such suspension and of the fact that contributions to such organization are not deductible during the period of such suspension.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to designations made before, on, or after the date of the enactment of this Act.

SEC. 202. CLARIFICATION OF DEFINITION OF CHURCH TAX INQUIRY.

Subsection (i) of section 7611 (relating to section not to apply to criminal investigations, etc.) is amended by striking ''or'' at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting '', or'', and by inserting after paragraph (5) the following:

''(6) information provided by the Secretary related to the standards for exemption from tax under this title and the requirements under this title relating to unrelated business taxable income.''.

SEC. 203. EXTENSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (1) of section 7428(a) (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after ''509(a))'' the following: ''or as a private operating foundation (as defined in section 4942(j)(3))''; and

(2) by amending subparagraph (C) to read as follows:

''(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in subsection (c) (other than paragraph (3)) or (d) of section 501 which is exempt from tax under section 501(a), or''.

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking ''United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia'' and inserting the following: ''United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)),''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

SEC. 204. LANDOWNER INCENTIVES PROGRAMS.

(a) IN GENERAL.—Subsection (a) of section 126 is amended by redesignating paragraph (10) as paragraph (11) and by inserting after paragraph (9) the following new paragraph:

''(10) Landowner initiatives programs to conserve threatened, endangered, or imperiled species, or protect or restore habitat carried out under—

''(A) the Fish and Wildlife Coordination Act (16 U.S.C. 661 et seq.),

''(B) the Fish and Wildlife Act of 1956 (16 U.S.C. 742f), or

''(C) section 6 of the Endangered Species Act (16 U.S.C. 11531 et seq.).''.

(b) EXCLUDABLE PORTION.—Subparagraph (A) of section 126(b)(1) is amended by inserting after ''Secretary of Agriculture'' the following: ''(the Secretary of the Interior, in the case of the landowner incentives programs described in subsection (a)(10) and the programs described in subsection (a)(11) that are implemented by the Department of the Interior)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 2003, in taxable years ending after such date.

SEC. 205. MODIFICATIONS TO SECTION 512(b)(13).

(a) IN GENERAL.—Paragraph (13) of section 512(b) (relating to special rules for certain amounts received from controlled entities) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new subparagraph:

''(E) PARAGRAPH TO APPLY ONLY TO EXCESS PAYMENTS.—

''(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a specified payment received or accrued by the controlling organization that exceeds the amount which would have been paid or accrued if such payment met the requirements prescribed under section 482.

''(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of the larger of—

''(I) such excess determined without regard to any amendment or supplement to a return of tax, or

''(II) such excess determined with regard to all such amendments and supplements.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to payments received or accrued after December 31, 2003.

(2) PAYMENTS SUBJECT TO BINDING CONTRACT TRANSITION RULE.—If the amendments made by section 1041 of the Taxpayer Relief Act of 1997 did not apply to any amount received or accrued in the first 2 taxable years beginning on or after the date of the enactment of the Taxpayer Relief Act of 1997 under any contract described in subsection (b)(2) of such section, such amendments also shall not apply to amounts received or accrued under such contract before January 1, 2001.

SEC. 206. SIMPLIFICATION OF LOBBYING EXPENDITURE LIMITATION.

(a) REPEAL OF GRASSROOTS EXPENDITURE LIMIT.—Paragraph (1) of section 501(h) (relating to expenditures by public charities to influence legislation) is amended to read as follows:

''(1) GENERAL RULE.—In the case of an organization to which this subsection applies, exemption from taxation under subsection (a) shall be denied because a substantial part of the activities of such organization consists of carrying on propaganda, or otherwise attempting, to influence legislation, but only if such organization normally makes lobbying expenditures in excess of the lobbying ceiling amount for such organization for each taxable year.''.

(b) EXCESS LOBBYING EXPENDITURES.—Section 4911(b) is amended to read as follows:

''(b) EXCESS LOBBYING EXPENDITURES.—For purposes of this section, the term 'excess lobbying expenditures' means, for a taxable year, the amount by which the lobbying expenditures made by the organization during

the taxable year exceed the lobbying nontaxable amount for such organization for such taxable year.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 501(h)(2) is amended by striking subparagraphs (C) and (D).

(2) Section 4911(c) is amended by striking paragraphs (3) and (4).

(3) Paragraph (1)(A) of section 4911(f) is amended by striking ''limits of section 501(h)(1) have'' and inserting ''limit of section 501(h)(1) has''.

(4) Paragraph (1)(C) of section 4911(f) is amended by striking ''limits of section 501(h)(1) are'' and inserting ''limit of section 501(h)(1) is''.

(5) Paragraphs (4)(A) and (4)(B) of section 4911(f) are each amended by striking ''limits of section 501(h)(1)'' and inserting ''limit of section 501(h)(1)''.

(6) Paragraph (8) of section 6033(b) (relating to certain organizations described in section 501(c)(3)) is amended by inserting ''and'' at the end of subparagraph (A) and by striking subparagraphs (C) and (D).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 207. PILOT PROJECT FOR FOREST CONSERVATION ACTIVITIES.

(a) TAX-EXEMPT BOND FINANCING.—

(1) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, any qualified forest conservation bond shall be treated as an exempt facility bond under section 142 of such Code.

(2) QUALIFIED FOREST CONSERVATION BOND.—For purposes of this section, the term ''qualified forest conservation bond'' means any bond issued as part of an issue if—

(A) 95 percent or more of the net proceeds (as defined in section 150(a)(3) of such Code) of such issue are to be used for qualified project costs,

(B) such bond is an obligation of the State of Washington or any political subdivision thereof, and

(C) such bond is issued for a qualified organization before December 31, 2006.

(3) LIMITATION ON AGGREGATE AMOUNT ISSUED.—The maximum aggregate face amount of bonds which may be issued under this subsection shall not exceed $250,000,000.

(4) QUALIFIED PROJECT COSTS.—For purposes of this subsection, the term ''qualified project costs'' means the sum of—

(A) the cost of acquisition by the qualified organization from an unrelated person of forests and forest land located in the State of Washington which at the time of acquisition or immediately thereafter are subject to a conservation restriction described in subsection (c)(2),

(B) interest on the qualified forest conservation bonds for the 3-year period beginning on the date of issuance of such bonds, and

(C) credit enhancement fees which constitute qualified guarantee fees (within the meaning of section 148 of such Code).

(5) SPECIAL RULES.—In applying the Internal Revenue Code of 1986 to any qualified forest conservation bond, the following modifications shall apply:

(A) Section 146 of such Code (relating to volume cap) shall not apply.

(B) For purposes of section 147(b) of such Code (relating to maturity may not exceed 120 percent of economic life), the land and standing timber acquired with proceeds of qualified forest conservation bonds shall have an economic life of 35 years.

(C) Subsections (c) and (d) of section 147 of such Code (relating to limitations on acquisition of land and existing property) shall not apply.

(D) Section 57(a)(5) of such Code (relating to tax-exempt interest) shall not apply to interest on qualified forest conservation bonds.

(6) TREATMENT OF CURRENT REFUNDING BONDS.—Paragraphs (2)(C) and (3) shall not apply to any bond (or series of bonds) issued to refund a qualified forest conservation bond issued before December 31, 2006, if—

(A) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

(B) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

(C) the net proceeds of the refunding bond are used to redeem the refunded bond not later than 90 days after the date of the issuance of the refunding bond.

For purposes of subparagraph (A), average maturity shall be determined in accordance with section 147(b)(2)(A) of such Code.

(7) EFFECTIVE DATE.—This subsection shall apply to obligations issued on or after the date of enactment of this Act.

(b) ITEMS FROM QUALIFIED HARVESTING ACTIVITIES NOT SUBJECT TO TAX OR TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Income, gains, deductions, losses, or credits from a qualified harvesting activity conducted by a qualified organization shall not be subject to tax or taken into account under subtitle A of the Internal Revenue Code of 1986.

(2) LIMITATION.—The amount of income excluded from gross income under paragraph (1) for any taxable year shall not exceed the amount used by the qualified organization to make debt service payments during such taxable year for qualified forest conservation bonds.

(3) QUALIFIED HARVESTING ACTIVITY.—For purposes of paragraph (1)—

(A) IN GENERAL.—The term ''qualified harvesting activity'' means the sale, lease, or harvesting, of standing timber—

(i) on land owned by a qualified organization which was acquired with proceeds of qualified forest conservation bonds, and

(ii) pursuant to a qualified conservation plan adopted by the qualified organization.

(B) EXCEPTIONS.—

(i) CESSATION AS QUALIFIED ORGANIZATION.—The term ''qualified harvesting activity'' shall not include any sale, lease, or harvesting for any period during which the organization ceases to qualify as a qualified organization.

(ii) EXCEEDING LIMITS ON HARVESTING.—The term ''qualified harvesting activity'' shall not include any sale, lease, or harvesting of standing timber on land acquired with proceeds of qualified forest conservation bonds to the extent that—

(I) the average annual area of timber harvested from such land exceeds 2.5 percent of the total area of such land, or

(II) the quantity of timber removed from such land exceeds the quantity which can be removed from such land annually in perpetuity on a sustained-yield basis with respect to such land.

The limitations under subclauses (I) and (II) shall not apply to post-fire restoration and rehabilitation or sanitation harvesting of timber stands which are substantially damaged by fire, windthrow, or other catastrophes, or which are in imminent danger from insect or disease attack.

(4) TERMINATION.—This subsection shall not apply to any qualified harvesting activity occurring after the date on which there is no outstanding qualified forest conservation bond or any such bond ceases to be a tax-exempt bond.

(5) PARTIAL RECAPTURE OF BENEFITS IF HARVESTING LIMIT EXCEEDED.—If, as of the date that this subsection ceases to apply under paragraph (4), the average annual area of timber harvested from the land exceeds the requirement of paragraph (3)(B)(ii)(I), the tax imposed by chapter 1 of such Code shall be increased, under rules prescribed by the Secretary of the Treasury, by the sum of the tax benefits attributable to such excess and interest at the underpayment rate under section 6621 of such Code for the period of the underpayment.

(c) DEFINITIONS.—For purposes of this section—

(1) QUALIFIED CONSERVATION PLAN.—The term ''qualified conservation plan'' means a multiple land use program or plan which—

(A) is designed and administered primarily for the purposes of protecting and enhancing wildlife and fish, timber, scenic attributes, recreation, and soil and water quality of the forest and forest land,

(B) mandates that conservation of forest and forest land is the single-most significant use of the forest and forest land, and

(C) requires that timber harvesting be consistent with—

(i) restoring and maintaining reference conditions for the region's ecotype,

(ii) restoring and maintaining a representative sample of young, mid, and late successional forest age classes,

(iii) maintaining or restoring the resources' ecological health for purposes of preventing damage from fire, insect, or disease,

(iv) maintaining or enhancing wildlife or fish habitat, or

(v) enhancing research opportunities in sustainable renewable resource uses.

(2) CONSERVATION RESTRICTION.—The conservation restriction described in this paragraph is a restriction which—

(A) is granted in perpetuity to an unrelated person which is described in section 170(h)(3) of such Code and which, in the case of a nongovernmental unit, is organized and operated for conservation purposes,

(B) meets the requirements of clause (ii) or (iii)(II) of section 170(h)(4)(A) of such Code,

(C) obligates the qualified organization to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction, and

(D) requires an increasing level of conservation benefits to be provided whenever circumstances allow it.

(3) QUALIFIED ORGANIZATION.—The term ''qualified organization'' means an organization—

(A) which is a nonprofit organization substantially all the activities of which are charitable, scientific, or educational, including acquiring, protecting, restoring, managing, and developing forest lands and other renewable resources for the long-term charitable, educational, scientific and public benefit,

(B) more than half of the value of the property of which consists of forests and forest land acquired with the proceeds from qualified forest conservation bonds,

(C) which periodically conducts educational programs designed to inform the public of environmentally sensitive forestry management and conservation techniques,

(D) which has at all times a board of directors—

(i) at least 20 percent of the members of which represent the holders of the conservation restriction described in paragraph (2),

(ii) at least 20 percent of the members of which are public officials, and

(iii) not more than one-third of the members of which are individuals who are or were at any time within 5 years before the beginning of a term of membership on the board, an employee of, independent contractor with respect to, officer of, director of, or held a material financial interest in, a commercial

forest products enterprise with which the qualified organization has a contractual or other financial arrangement,

(E) the bylaws of which require at least two-thirds of the members of the board of directors to vote affirmatively to approve the qualified conservation plan and any change thereto, and

(F) upon dissolution, is required to dedicate its assets to—

(i) an organization described in section 501(c)(3) of such Code which is organized and operated for conservation purposes, or

(ii) a governmental unit described in section 170(c)(1) of such Code.

(4) UNRELATED PERSON.—The term ''unrelated person'' means a person who is not a related person.

(5) RELATED PERSON.—A person shall be treated as related to another person if—

(A) such person bears a relationship to such other person described in section 267(b) (determined without regard to paragraph (9) thereof), or 707(b)(1), of such Code, determined by substituting ''25 percent'' for ''50 percent'' each place it appears therein, and

(B) in the case such other person is a nonprofit organization, if such person controls directly or indirectly more than 25 percent of the governing body of such organization.

(d) REPORT.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study on the pilot project for forest conservation activities under this section. Such study shall examine the extent to which forests and forest lands were managed during the 5-year period beginning on the date of the enactment of this Act to achieve the goals of such project.

(2) SUBMISSION OF REPORT TO CONGRESS.—Not later than six years after the date of the enactment of this Act, the Comptroller General shall submit a report of such study to the Committee on Ways and Means and the Committee on Resources of the House of Representatives and the Committee on Finance and the Committee on Energy and Natural Resources of the Senate.

TITLE III—OTHER PROVISIONS

SEC. 301. COMPASSION CAPITAL FUND.

Title IV of the Social Security Act (42 U.S.C. 601–679b) is amended by adding at the end the following:

''PART F—COMPASSION CAPITAL FUND

''SEC. 481. SECRETARY'S FUND TO SUPPORT AND REPLICATE PROMISING SOCIAL SERVICE PROGRAMS.

''(a) GRANT AUTHORITY.—

''(1) IN GENERAL.—The Secretary may make grants to support any private entity that operates a promising social services program.

''(2) APPLICATIONS.—An entity desiring to receive a grant under paragraph (1) shall submit to the Secretary an application for the grant, which shall contain such information as the Secretary may require.

''(b) CONTRACT AUTHORITY, ETC.—The Secretary may enter into a grant, contract, or cooperative agreement with any entity under which the entity would provide technical assistance to another entity to operate a social service program that assists persons and families in need, including by—

''(1) providing the other entity with—

''(A) technical assistance and information, including legal assistance and other business assistance;

''(B) information on capacity-building;

''(C) information and assistance in identifying and using best practices for serving persons and families in need; or

''(D) assistance in replicating programs with demonstrated effectiveness in assisting persons and families in need; or

''(2) supporting research on the best practices of social service organizations.

''(c) GUIDANCE AND TECHNICAL ASSISTANCE.—The Secretary may use not more than 25 percent of the amount appropriated under this section for a fiscal year to provide guidance and technical assistance to States and political subdivisions of States with respect to the implementation of any social service program.

''(d) SOCIAL SERVICES PROGRAM DEFINED.—In this section, the term 'social services program' means a program that provides benefits or services of any kind to persons and families in need.

''(e) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.—To carry out this section, there are authorized to be appropriated to the Secretary $150,000,000 for fiscal year 2004, and such sums as may be necessary for fiscal years 2005 through 2008.''.

SEC. 302. REAUTHORIZATION OF ASSETS FOR INDEPENDENCE DEMONSTRATION.

(a) IN GENERAL.—Section 416 of the Assets for Independence Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended by striking ''and 2003'' and inserting ''2003, 2004, 2005, 2006, 2007, and 2008''.

(b) REMOVAL OF ECONOMIC LITERACY ACTIVITIES FROM LIMITATION ON USE OF AMOUNTS IN THE RESERVE FUND.—Section 407(c)(3) of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended by adding at the end the following: ''The preceding sentences of this paragraph shall not apply to amounts used by an entity for any activity described in paragraph (1)(A).''.

(c) ELIGIBILITY EXPANDED TO INCLUDE INDIVIDUALS IN HOUSEHOLDS WITH INCOME NOT EXCEEDING 50 PERCENT OF AREA MEDIAN INCOME.—Section 408(a)(1) of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended to read as follows:

''(1) INCOME TEST.—The adjusted gross income of the household—

''(A) does not exceed 200 percent of the poverty line (as determined by the Office of Management and Budget) or the earned income amount described in section 32 of the Internal Revenue Code of 1986 (taking into account the size of the household); or

''(B) does not exceed 50 percent of the area median income (as determined by the Secretary of Housing and Urban Development) for the area in which the household is located.''.

(d) EXTENSION OF TIME FOR ACCOUNT HOLDERS TO ACCESS FEDERAL FUNDS.—Section 407(d) of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended—

(1) in the subsection heading, by striking ''WHEN PROJECT TERMINATES''; and

(2) by striking ''upon'' and inserting ''on the date that is 6 months after''.

(e) VERIFICATION OF POSTSECONDARY EDUCATION EXPENSES.—Section 404(8)(A) of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended in the 1st sentence by inserting ''or a vendor, but only to the extent that the expenses are described in a document which explains the educational items to be purchased, and the document and the expenses are approved by the qualified entity'' before the period.

(f) AUTHORITY TO USE EXCESS INTEREST TO FUND OTHER INDIVIDUAL DEVELOPMENT ACCOUNTS.—Section 410 of such Act (title IV of Public Law 105–285; 42 U.S.C. 604 note) is amended—

(1) in subsection (a)(3)—

(A) by striking ''any interest that has accrued'' and inserting ''interest that has accrued during that period''; and

(B) by striking the period and inserting '', but only to the extent that the amount of the interest does not exceed the amount of interest that has accrued during that period on amounts deposited in the account by that individual.''; and

(2) by adding at the end the following:

''(f) USE OF EXCESS INTEREST TO FUND OTHER INDIVIDUAL DEVELOPMENT ACCOUNTS.—To the extent that a qualified entity has an amount that, but for the limitation in subsection (a)(3), would be required by that subsection to be deposited into the individual development account of an individual or into a parallel account maintained by the qualified entity, the qualified entity may deposit the amount into the individual development account of any individual or into any such parallel account maintained by the qualified entity.''.

SEC. 303. SENSE OF THE CONGRESS REGARDING CORPORATE CONTRIBUTIONS TO FAITH-BASED ORGANIZATIONS, ETC.

(a) FINDINGS.—The Congress finds as follows:

(1) America's community of faith has long played a leading role in dealing with difficult societal problems that might otherwise have gone unaddressed.

(2) President Bush has called upon Americans ''to revive the spirit of citizenship . . . to marshal the compassion of our people to meet the continuing needs of our Nation''.

(3) Although the work of faith-based organizations should not be used by government as an excuse for backing away from its historic and rightful commitment to help those who are disadvantaged and in need, such organizations can and should be seen as a valuable partner with government in meeting societal challenges.

(4) Every day faith-based organizations in the United States help people recover from drug and alcohol addiction, provide food and shelter for the homeless, rehabilitate prison inmates so that they can break free from the cycle of recidivism, and teach people job skills that will allow them to move from poverty to productivity.

(5) Faith-based organizations are often more successful in dealing with difficult societal problems than government and nonsectarian organizations.

(6) As President Bush has stated, ''It is not sufficient to praise charities and community groups; we must support them. And this is both a public obligation and a personal responsibility.''.

(7) Corporate foundations contribute billions of dollars each year to a variety of philanthropic causes.

(8) According to a study produced by the Capital Research Center, the 10 largest corporate foundations in the United States contributed $1,900,000,000 to such causes.

(9) According to the same study, faith-based organizations only receive a small fraction of the contributions made by corporations in the United States, and 6 of the 10 corporations that give the most to philanthropic causes explicitly ban or restrict contributions to faith-based organizations.

(b) CORPORATIONS ENCOURAGED TO CONTRIBUTE TO FAITH-BASED ORGANIZATIONS.—The Congress calls on corporations in the United States, in the words of the President, ''to give more and to give better'' by making greater contributions to faith-based organizations that are on the front lines battling some of the great societal challenges of our day.

(c) SENSE OF THE CONGRESS.—It is the sense of Congress that—

(1) corporations in the United States are important partners with government in efforts to overcome difficult societal problems; and

(2) no corporation in the United States should adopt policies that prohibit the corporation from contributing to an organization that is successfully advancing a philanthropic cause merely because such organization is faith based.

TITLE IV—SOCIAL SERVICES BLOCK GRANT

SEC. 401. RESTORATION OF FUNDS FOR THE SOCIAL SERVICES BLOCK GRANT.

(a) FINDINGS.—Congress makes the following findings:

(1) On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193; 110 Stat. 2105) was signed into law.

(2) In enacting that law, Congress authorized $2,800,000,000 for fiscal year 2003 and each fiscal year thereafter to carry out the Social Services Block Grant program established under title XX of the Social Security Act (42 U.S.C. 1397 et seq.).

(b) RESTORATION OF FUNDS.—Section 2003(c)(11) of the Social Security Act (42 U.S.C. 1397b(c)(11)) is amended by inserting '', except that, with respect to fiscal year 2004, the amount shall be $2,800,000,000'' after ''thereafter''.

SEC. 402. RESTORATION OF AUTHORITY TO TRANSFER UP TO 10 PERCENT OF TANF FUNDS TO THE SOCIAL SERVICES BLOCK GRANT.

(a) IN GENERAL.—Section 404(d)(2) of the Social Security Act (42 U.S.C. 604(d)(2)) is amended to read as follows:

''(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—A State may use not more than 10 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out State programs pursuant to title XX.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to amounts made available for fiscal year 2004 and each fiscal year thereafter.

SEC. 403. REQUIREMENT TO SUBMIT ANNUAL REPORT ON STATE ACTIVITIES.

(a) IN GENERAL.—Section 2006(c) of the Social Security Act (42 U.S.C. 1397e(c)) is amended by adding at the end the following: ''The Secretary shall compile the information submitted by the States and submit that information to Congress on an annual basis.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to information submitted by States under section 2006 of the Social Security Act (42 U.S.C. 1397e) with respect to fiscal year 2004 and each fiscal year thereafter.

TITLE V—ABUSIVE TAX SHELTERS

SEC. 501. SHORT TITLE.

This title may be cited as the ''Abusive Tax Shelter Shutdown and Taxpayer Accountability Act of 2003''.

SEC. 502. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress hereby finds that:

(1) Many corporate tax shelter transactions are complicated ways of accomplishing nothing aside from claimed tax benefits, and the legal opinions justifying those transactions take an inappropriately narrow and restrictive view of well-developed court doctrines under which—

(A) the taxation of a transaction is determined in accordance with its substance and not merely its form,

(B) transactions which have no significant effect on the taxpayer's economic or beneficial interests except for tax benefits are treated as sham transactions and disregarded,

(C) transactions involving multiple steps are collapsed when those steps have no substantial economic meaning and are merely designed to create tax benefits,

(D) transactions with no business purpose are not given effect, and

(E) in the absence of a specific congressional authorization, it is presumed that Congress did not intend a transaction to result in a negative tax where the taxpayer's economic position or rate of return is better after tax than before tax.

(2) Permitting aggressive and abusive tax shelters not only results in large revenue losses but also undermines voluntary compliance with the Internal Revenue Code of 1986.

(b) PURPOSE.—The purpose of this title is to eliminate abusive tax shelters by denying tax attributes claimed to arise from transactions that do not meet a heightened economic substance requirement and by repealing the provision that permits legal opinions to be used to avoid penalties on tax underpayments resulting from transactions without significant economic substance or business purpose.

Subtitle A—Provisions Designed to Curtail Tax Shelters

SEC. 511. CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE.

(a) IN GENERAL.—Section 7701 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE; ETC.—

''(1) GENERAL RULES.—

''(A) IN GENERAL.—In applying the economic substance doctrine, the determination of whether a transaction has economic substance shall be made as provided in this paragraph.

''(B) DEFINITION OF ECONOMIC SUBSTANCE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—A transaction has economic substance only if—

''(I) the transaction changes in a meaningful way (apart from Federal tax effects and, if there are any Federal tax effects, also apart from any foreign, State, or local tax effects) the taxpayer's economic position, and

''(II) the taxpayer has a substantial nontax purpose for entering into such transaction and the transaction is a reasonable means of accomplishing such purpose.

''(ii) SPECIAL RULE WHERE TAXPAYER RELIES ON PROFIT POTENTIAL.—A transaction shall not be treated as having economic substance by reason of having a potential for profit unless—

''(I) the present value of the reasonably expected pre-tax profit from the transaction is substantial in relation to the present value of the expected net tax benefits that would be allowed if the transaction were respected, and

''(II) the reasonably expected pre-tax profit from the transaction exceeds a risk-free rate of return.

''(C) TREATMENT OF FEES AND FOREIGN TAXES.—Fees and other transaction expenses and foreign taxes shall be taken into account as expenses in determining pre-tax profit under subparagraph (B)(ii).

''(2) SPECIAL RULES FOR TRANSACTIONS WITH TAX-INDIFFERENT PARTIES.—

''(A) SPECIAL RULES FOR FINANCING TRANSACTIONS.—The form of a transaction which is in substance the borrowing of money or the acquisition of financial capital directly or indirectly from a tax-indifferent party shall not be respected if the present value of the deductions to be claimed with respect to the transaction is substantially in excess of the present value of the anticipated economic returns of the person lending the money or providing the financial capital. A public offering shall be treated as a borrowing, or an acquisition of financial capital, from a tax-indifferent party if it is reasonably expected that at least 50 percent of the offering will be placed with tax-indifferent parties.

''(B) ARTIFICIAL INCOME SHIFTING AND BASIS ADJUSTMENTS.—The form of a transaction with a tax-indifferent party shall not be respected if—

''(i) it results in an allocation of income or gain to the tax-indifferent party in excess of such party's economic income or gain, or

''(ii) it results in a basis adjustment or shifting of basis on account of overstating the income or gain of the tax-indifferent party.

''(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

''(A) ECONOMIC SUBSTANCE DOCTRINE.—The term 'economic substance doctrine' means the common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose.

''(B) TAX-INDIFFERENT PARTY.—The term 'tax-indifferent party' means any person or entity not subject to tax imposed by subtitle A. A person shall be treated as a tax-indifferent party with respect to a transaction if the items taken into account with respect to the transaction have no substantial impact on such person's liability under subtitle A.

''(C) SUBSTANTIAL NONTAX PURPOSE.—In applying subclause (II) of paragraph (1)(B)(i), a purpose of achieving a financial accounting benefit shall not be taken into account in determining whether a transaction has a substantial nontax purpose if the origin of such financial accounting benefit is a reduction of income tax.

''(D) EXCEPTION FOR PERSONAL TRANSACTIONS OF INDIVIDUALS.—In the case of an individual, this subsection shall apply only to transactions entered into in connection with a trade or business or an activity engaged in for the production of income.

''(E) TREATMENT OF LESSORS.—In applying subclause (I) of paragraph (1)(B)(ii) to the lessor of tangible property subject to a lease, the expected net tax benefits shall not include the benefits of depreciation, or any tax credit, with respect to the leased property and subclause (II) of paragraph (1)(B)(ii) shall be disregarded in determining whether any of such benefits are allowable.

''(4) OTHER COMMON LAW DOCTRINES NOT AFFECTED.—Except as specifically provided in this subsection, the provisions of this subsection shall not be construed as altering or supplanting any other rule of law, and the requirements of this subsection shall be construed as being in addition to any such other rule of law.

''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection. Such regulations may include exemptions from the application of this subsection.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after February 13, 2003.

SEC. 512. PENALTY FOR FAILING TO DISCLOSE REPORTABLE TRANSACTION.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6707 the following new section:

''SEC. 6707A. PENALTY FOR FAILURE TO INCLUDE REPORTABLE TRANSACTION INFORMATION WITH RETURN OR STATEMENT.

''(a) IMPOSITION OF PENALTY.—Any person who fails to include on any return or statement any information with respect to a reportable transaction which is required under section 6011 to be included with such return or statement shall pay a penalty in the amount determined under subsection (b).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amount of the penalty under subsection (a) shall be $50,000.

''(2) LISTED TRANSACTION.—The amount of the penalty under subsection (a) with respect to a listed transaction shall be $100,000.

''(3) INCREASE IN PENALTY FOR LARGE ENTITIES AND HIGH NET WORTH INDIVIDUALS.—

''(A) IN GENERAL.—In the case of a failure under subsection (a) by—

''(i) a large entity, or

''(ii) a high net worth individual,

the penalty under paragraph (1) or (2) shall be twice the amount determined without regard to this paragraph.

''(B) LARGE ENTITY.—For purposes of subparagraph (A), the term 'large entity' means, with respect to any taxable year, a person (other than a natural person) with gross receipts in excess of $10,000,000 for the taxable year in which the reportable transaction occurs or the preceding taxable year. Rules similar to the rules of paragraph (2) and subparagraphs (B), (C), and (D) of paragraph (3) of section 448(c) shall apply for purposes of this subparagraph.

''(C) HIGH NET WORTH INDIVIDUAL.—For purposes of subparagraph (A), the term 'high net worth individual' means, with respect to a reportable transaction, a natural person whose net worth exceeds $2,000,000 immediately before the transaction.

''(c) DEFINITIONS.—For purposes of this section—

''(1) REPORTABLE TRANSACTION.—The term 'reportable transaction' means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under section 6011, such transaction is of a type which the Secretary determines as having a potential for tax avoidance or evasion.

''(2) LISTED TRANSACTION.—Except as provided in regulations, the term 'listed transaction' means a reportable transaction which is the same as, or substantially similar to, a transaction specifically identified by the Secretary as a tax avoidance transaction for purposes of section 6011.

''(d) AUTHORITY TO RESCIND PENALTY.—

''(1) IN GENERAL.—The Commissioner of Internal Revenue may rescind all or any portion of any penalty imposed by this section with respect to any violation if—

''(A) the violation is with respect to a reportable transaction other than a listed transaction,

''(B) the person on whom the penalty is imposed has a history of complying with the requirements of this title,

''(C) it is shown that the violation is due to an unintentional mistake of fact;

''(D) imposing the penalty would be against equity and good conscience, and

''(E) rescinding the penalty would promote compliance with the requirements of this title and effective tax administration.

''(2) DISCRETION.—The exercise of authority under paragraph (1) shall be at the sole discretion of the Commissioner and may be delegated only to the head of the Office of Tax Shelter Analysis. The Commissioner, in the Commissioner's sole discretion, may establish a procedure to determine if a penalty should be referred to the Commissioner or the head of such Office for a determination under paragraph (1).

''(3) NO APPEAL.—Notwithstanding any other provision of law, any determination under this subsection may not be reviewed in any administrative or judicial proceeding.

''(4) RECORDS.—If a penalty is rescinded under paragraph (1), the Commissioner shall place in the file in the Office of the Commissioner the opinion of the Commissioner or the head of the Office of Tax Shelter Analysis with respect to the determination, including—

''(A) the facts and circumstances of the transaction,

''(B) the reasons for the rescission, and

''(C) the amount of the penalty rescinded.

''(5) REPORT.—The Commissioner shall each year report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate—

''(A) a summary of the total number and aggregate amount of penalties imposed, and rescinded, under this section, and

''(B) a description of each penalty rescinded under this subsection and the reasons therefor.

''(e) PENALTY REPORTED TO SEC.—In the case of a person—

''(1) which is required to file periodic reports under section 13 or 15(d) of the Securities Exchange Act of 1934 or is required to be consolidated with another person for purposes of such reports, and

''(2) which—

''(A) is required to pay a penalty under this section with respect to a listed transaction,

''(B) is required to pay a penalty under section 6662A with respect to any reportable transaction at a rate prescribed under section 6662A(c), or

''(C) is required to pay a penalty under section 6662B with respect to any noneconomic substance transaction,

the requirement to pay such penalty shall be disclosed in such reports filed by such person for such periods as the Secretary shall specify. Failure to make a disclosure in accordance with the preceding sentence shall be treated as a failure to which the penalty under subsection (b)(2) applies.

''(f) COORDINATION WITH OTHER PENALTIES.—The penalty imposed by this section is in addition to any penalty imposed under this title.''.

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6707 the following:

''Sec. 6707A. Penalty for failure to include reportable transaction information with return or statement.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns and statements the due date for which is after the date of the enactment of this Act.

SEC. 513. ACCURACY-RELATED PENALTY FOR LISTED TRANSACTIONS AND OTHER REPORTABLE TRANSACTIONS HAVING A SIGNIFICANT TAX AVOIDANCE PURPOSE.

(a) IN GENERAL.—Subchapter A of chapter 68 is amended by inserting after section 6662 the following new section:

''SEC. 6662A. IMPOSITION OF ACCURACY-RELATED PENALTY ON UNDERSTATEMENTS WITH RESPECT TO REPORTABLE TRANSACTIONS.

''(a) IMPOSITION OF PENALTY.—If a taxpayer has a reportable transaction understatement for any taxable year, there shall be added to the tax an amount equal to 20 percent of the amount of such understatement.

''(b) REPORTABLE TRANSACTION UNDERSTATEMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'reportable transaction understatement' means the sum of—

''(A) the product of—

''(i) the amount of the increase (if any) in taxable income which results from a difference between the proper tax treatment of an item to which this section applies and the taxpayer's treatment of such item (as shown on the taxpayer's return of tax), and

''(ii) the highest rate of tax imposed by section 1 (section 11 in the case of a taxpayer which is a corporation), and

''(B) the amount of the decrease (if any) in the aggregate amount of credits determined under subtitle A which results from a difference between the taxpayer's treatment of an item to which this section applies (as shown on the taxpayer's return of tax) and the proper tax treatment of such item.

For purposes of subparagraph (A), any reduction of the excess of deductions allowed for the taxable year over gross income for such year, and any reduction in the amount of capital losses which would (without regard to section 1211) be allowed for such year, shall be treated as an increase in taxable income.

''(2) ITEMS TO WHICH SECTION APPLIES.—This section shall apply to any item which is attributable to—

''(A) any listed transaction, and

''(B) any reportable transaction (other than a listed transaction) if a significant purpose of such transaction is the avoidance or evasion of Federal income tax.

''(c) HIGHER PENALTY FOR NONDISCLOSED LISTED AND OTHER AVOIDANCE TRANSACTIONS.—

''(1) IN GENERAL.—Subsection (a) shall be applied by substituting '30 percent' for '20 percent' with respect to the portion of any reportable transaction understatement with respect to which the requirement of section 6664(d)(2)(A) is not met.

''(2) RULES APPLICABLE TO COMPROMISE OF PENALTY.—

''(A) IN GENERAL.—If the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals has been sent with respect to a penalty to which paragraph (1) applies, only the Commissioner of Internal Revenue may compromise all or any portion of such penalty.

''(B) APPLICABLE RULES.—The rules of paragraphs (3), (4), and (5) of section 6707A(d) shall apply for purposes of subparagraph (A).

''(d) DEFINITIONS OF REPORTABLE AND LISTED TRANSACTIONS.—For purposes of this section, the terms 'reportable transaction' and 'listed transaction' have the respective meanings given to such terms by section 6707A(c).

''(e) SPECIAL RULES.—

''(1) COORDINATION WITH PENALTIES, ETC., ON OTHER UNDERSTATEMENTS.—In the case of an understatement (as defined in section 6662(d)(2))—

''(A) the amount of such understatement (determined without regard to this paragraph) shall be increased by the aggregate amount of reportable transaction understatements and noneconomic substance transaction understatements for purposes of determining whether such understatement is a substantial understatement under section 6662(d)(1), and

''(B) the addition to tax under section 6662(a) shall apply only to the excess of the amount of the substantial understatement (if any) after the application of subparagraph (A) over the aggregate amount of reportable transaction understatements and noneconomic substance transaction understatements.

''(2) COORDINATION WITH OTHER PENALTIES.—

''(A) APPLICATION OF FRAUD PENALTY.—References to an underpayment in section 6663 shall be treated as including references to a reportable transaction understatement and a noneconomic substance transaction understatement.

''(B) NO DOUBLE PENALTY.—This section shall not apply to any portion of an understatement on which a penalty is imposed under section 6662B or 6663.

''(3) SPECIAL RULE FOR AMENDED RETURNS.—Except as provided in regulations, in no event shall any tax treatment included with an amendment or supplement to a return of tax be taken into account in determining the amount of any reportable transaction understatement or noneconomic substance transaction understatement if the amendment or

supplement is filed after the earlier of the date the taxpayer is first contacted by the Secretary regarding the examination of the return or such other date as is specified by the Secretary.

''(4) NONECONOMIC SUBSTANCE TRANSACTION UNDERSTATEMENT.—For purposes of this subsection, the term 'noneconomic substance transaction understatement' has the meaning given such term by section 6662B(c).

''(5) CROSS REFERENCE.—

"For reporting of section 6662A(c) penalty to the Securities and Exchange Commission, see section 6707A(e)."

(b) DETERMINATION OF OTHER UNDERSTATEMENTS.—Subparagraph (A) of section 6662(d)(2) is amended by adding at the end the following flush sentence:

''The excess under the preceding sentence shall be determined without regard to items to which section 6662A applies and without regard to items with respect to which a penalty is imposed by section 6662B.''

(c) REASONABLE CAUSE EXCEPTION.—

(1) IN GENERAL.—Section 6664 is amended by adding at the end the following new subsection:

''(d) REASONABLE CAUSE EXCEPTION FOR REPORTABLE TRANSACTION UNDERSTATEMENTS.—

''(1) IN GENERAL.—No penalty shall be imposed under section 6662A with respect to any portion of a reportable transaction understatement if it is shown that there was a reasonable cause for such portion and that the taxpayer acted in good faith with respect to such portion.

''(2) SPECIAL RULES.—Paragraph (1) shall not apply to any reportable transaction understatement unless—

''(A) the relevant facts affecting the tax treatment of the item are adequately disclosed in accordance with the regulations prescribed under section 6011,

''(B) there is or was substantial authority for such treatment, and

''(C) the taxpayer reasonably believed that such treatment was more likely than not the proper treatment.

A taxpayer failing to adequately disclose in accordance with section 6011 shall be treated as meeting the requirements of subparagraph (A) if the penalty for such failure was rescinded under section 6707A(d).

''(3) RULES RELATING TO REASONABLE BELIEF.—For purposes of paragraph (2)(C)—

''(A) IN GENERAL.—A taxpayer shall be treated as having a reasonable belief with respect to the tax treatment of an item only if such belief—

''(i) is based on the facts and law that exist at the time the return of tax which includes such tax treatment is filed, and

''(ii) relates solely to the taxpayer's chances of success on the merits of such treatment and does not take into account the possibility that a return will not be audited, such treatment will not be raised on audit, or such treatment will be resolved through settlement if it is raised.

''(B) CERTAIN OPINIONS MAY NOT BE RELIED UPON.—

''(i) IN GENERAL.—An opinion of a tax advisor may not be relied upon to establish the reasonable belief of a taxpayer if—

''(I) the tax advisor is described in clause (ii), or

''(II) the opinion is described in clause (iii).

''(ii) DISQUALIFIED TAX ADVISORS.—A tax advisor is described in this clause if the tax advisor—

''(I) is a material advisor (within the meaning of section 6111(b)(1)) who participates in the organization, management, promotion, or sale of the transaction or who is related (within the meaning of section 267(b) or 707(b)(1)) to any person who so participates,

''(II) is compensated directly or indirectly by a material advisor with respect to the transaction,

''(III) has a fee arrangement with respect to the transaction which is contingent on all or part of the intended tax benefits from the transaction being sustained, or

''(IV) as determined under regulations prescribed by the Secretary, has a continuing financial interest with respect to the transaction.

''(iii) DISQUALIFIED OPINIONS.—For purposes of clause (i), an opinion is disqualified if the opinion—

''(I) is based on unreasonable factual or legal assumptions (including assumptions as to future events),

''(II) unreasonably relies on representations, statements, findings, or agreements of the taxpayer or any other person,

''(III) does not identify and consider all relevant facts, or

''(IV) fails to meet any other requirement as the Secretary may prescribe.''

(2) CONFORMING AMENDMENT.—The heading for subsection (c) of section 6664 is amended by inserting ''FOR UNDERPAYMENTS'' after ''EXCEPTION''.

(d) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 461(i)(3) is amended by striking ''section 6662(d)(2)(C)(iii)'' and inserting ''section 1274(b)(3)(C)''.

(2) Paragraph (3) of section 1274(b) is amended—

(A) by striking ''(as defined in section 6662(d)(2)(C)(iii))'' in subparagraph (B)(i), and

(B) by adding at the end the following new subparagraph:

''(C) TAX SHELTER.—For purposes of subparagraph (B), the term 'tax shelter' means—

''(i) a partnership or other entity,

''(ii) any investment plan or arrangement, or

''(iii) any other plan or arrangement,

if a significant purpose of such partnership, entity, plan, or arrangement is the avoidance or evasion of Federal income tax.''

(3) Section 6662(d)(2) is amended by striking subparagraphs (C) and (D).

(4) Section 6664(c)(1) is amended by striking ''this part'' and inserting ''section 6662 or 6663''.

(5) Subsection (b) of section 7525 is amended by striking ''section 6662(d)(2)(C)(iii)'' and inserting ''section 1274(b)(3)(C)''.

(6)(A) The heading for section 6662 is amended to read as follows:

"SEC. 6662. IMPOSITION OF ACCURACY-RELATED PENALTY ON UNDERPAYMENTS."

(B) The table of sections for part II of subchapter A of chapter 68 is amended by striking the item relating to section 6662 and inserting the following new items:

''Sec. 6662. Imposition of accuracy-related penalty on underpayments.

''Sec. 6662A. Imposition of accuracy-related penalty on understatements with respect to reportable transactions.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 514. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.

(a) IN GENERAL.—Subchapter A of chapter 68 is amended by inserting after section 6662A the following new section:

"SEC. 6662B. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.

''(a) IMPOSITION OF PENALTY.—If a taxpayer has an noneconomic substance transaction understatement for any taxable year, there shall be added to the tax an amount equal to 40 percent of the amount of such understatement.

''(b) REDUCTION OF PENALTY FOR DISCLOSED TRANSACTIONS.—Subsection (a) shall be applied by substituting '20 percent' for '40 percent' with respect to the portion of any noneconomic substance transaction understatement with respect to which the relevant facts affecting the tax treatment of the item are adequately disclosed in the return or a statement attached to the return.

''(c) NONECONOMIC SUBSTANCE TRANSACTION UNDERSTATEMENT.—For purposes of this section—

''(1) IN GENERAL.—The term 'noneconomic substance transaction understatement' means any amount which would be an understatement under section 6662A(b)(1) if section 6662A were applied by taking into account items attributable to noneconomic substance transactions rather than items to which section 6662A would apply without regard to this paragraph.

''(2) NONECONOMIC SUBSTANCE TRANSACTION.—The term 'noneconomic substance transaction' means any transaction if—

''(A) there is a lack of economic substance (within the meaning of section 7701(m)(1)) for the transaction giving rise to the claimed tax benefit or the transaction was not respected under section 7701(m)(2), or

''(B) the transaction fails to meet the requirements of any similar rule of law.

''(d) RULES APPLICABLE TO COMPROMISE OF PENALTY.—

''(1) IN GENERAL.—If the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals has been sent with respect to a penalty to which this section applies, only the Commissioner of Internal Revenue may compromise all or any portion of such penalty.

''(2) APPLICABLE RULES.—The rules of paragraphs (3), (4), and (5) of section 6707A(d) shall apply for purposes of paragraph (1).

''(e) COORDINATION WITH OTHER PENALTIES.—Except as otherwise provided in this part, the penalty imposed by this section shall be in addition to any other penalty imposed by this title.

''(f) CROSS REFERENCES.—

"(1) For coordination of penalty with understatements under section 6662 and other special rules, see section 6662A(e).

"(2) For reporting of penalty imposed under this section to the Securities and Exchange Commission, see section 6707A(e)."

(b) CLERICAL AMENDMENT.—The table of sections for part II of subchapter A of chapter 68 is amended by inserting after the item relating to section 6662A the following new item:

''Sec. 6662B. Penalty for understatements attributable to transactions lacking economic substance, etc.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after February 13, 2003.

SEC. 515. MODIFICATIONS OF SUBSTANTIAL UNDERSTATEMENT PENALTY FOR NONREPORTABLE TRANSACTIONS.

(a) SUBSTANTIAL UNDERSTATEMENT OF CORPORATIONS.—Section 6662(d)(1)(B) (relating to special rule for corporations) is amended to read as follows:

''(B) SPECIAL RULE FOR CORPORATIONS.—In the case of a corporation other than an S corporation or a personal holding company (as defined in section 542), there is a substantial understatement of income tax for any taxable year if the amount of the understatement for the taxable year exceeds the lesser of—

''(i) 10 percent of the tax required to be shown on the return for the taxable year (or, if greater, $10,000), or

''(ii) $10,000,000.''

(b) REDUCTION FOR UNDERSTATEMENT OF TAXPAYER DUE TO POSITION OF TAXPAYER OR DISCLOSED ITEM.—

(1) IN GENERAL.—Section 6662(d)(2)(B)(i) (relating to substantial authority) is amended to read as follows:

''(i) the tax treatment of any item by the taxpayer if the taxpayer had reasonable belief that the tax treatment was more likely than not the proper treatment, or''.

(2) CONFORMING AMENDMENT.—Section 6662(d) is amended by adding at the end the following new paragraph:

''(3) SECRETARIAL LIST.—For purposes of this subsection, section 6664(d)(2), and section 6694(a)(1), the Secretary may prescribe a list of positions for which the Secretary believes there is not substantial authority or there is no reasonable belief that the tax treatment is more likely than not the proper tax treatment. Such list (and any revisions thereof) shall be published in the Federal Register or the Internal Revenue Bulletin.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 516. TAX SHELTER EXCEPTION TO CONFIDENTIALITY PRIVILEGES RELATING TO TAXPAYER COMMUNICATIONS.

(a) IN GENERAL.—Section 7525(b) (relating to section not to apply to communications regarding corporate tax shelters) is amended to read as follows:

''(b) SECTION NOT TO APPLY TO COMMUNICATIONS REGARDING TAX SHELTERS.—The privilege under subsection (a) shall not apply to any written communication which is—

''(1) between a federally authorized tax practitioner and—

''(A) any person,

''(B) any director, officer, employee, agent, or representative of the person, or

''(C) any other person holding a capital or profits interest in the person, and

''(2) in connection with the promotion of the direct or indirect participation of the person in any tax shelter (as defined in section 1274(b)(3)(C)).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to communications made on or after the date of the enactment of this Act.

SEC. 517. DISCLOSURE OF REPORTABLE TRANSACTIONS.

(a) IN GENERAL.—Section 6111 (relating to registration of tax shelters) is amended to read as follows:

''SEC. 6111. DISCLOSURE OF REPORTABLE TRANSACTIONS.

''(a) IN GENERAL.—Each material advisor with respect to any reportable transaction shall make a return (in such form as the Secretary may prescribe) setting forth—

''(1) information identifying and describing the transaction,

''(2) information describing any potential tax benefits expected to result from the transaction, and

''(3) such other information as the Secretary may prescribe.

Such return shall be filed not later than the date specified by the Secretary.

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

''(1) MATERIAL ADVISOR.—

''(A) IN GENERAL.—The term 'material advisor' means any person—

''(i) who provides any material aid, assistance, or advice with respect to organizing, promoting, selling, implementing, or carrying out any reportable transaction, and

''(ii) who directly or indirectly derives gross income in excess of the threshold amount for such aid, assistance, or advice.

''(B) THRESHOLD AMOUNT.—For purposes of subparagraph (A), the threshold amount is—

''(i) $50,000 in the case of a reportable transaction substantially all of the tax benefits from which are provided to natural persons, and

''(ii) $250,000 in any other case.

''(2) REPORTABLE TRANSACTION.—The term 'reportable transaction' has the meaning given to such term by section 6707A(c).

''(c) REGULATIONS.—The Secretary may prescribe regulations which provide—

''(1) that only 1 person shall be required to meet the requirements of subsection (a) in cases in which 2 or more persons would otherwise be required to meet such requirements,

''(2) exemptions from the requirements of this section, and

''(3) such rules as may be necessary or appropriate to carry out the purposes of this section.''

(b) CONFORMING AMENDMENTS.—

(1) The item relating to section 6111 in the table of sections for subchapter B of chapter 61 is amended to read as follows:

''Sec. 6111. Disclosure of reportable transactions.''

(2)(A) So much of section 6112 as precedes subsection (c) thereof is amended to read as follows:

''SEC. 6112. MATERIAL ADVISORS OF REPORTABLE TRANSACTIONS MUST KEEP LISTS OF ADVISEES.

''(a) IN GENERAL.—Each material advisor (as defined in section 6111) with respect to any reportable transaction (as defined in section 6707A(c)) shall maintain, in such manner as the Secretary may by regulations prescribe, a list—

''(1) identifying each person with respect to whom such advisor acted as such a material advisor with respect to such transaction, and

''(2) containing such other information as the Secretary may by regulations require.

This section shall apply without regard to whether a material advisor is required to file a return under section 6111 with respect to such transaction.''

(B) Section 6112 is amended by redesignating subsection (c) as subsection (b).

(C) Section 6112(b), as redesignated by subparagraph (B), is amended—

(i) by inserting ''written'' before ''request'' in paragraph (1)(A), and

(ii) by striking ''shall prescribe'' in paragraph (2) and inserting ''may prescribe''.

(D) The item relating to section 6112 in the table of sections for subchapter B of chapter 61 is amended to read as follows:

''Sec. 6112. Material advisors of reportable transactions must keep lists of advisees.''

(3)(A) The heading for section 6708 is amended to read as follows:

''SEC. 6708. FAILURE TO MAINTAIN LISTS OF ADVISEES WITH RESPECT TO REPORTABLE TRANSACTIONS.''

(B) The item relating to section 6708 in the table of sections for part I of subchapter B of chapter 68 is amended to read as follows:

''Sec. 6708. Failure to maintain lists of advisees with respect to reportable transactions.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions with respect to which material aid, assistance, or advice referred to in section 6111(b)(1)(A)(i) of the Internal Revenue Code of 1986 (as added by this section) is provided after the date of the enactment of this Act.

SEC. 518. MODIFICATIONS TO PENALTY FOR FAILURE TO REGISTER TAX SHELTERS.

(a) IN GENERAL.—Section 6707 (relating to failure to furnish information regarding tax shelters) is amended to read as follows:

''SEC. 6707. FAILURE TO FURNISH INFORMATION REGARDING REPORTABLE TRANSACTIONS.

''(a) IN GENERAL.—If a person who is required to file a return under section 6111(a) with respect to any reportable transaction—

''(1) fails to file such return on or before the date prescribed therefor, or

''(2) files false or incomplete information with the Secretary with respect to such transaction,

such person shall pay a penalty with respect to such return in the amount determined under subsection (b).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the penalty imposed under subsection (a) with respect to any failure shall be $50,000.

''(2) LISTED TRANSACTIONS.—The penalty imposed under subsection (a) with respect to any listed transaction shall be an amount equal to the greater of—

''(A) $200,000, or

''(B) 50 percent of the gross income derived by such person with respect to aid, assistance, or advice which is provided with respect to the reportable transaction before the date the return including the transaction is filed under section 6111.

Subparagraph (B) shall be applied by substituting '75 percent' for '50 percent' in the case of an intentional failure or act described in subsection (a).

''(c) RESCISSION AUTHORITY.—The provisions of section 6707A(d) (relating to authority of Commissioner to rescind penalty) shall apply to any penalty imposed under this section.

''(d) REPORTABLE AND LISTED TRANSACTIONS.—The terms 'reportable transaction' and 'listed transaction' have the respective meanings given to such terms by section 6707A(c).''.

(b) CLERICAL AMENDMENT.—The item relating to section 6707 in the table of sections for part I of subchapter B of chapter 68 is amended by striking ''tax shelters'' and inserting ''reportable transactions''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns the due date for which is after the date of the enactment of this Act.

SEC. 519. MODIFICATION OF PENALTY FOR FAILURE TO MAINTAIN LISTS OF INVESTORS.

(a) IN GENERAL.—Subsection (a) of section 6708 is amended to read as follows:

''(a) IMPOSITION OF PENALTY.—

''(1) IN GENERAL.—If any person who is required to maintain a list under section 6112(a) fails to make such list available upon written request to the Secretary in accordance with section 6112(b)(1)(A) within 20 business days after the date of the Secretary's request, such person shall pay a penalty of $10,000 for each day of such failure after such 20th day.

''(2) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by paragraph (1) with respect to the failure on any day if such failure is due to reasonable cause.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 520. MODIFICATION OF ACTIONS TO ENJOIN CERTAIN CONDUCT RELATED TO TAX SHELTERS AND REPORTABLE TRANSACTIONS.

(a) IN GENERAL.—Section 7408 (relating to action to enjoin promoters of abusive tax shelters, etc.) is amended by redesignating

subsection (c) as subsection (d) and by striking subsections (a) and (b) and inserting the following new subsections:

''(a) AUTHORITY TO SEEK INJUNCTION.—A civil action in the name of the United States to enjoin any person from further engaging in specified conduct may be commenced at the request of the Secretary. Any action under this section shall be brought in the district court of the United States for the district in which such person resides, has his principal place of business, or has engaged in specified conduct. The court may exercise its jurisdiction over such action (as provided in section 7402(a)) separate and apart from any other action brought by the United States against such person.

''(b) ADJUDICATION AND DECREE.—In any action under subsection (a), if the court finds—

''(1) that the person has engaged in any specified conduct, and

''(2) that injunctive relief is appropriate to prevent recurrence of such conduct,

the court may enjoin such person from engaging in such conduct or in any other activity subject to penalty under this title.

''(c) SPECIFIED CONDUCT.—For purposes of this section, the term 'specified conduct' means any action, or failure to take action, subject to penalty under section 6700, 6701, 6707, or 6708.''

(b) CONFORMING AMENDMENTS.—

(1) The heading for section 7408 is amended to read as follows:

''SEC. 7408. ACTIONS TO ENJOIN SPECIFIED CONDUCT RELATED TO TAX SHELTERS AND REPORTABLE TRANSACTIONS.''

(2) The table of sections for subchapter A of chapter 67 is amended by striking the item relating to section 7408 and inserting the following new item:

''Sec. 7408. Actions to enjoin specified conduct related to tax shelters and reportable transactions.''

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on the day after the date of the enactment of this Act.

SEC. 521. UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY INCOME TAX RETURN PREPARER.

(a) STANDARDS CONFORMED TO TAXPAYER STANDARDS.—Section 6694(a) (relating to understatements due to unrealistic positions) is amended—

(1) by striking ''realistic possibility of being sustained on its merits'' in paragraph (1) and inserting ''reasonable belief that the tax treatment in such position was more likely than not the proper treatment'',

(2) by striking ''or was frivolous'' in paragraph (3) and inserting ''or there was no reasonable basis for the tax treatment of such position'', and

(3) by striking ''UNREALISTIC'' in the heading and inserting ''IMPROPER''.

(b) AMOUNT OF PENALTY.—Section 6694 is amended—

(1) by striking ''$250'' in subsection (a) and inserting ''$1,000'', and

(2) by striking ''$1,000'' in subsection (b) and inserting ''$5,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to documents prepared after the date of the enactment of this Act.

SEC. 522. PENALTY ON FAILURE TO REPORT INTERESTS IN FOREIGN FINANCIAL ACCOUNTS.

(a) IN GENERAL.—Section 5321(a)(5) of title 31, United States Code, is amended to read as follows:

''(5) FOREIGN FINANCIAL AGENCY TRANSACTION VIOLATION.—

''(A) PENALTY AUTHORIZED.—The Secretary of the Treasury may impose a civil money penalty on any person who violates, or causes any violation of, any provision of section 5314.

''(B) AMOUNT OF PENALTY.—

''(i) IN GENERAL.—Except as provided in subparagraph (C), the amount of any civil penalty imposed under subparagraph (A) shall not exceed $5,000.

''(ii) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under subparagraph (A) with respect to any violation if—

''(I) such violation was due to reasonable cause, and

''(II) the amount of the transaction or the balance in the account at the time of the transaction was properly reported.

''(C) WILLFUL VIOLATIONS.—In the case of any person willfully violating, or willfully causing any violation of, any provision of section 5314—

''(i) the maximum penalty under subparagraph (B)(i) shall be increased to the greater of—

''(I) $25,000, or

''(II) the amount (not exceeding $100,000) determined under subparagraph (D), and

''(ii) subparagraph (B)(ii) shall not apply.

''(D) AMOUNT.—The amount determined under this subparagraph is—

''(i) in the case of a violation involving a transaction, the amount of the transaction, or

''(ii) in the case of a violation involving a failure to report the existence of an account or any identifying information required to be provided with respect to an account, the balance in the account at the time of the violation.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to violations occurring after the date of the enactment of this Act.

SEC. 523. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

''SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

''(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of $5,000 if—

''(1) such person files what purports to be a return of a tax imposed by this title but which—

''(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

''(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

''(2) the conduct referred to in paragraph (1)—

''(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(B) reflects a desire to delay or impede the administration of Federal tax laws.

''(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

''(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of $5,000.

''(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

''(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term 'specified frivolous submission' means a specified submission if any portion of such submission—

''(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(ii) reflects a desire to delay or impede the administration of Federal tax laws.

''(B) SPECIFIED SUBMISSION.—The term 'specified submission' means—

''(i) a request for a hearing under—

''(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

''(II) section 6330 (relating to notice and opportunity for hearing before levy), and

''(ii) an application under—

''(I) section 6159 (relating to agreements for payment of tax liability in installments),

''(II) section 7122 (relating to compromises), or

''(III) section 7811 (relating to taxpayer assistance orders).

''(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

''(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

''(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

''(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.''

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

''(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking ''(A)'' and inserting ''(A)(i)'';

(B) by striking ''(B)'' and inserting ''(ii)'';

(C) by striking the period at the end of the first sentence and inserting ''; or''; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

''(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).''

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing''.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing'', and

(2) in subsection (c), by striking ''and (e)'' and inserting ''(e), and (g)''.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

''(e) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted

under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

''Sec. 6702. Frivolous tax submissions.''

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

SEC. 524. REGULATION OF INDIVIDUALS PRACTICING BEFORE THE DEPARTMENT OF TREASURY.

(a) CENSURE; IMPOSITION OF PENALTY.—

(1) IN GENERAL.—Section 330(b) of title 31, United States Code, is amended—

(A) by inserting '', or censure,'' after ''Department'', and

(B) by adding at the end the following new flush sentence:

''The Secretary may impose a monetary penalty on any representative described in the preceding sentence. If the representative was acting on behalf of an employer or any firm or other entity in connection with the conduct giving rise to such penalty, the Secretary may impose a monetary penalty on such employer, firm, or entity if it knew, or reasonably should have known, of such conduct. Such penalty shall not exceed the gross income derived (or to be derived) from the conduct giving rise to the penalty and may be in addition to, or in lieu of, any suspension, disbarment, or censure.''

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to actions taken after the date of the enactment of this Act.

(b) TAX SHELTER OPINIONS, ETC.—Section 330 of such title 31 is amended by adding at the end the following new subsection:

''(d) Nothing in this section or in any other provision of law shall be construed to limit the authority of the Secretary of the Treasury to impose standards applicable to the rendering of written advice with respect to any entity, transaction plan or arrangement, or other plan or arrangement, which is of a type which the Secretary determines as having a potential for tax avoidance or evasion.''

SEC. 525. PENALTY ON PROMOTERS OF TAX SHELTERS.

(a) PENALTY ON PROMOTING ABUSIVE TAX SHELTERS.—Section 6700(a) is amended by adding at the end the following new sentence: ''Notwithstanding the first sentence, if an activity with respect to which a penalty imposed under this subsection involves a statement described in paragraph (2)(A), the amount of the penalty shall be equal to 50 percent of the gross income derived (or to be derived) from such activity by the person on which the penalty is imposed.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to activities after the date of the enactment of this Act.

SEC. 526. STATUTE OF LIMITATIONS FOR TAXABLE YEARS FOR WHICH LISTED TRANSACTIONS NOT REPORTED.

(a) IN GENERAL.—Section 6501(e)(1) (relating to substantial omission of items for income taxes) is amended by adding at the end the following new subparagraph:

''(C) LISTED TRANSACTIONS.—If a taxpayer fails to include on any return or statement for any taxable year any information with respect to a listed transaction (as defined in section 6707A(c)(2)) which is required under section 6011 to be included with such return or statement, the tax for such taxable year may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time within 6 years after the time the return is filed. This subparagraph shall not apply to any taxable year if the time for assessment or beginning the proceeding in court has expired before the time a transaction is treated as a listed transaction under section 6011.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transactions after the date of the enactment of this Act in taxable years ending after such date.

SEC. 527. DENIAL OF DEDUCTION FOR INTEREST ON UNDERPAYMENTS ATTRIBUTABLE TO NONDISCLOSED REPORTABLE AND NONECONOMIC SUBSTANCE TRANSACTIONS.

(a) IN GENERAL.—Section 163 (relating to deduction for interest) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) INTEREST ON UNPAID TAXES ATTRIBUTABLE TO NONDISCLOSED REPORTABLE TRANSACTIONS AND NONECONOMIC SUBSTANCE TRANSACTIONS.—No deduction shall be allowed under this chapter for any interest paid or accrued under section 6601 on any underpayment of tax which is attributable to—

''(1) the portion of any reportable transaction understatement (as defined in section 6662A(b)) with respect to which the requirement of section 6664(d)(2)(A) is not met, or

''(2) any noneconomic substance transaction understatement (as defined in section 6662B(c)).''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act in taxable years ending after such date.

Subtitle B—Affirmation of Consolidated Return Regulation Authority

SEC. 531. AFFIRMATION OF CONSOLIDATED RETURN REGULATION AUTHORITY.

(a) IN GENERAL.—Section 1502 (relating to consolidated return regulations) is amended by adding at the end the following new sentence: ''In prescribing such regulations, the Secretary may prescribe rules applicable to corporations filing consolidated returns under section 1501 that are different from other provisions of this title that would apply if such corporations filed separate returns.''

(b) RESULT NOT OVERTURNED.—Notwithstanding subsection (a), the Internal Revenue Code of 1986 shall be construed by treating Treasury regulation §1.1502–20(c)(1)(iii) (as in effect on January 1, 2001) as being inapplicable to the type of factual situation in 255 F.3d 1357 (Fed. Cir. 2001).

(c) EFFECTIVE DATE.—The provisions of this section shall apply to taxable years beginning before, on, or after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to House Resolution 370, the gentleman from Maryland (Mr. CARDIN) and a Member opposed each will control 30 minutes.

The Chair recognizes the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this amendment adds two important provisions to the underlying legislation. As I mentioned during general debate, I support the underlying bill. I think a good compromise has been reached on some very important issues, including the elimination of the employment discrimination provisions and a compromise in regards to foundations' administrative costs. I think this bill will help nonprofit, faith-based organizations consistent with our tradition of church and State.

The two additions that my amendment adds are very important to this legislation. The Republican whip pointed out that this legislation has been developed among Democrats and Republicans in a bipartisan way and in cooperation with the other body, particularly Senator LIEBERMAN and Senator SANTORUM. All I ask is that the Members consider this amendment and vote on it by their convictions. Both provisions have bipartisan support.

The first provision adds an additional $1.1 billion to the next fiscal year for the social services block grant, taking it from $1.7 billion to $2.8 billion. This is not a novel concept. I see the gentlewoman from Connecticut (Mrs. JOHNSON) here who was very instrumental in the social services block grant program and in the welfare reform legislation. When we passed welfare reform in 1996, we reduced the social services block grant from $2.8 billion to $2.38 billion, but we also included in that legislation a commitment to our States that in 2003 we would reinstate the level at $2.8 billion. That is exactly what this amendment would do.

Number two, this amendment is consistent with the other body. They have already put the money in their reported bill. It puts us together with the other body at $2.8 billion for next year.

Now, what is the social services block grant? Why is it so relevant to the legislation that is before us? If we ask the faith-based groups as to what is the most important funding source for them to be able to do their work, they will tell us it is the social services block grant program. It provides funding for day care for low-income families, for offering counseling services to at-risk children, nutritional assistance to the elderly, and providing community-based care to the disabled.

I need not tell my colleagues the fiscal restraints that our States are currently confronting, with record deficits, and they are forced to cut these very programs that the social services block grant program helps them to fund. For my own State of Maryland, this amendment will mean $20 million; for the State of California, $132 million; for the State of Texas, $81 million; New York, $73 million; Florida, $63 million. If we take a look at our major faith-based institutions such as Catholic Charities, United Jewish Community, Lutheran Services, Salvation Army, in each one of those cases they rely in large part on government assistance to fund these community-based programs. For Catholic Charities it is over 650 percent; 62 percent of their support comes from governmental grants. The social services block grant program is key. This amendment allows us to live

up to our commitment that we made in 1996 to restore the level to what it was in 1996.

The second part of this amendment is for fiscal responsibility. I think there is not a person in this body who has not lamented the fact that we now have over $500 billion annual deficit that we are adding to the national debt, and that does not include the $87 billion the President has requested for Iraq and Afghanistan. We have a fiscal responsibility as legislators to make sure we do not add more to that national debt. That is why the other body reached out to find a revenue offset to the bill that they reported.

My amendment is not original. We have taken basically the provisions that were included in the other body to say that if you are doing a tax shelter you should not get the benefit. The courts are already doing that, and the revenues that it will generate will offset the revenues that are lost under this bill so that we do not add to the deficit.

Now, I have gotten some material this morning and I have listened to the debate as to why this would not be a good idea. I have heard that there was a sheet put out that said this was extremely controversial. I then listened to why it was extremely controversial, considering it received 95 votes in the other body. The first reason that my colleague said is that it would be administratively difficult. Well, this is currently being done by the courts on a case-by-case basis. We have a responsibility as the legislature to clarify this law. We should not be doing tax policy in our courts. That is our responsibility.

I have not heard one complaint against the fact that tax shelters should be outlawed and there should be penalties for tax shelters. This bill deals with it in a responsible way.

The second point I have heard is that it is retroactive. Now, let me tell my colleagues, the date in this bill is what we have done by tradition in this body since I have been here and well before that. When a bill is noted by a committee, they use that as the effective date, and that is exactly what is in the bill that was reported by the other body. We incorporate that same date. Now, if that is retroactivity, the other side has been guilty of it many, many times. So let us be at least straightforward in the debate. Let people vote their convictions. We should pay for the bill and we should provide help to the faith-based organizations in our States through the social services block grant that many of us have supported in the past.

Mr. Speaker, I urge my colleagues to support the amendment.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMAS. Mr. Speaker, I rise in opposition to the substitute, I claim the time in opposition, and I yield myself such time as I may consume.

Mr. Speaker, perhaps I should address the gentleman from Maryland's last point first. This is not about the date of enactment. Pick any date one wants. What normally happens is that if we now say something that was legitimate is no longer legitimate, we do it on what we say is a prospective basis. From now on, you are put on notice; you cannot do this any more. That is not what his amendment, or his substitute, says.

What his substitute says is that it is applicable to taxable years beginning before, on, or after the date of enactment. It is not the date of enactment that we are concerned about; it is the fact that if this language is adopted in the substitute it means that when it does become effective, behavior that has already taken place, which was legitimate at the time that it took place, is now no longer allowed. That is called retroactive. As a matter of fact, if it were in the area of criminal law, it would be unconstitutional. But since it is in the area of civil law, it may be immoral, it may be unfair, it may be wrong, but the government can do that.

I personally think in the area of tax law, we should never have a retroactive procedure. It is one of the primary reasons I voted against the 1986 tax bill. It had a number of retroactive provisions.

How in the world are citizens supposed to trust the actions of government if when they conduct perhaps an irrevocable decision of a financial nature under the Tax Code, the time at which it was carried out was legal, several years later the Congress says it is no longer permissible, and we can go back and deal with it retroactively? How more fundamentally unfair can government be than that?

That is what is in here. It is not over the date; it is over what happens when the date becomes effective. Prospectively, we can go to the substance of what the amendment contains, which is unacceptable, but the fact that it can reach back and deal negatively with behavior which was acceptable at the time that it was carried out on its face should be rejected.

In addition to that, there is much discussion about how we need to make sure that these various lifesavers are available to the States in carrying out very useful and needed purposes dealing with those individuals who are in need. So if we are talking about lifesavers, the question is this: are we talking about lifesavers or are we talking about orange lifesavers, or perhaps cherry lifesavers, or perhaps lime lifesavers? I think we have to really visit what we have done in this year alone.

In the tax bill, we have already passed at the insistence of the Senate a tax bill which contains $20 billion of gifts distributed to the States. Half of it, $10 billion, was to go to Medicaid. The other half, $10 billion, was totally flexible. It is available for social services block grants or any other services that States might want to use it for within their jurisdiction. They got $5 billion of it in July, they are getting another $5 billion this month.

But in addition to that, earlier money that we had provided, almost $6 billion, is still unspent in Federal TANF money that is available for welfare, child care, other social services. And to make sure that it would be available and could be used, we did not limit ourselves to the modest percentage under the appropriations bill, we passed a welfare bill that said you get the full 10 percent. The welfare bill may hit rocky shoals in the Senate; we are providing it here again. Not a 4 percent, not a 5 percent, but a full 10 percent transfer capability. If, in fact, what we are now doing is not arguing that the States need lifesavers, they want a particular flavor of lifesaver; Members have to ask themselves is it really something that we need to do when there is more than enough money in the system, transferability is not a question; it is just that they want a particular flavor of lifesaver their way. And, if, in fact, they are going to fund it under a structure which reaches back and penalizes taxpayers when at the time they conducted the behavior it was legal, I would say, boy, that is overreaching, especially when the underlying bill, the key part that we are looking at, not welfare payments or social services block grants, but the charitable giving which is at the heart of the bill, is the same in both bills.

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The stuff they are adding is really beyond the narrow focus of what this bill is all about and that is charitable giving.

So for all those reasons, I would urge Members, notwithstanding the appeals that are going to be made to tell you that there is more than enough money in the system, underscoring more than $6 billion in TANF money that still has not been spent by the States available to be transferred for the very purposes, they argue they want to force more money on the States.

Mr. Speaker, I reserve the balance of the time, and I ask unanimous consent that the remainder of my time be controlled by the gentleman from Missouri (Mr. BLUNT), the cosponsor of the underlying bill.

The SPEAKER pro tempore (Mr. WHITFIELD). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CARDIN. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, I will yield to the gentleman for purposes of a colloquy on my time.

Mr. Speaker, I am sure the gentleman intended no deceit of the House in complaining of one of the 16 effective dates listed in the bill, the only one of the 16 that has a date that is retroactive; isn't that correct?

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. DOGGETT. I yield to the gentleman from California.

Mr. THOMAS. Mr. Speaker, is the gentleman referring to the effective date on page 76 of his substitute?

Mr. DOGGETT. There are effective dates throughout the bill. There is one effective date that applies on February 13 of this year. They are all specific dates on transactions this year with the exception of the last one, which is totally retroactive. The very last one on page 121 is totally retroactive and copies, as I understand it, verbatim language that the gentleman from California (Mr. THOMAS) introduced last year in his international tax bill. It was not, apparently, ''fundamentally unfair'' last year when you introduced it.

There is one thing that is consistent because whether it is retroactive, prospective, past, present or future, the indifference of the Committee on Ways and Means to corporate tax abuse is consistent.

Mr. THOMAS. Might I respond or was the gentleman simply making a statement while the gentleman from California stood? The gentleman indicated in his opening statement that he would yield time for colloquy.

Mr. CARDIN. Mr. Speaker, I believe I control the time.

The SPEAKER pro tempore. The gentleman from Maryland (Mr. CARDIN) controls the time.

Mr. CARDIN. Mr. Speaker, I have no objection to the gentleman from California (Mr. THOMAS) getting time from the gentleman from Missouri (Mr. BLUNT) to respond.

Mr. THOMAS. I tell the gentleman that the gentleman from Texas (Mr. DOGGETT) rose and said he would yield to me on his time. That tells you about the way they operate.

Mr. CARDIN. Mr. Speaker, I yield myself 30 seconds.

To clarify some of the points that my chairman made, when he referred to the States having all this TANF money that is left over, let me point out that the States are currently spending more money every year in TANF funds than they currently receive and that they have obligated almost all of their money. The 10 percent transfer authority has been approved every year. That is nothing new. So when he mentions these issues I think we need to clarify that. And on the effective dates we are following the tradition of this House under Republican leadership. There is really nothing new this year.

Mr. Speaker, I yield 4 minutes to the gentleman from Michigan (Mr. LEVIN).

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, I want to review the history of this block grant. I am sorry that tempers have been lost.

I really think we need to spend a few minutes looking at the history of this block grant because what happened was this: It was $2.8 billion before welfare reform, and then we reduced it as part of a welfare reform. Many of us were unhappy about that, those of us who were able eventually to be able to improve welfare reform with child care and also with health care. The promise then was made that this money would be returned to the States after 5 years. Then a few years later it was reduced to $1.7 billion.

Money was taken from this block grant to pay for transportation, totally unrelated. So we have a commitment to the States to return the money for this block grant, money that goes for child abuse prevention, Meals on Wheels, home care for the disabled, child care, adoption services and domestic violence programs. The Senate has done this. And now apparently the leadership on the Republican side is urging everybody within your ranks to march once again in unison in opposition to the gentleman from Maryland's (Mr. CARDIN) proposal.

That is inconsistent with what we have pledged, inconsistent with the bill that the gentlewoman from Connecticut (Mrs. JOHNSON) and I and others have introduced year after year, inconsistent with the position taken by a majority of the Republicans on the Committee on Ways and Means.

So why are you today again not fulfilling a promise that you essentially made? Oh, the argument is there is money in TANF. The gentleman from Maryland (Mr. CARDIN) has already answered that. What is happening in TANF now is that more is being spent than is being provided. It is not a good excuse.

The excuse is given, well, we provided billions to the States recently. They needed this money, not for the block grant but for other purposes. So I urge support for the Cardin amendment for these important purposes; and I close with this in terms of fiscal responsibility. Look, we try to pay for this. You are digging a deeper hole.

If you do not like everything that is in the Cardin proposal, come up with your own. But you insist time after time bringing up bills that cost billions of dollars, and you have sunset the provision for the deductions for those who do not itemize. You know that sunset will never be allowed to persist. We are not going to take away from deductions from nonitemizers after 2 years. You know that. So this bill is really going to cost $20 billion more or less, and the Democrats have said we will step up to the plate and we will be fiscally responsible. And you as part of the leadership are again asking the Republicans to march in lockstep against fiscal responsibility.

You should be in support of this bill, in support of the Cardin amendment.

Mr. BLUNT. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I am very pleased that the underlying parts of the Cardin substitute is of course the bill that we have on the floor today. The bill is provided for in the budget document we voted on some time ago. This is well within the amount that we had set aside for tax reduction. But this tax reduction multiplies many times the good things that are done for people with the money spent and the good things are done for society when you encourage people to give their money to others, to help others.

Mr. Speaker, I yield 1½ minutes to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Speaker, I rise today in opposition to the substitute amendment and in strong support of the underlying legislation which will help provide necessary relief for our Nation's charities.

Our tax code should encourage, not hinder individuals from giving generously to organizations to help people in need.

In the wake of September 11, more Americans than ever answered the call to help a neighbor in need even while many were facing financial hardships on their own.

Americans are a generous people. Our laws should help people to keep more of their money so they can invest it in charitable organizations that reflect their values. But we also need to take practical steps to help make it easier for individuals and corporations to give, and this legislation accomplishes this goal by helping nonitemizers to deduct charitable contributions, by raising the cap on corporate charitable contributions and allowing people to donate their individual retirement accounts to charity tax free.

I am also pleased the underlying bill includes the reauthorization of a program that allows low income working Americans the opportunity to build assets through matched savings accounts, known as Individual Development Accounts, to purchase a home, expand educational opportunity, or start a small business. IDAs have been very effective in Pennsylvania and other States in helping lower income individuals to access the American dream.

The underlying bill is a good bill and I urge my colleague to oppose the substitute amendment and support the bill.

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, I support this substitute. We have the largest deficit in American history which just 2 years ago was the largest surplus in American history, and we ought to do something about it, and this substitute helps pay for the cost of this bill.

Let me just say that I think, Mr. Speaker, the Republican leadership in this House has very misplaced priorities. I think the American people would agree with me.

If you in America this year make $1 million sitting safely at home here in the continental United States in dividend income, you will get a $230,000 tax break. But under this bill the Republican leadership would say to servicemen and women serving in Iraq and to

their families that if you are killed in Iraq this year and in service to your country and if Congress happens to increase deaths benefits to your family, to your widow, then we want to tax those benefits.

The bill on the other side of this Capitol did not do that. I am puzzled and perplexed and, frankly, deeply disappointed and somewhat angered that the Republican leadership would be willing to give a $230,000 tax break to somebody making $1 million a year in dividend income, but they want to have higher taxes on death benefits for servicemen and women who might be killed in Iraq.

Secondly, those same folks who want to give that huge tax break, $230,000 worth, to someone sitting here safely in the U.S., actually wants to put a cap on the amount of money that can be deducted for tax purposes for National Guardsmen and Reservists, the costs that they incur trying to serve their country as they travel to and from places where our Nation has asked them to travel to, they will only be able to deduct $1,500 in taxes under this bill, according to the Republican leadership.

Now, Mr. Speaker, we are at war today, a war on terrorism, and I think it sends a horrible message to our servicemen and women in harm's way today that if you are in the Guard or Reserves we will be stingy on letting you get tax benefits to cover your cost of serving the country, but let us help those folks making $1 million a year on dividend income.

Mr. BLUNT. Mr. Speaker, I am sure the gentleman knows we sent that legislation to the Senate already.

Mr. Speaker, I yield 2½ minutes to the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON from Connecticut. Mr. Speaker, I thank the gentleman for yielding me time.

This is a very important bill that we are considering today. It allows people to contribute more to their local United Way agencies, their local YWCAs, their local church programs, that it can be very effectively focused on serving the families and individuals, meeting the needs of people in their own community. That is what is so wonderful about charitable giving. So this is an important bill that we need to move forward.

I am a very strong advocate of the social services block grant. I am glad in this bill we do reaffirm by law that States will have the right to transfer 10 percent of their TANF money to other purposes. Now, in the appropriations bill earlier this year, we dropped that to 5 percent. So it is significant that we beef that back up in this law and the States do routinely use this transfer capability to better fund whatever programs they think are important to them. And for many States this is the way they use all of their TANF money and for many States they actually do not use all of their TANF money.

There are some that use all of their TANF money and this social services block grant expansion is extremely important for that reason. On the other hand, the Senate bill does have an expansion in it and in conference we will be able to work on that. The problem with this bill is that it moves forward on an issue that we need to move forward in conference on, but it does it by adopting a pay-for that is real an unwise pay-for.

The provisions in this bill that try to deal with tax shelters would put forward a whole new concept as one of its tests, the concept of a risk-free rate of return. Now, we have had trouble implementing the tax shelter law. The States at first interpreted some of the provisions of that law in varied ways. They are now moving toward consistent interpretation. We are now moving toward consistency in the courts, and so this is a particularly bad time to now change the law, putting in a concept that has had no judicial interpretation and is not in and of itself clear; that is, the concept of a risk-free rate of return.

□ 1345

In addition, our own Assistant Secretary of the Treasury, Pam Olson, has stated that codifying the economic substance doctrine could be counterproductive and would drive tax shelters further underground.

We have a solution to this problem in the American Jobs Creation Act, H.R. 2896, and I urge the body to solve this problem at that time and oppose the motion to recommit.

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

Let me just point out to my friend from Connecticut that the transfer authority will have no impact on her State since her State's obligated all of their TANF funds.

Let me point out to my friend from Missouri (Mr. BLUNT), if we want to do something for the military, the bill is sitting at the desk from the other body. We could take it up and get it done before we leave here this afternoon.

Mr. Speaker, I am pleased to yield 2½ minutes to the gentleman from Massachusetts (Mr. TIERNEY).

Mr. TIERNEY. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise today to add a word of caution to my colleagues about this legislation and to support the Democratic substitute. Everybody in this body supposedly supports charities and the important work that they do.

At the same time, however, the Federal Government is currently projected to run the largest deficits in history. The need for assistance in education and health care and housing among low and moderate income Americans is great, and unfortunately, there is little evidence that this bill is going to do anything to address those needs. I fear that larger deficits are going to occur and the result of this bill is going to serve as an excuse to cut programs already inadequately funded.

At a minimum, this bill should contain an offset. In analysis of a similar bill that is in the Senate, the Congressional Research Service report estimated that the charitable deduction for nonitemizers would yield only 12 cents of additional giving for every dollar of revenue lost to the Treasury, 12 cents. CRS concluded that the vast majority of the cost of the deduction would go to subsidizing existing donations rather than generating new gifts.

The charitable donations generated by this bill will support many good causes, but that same Budget and Policy Priorities report indicated that no more than 10 percent of all charitable giving will directly benefit the poor. The largest recipient of the funds by far would be religious institutions, and while religious giving is commendable, the Center for Budget and Policy Priorities also reported that only 6 percent of donations to religious institutions end up in services to the poor.

My point is that this bill proposes to reduce Federal revenues by $13 billion over the next 10 years. Yet only a few cents of each dollar will actually translate into charitable works to help the neediest Americans. Given the projected $500 billion deficit next year and well over $3.3 trillion debt over the next 10 years, I think colleagues need to decide whether or not this is the best way to spend $13 billion rare dollars.

This country has tremendous needs. America's charities can obviously help, but it is unrealistic to think that America's charities are going to feed the hungry, house the homeless and heal the sick left behind by this Congress. No Child Left Behind, underfunded by $8 billion; housing assistance that served 20,000 less families for the first time in 30 years; Head Start only serves 60 percent of the children who need it and only 3 percent of the children who need early Head Start; and Americans without health care number 42 million.

We are in a tough fiscal time, Mr. Speaker, as a result of the failed economic policies of this administration. The need is great. We have to decide if this is the best way to spend $13 billion.

Mr. BLUNT. Mr. Speaker, I yield 2½ minutes to the gentleman from California (Mr. HERGER), a member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, I respectfully oppose the substitute to H.R. 7 offered by the gentleman from Maryland (Mr. CARDIN). I oppose the tax increases included in the substitute. As the Subcommittee on Human Resources chairman, I also oppose increased funding in the substitute for the Social Services Block Grant.

First, such funding is really a welfare, not a charitable giving, issue. In the House welfare reform bill passed in February, we continued record welfare

funding despite 50 percent caseload decline since 1996. We even proposed more than $2 billion in increased funds for child care to support more parents in work and other activities. We already have proposed increased funding for welfare and related benefits in our welfare bill.

Second, Members will recall we just gave States $20 billion in May in the jobs and growth tax relief bill. Of that, $10 billion can be spent however States choose, including for social services.

Third, last week the General Accounting Office reported that States have $5.6 billion in unspent welfare funds today.

Mr. Speaker, this Congress has been very generous in terms of funding, including for the very types of services my good friend from Maryland (Mr. CARDIN) addresses as part of the welfare reform bill.

One final point, we know many are insisting on more funds in exchange for continued welfare reforms. Providing more funds without achieving such reforms would inadvertently undermine the potential for getting a welfare reform deal done this year. We should resist anything that does that.

I urge opposition to the substitute and support for the underlying bill.

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

I am curious why my friend from California points out that the Social Services Block Grant is not part of this legislation, even though all the faith-based nonprofit groups say it is very important to them, why the underlying bill provides transfer authority to the Social Services Block Grant from TANF if it is not relevant to this legislation. Maybe the gentleman from California will try to answer that.

Mr. Speaker, I yield 2½ minutes to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Mr. Speaker, I thank my good friend for yielding time to me.

I rise today in support of the substitute to H.R. 7. This bill permits taxpayers who do not itemize deductions on their tax returns to deduct up to $250 in charitable donations, which is a good thing. It permits tax-free charitable contributions from IRAs, another good thing to do. It increases the amount corporations may contribute to charity, a good thing to do, and it reduces the administrative expenses that foundations may count towards a required charitable contribution, a good thing to do. This bill also cuts in half the current excise tax on foundations' investment, a good thing to do.

Charitable organizations provide life-enhancing programs that Oregonians and Americans would otherwise do without: soup kitchens, food pantries, health care clinics, domestic violence shelters. The list is endless. These organizations make the lives of millions of Americans a little better and a little easier. This bill helps charities carry out their missions.

It lessens the tax burden on charitable trusts, will allow more money to be focused on helping people. Providing tax incentives to individuals and corporations will encourage giving to charity. These are both great and noble goals.

However, these tax incentives come at a cost, and given the current budget outlook, Congress should show fiscal responsibility by passing a bill with an offset provision for the cost. This substitute does that by simply stopping abusive tax shelter schemes. So we get two good things out of this.

First of all, we are going to close loopholes in the current tax law, and we are going to give charitable organizations incentives, and we can make this a revenue-neutral bill by doing both of those. At a time when our budget deficit is out of control, this offset provision is imperative.

The Democratic substitute allows us to encourage charitable giving and stop tax shelter schemes at the same time. Both good things to do.

I urge my colleagues to vote yes to help charitable organizations and yes to stopping abusive tax shelters.

Mr. BLUNT. Mr. Speaker, I yield 1½ minutes to the gentleman from South Carolina (Mr. WILSON), my colleague and assistant whip.

Mr. WILSON of South Carolina. Mr. Speaker, I thank the gentleman very much for yielding me the time.

Mr. Speaker, as a long-time volunteer for charitable organizations, I rise in opposition to this amendment and encourage all of my colleagues to vote no.

The proper level of Social Services Block Grant funding is a welfare reform question, not a charitable giving issue. The House-passed welfare bill holds SSBG funding constant at $1.7 billion but allows States to transfer up to 10 percent of annual Federal Temporary Assistance for Needy Families, TANF, funds to the SSBG.

This same 10 percent transfer provision has been included in H.R. 7. Adding more funds for the SSBG will make welfare reauthorization, as indicated by the gentleman from California (Mr. HERGER), even less unlikely by providing more funds without updating work requirements.

GAO estimates States today have almost $6 billion in unspent Federal TANF funds available for welfare, child care, and other social services. The 1996 welfare reform law has already resulted in more SSBG spending.

I strongly support the underlying bill, H.R. 7, and want to thank the gentleman from Missouri (Mr. BLUNT), our majority whip, for his leadership on this critical issue. This bill gets to the heart of what it means to be an American. We are a compassionate Nation where neighbors look out for one another. This bill helps institutions that have been historically successful in helping the less fortunate and encourages all Americans to increase their charitable giving.

H.R. 7 is an important bill for America we should pass without this amendment. I urge my colleagues to support H.R. 7 and vote no on the amendment.

Mr. CARDIN. Mr. Speaker, may I inquire as to the time that remains?

The SPEAKER pro tempore (Mr. WHITFIELD). The gentleman from Maryland (Mr. CARDIN) has 10½ minutes remaining. The gentleman from Missouri (Mr. BLUNT) has 15 minutes remaining.

Mr. CARDIN. Mr. Speaker, I reserve the balance of our time.

Mr. BLUNT. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. WELDON).

Mr. WELDON of Florida. Mr. Speaker, I thank the distinguished majority whip for recognizing me, and it is a real pleasure for me to be able to rise and speak in support of the underlying bill and against the substitute.

One of the things that I have learned over and over again as I traveled around my congressional district, and indeed throughout the State of Florida and within the United States, and that is that some of the greatest work helping the needy and the unfortunate in our Nation, and indeed throughout the history of our Nation, has always been performed by a whole host of different charitable groups, the most significant of which, of course, is religious groups, but many nonreligious groups or groups with very loose religious affiliations.

I think one of the most important provisions in our tax law, which has been the ability to tax deduct charitable donations, has encouraged a lot of people. It has encouraged me to give and to give generously, and I think it has helped strengthen our Nation, make our Nation a better place and extending one of the provisions of this bill, and that is one of the main things I rise and speak in support of, extending that provision to nonitemizers I think is something actually long overdue.

Regarding the issue that is under debate in the substitute regarding the Social Services Block Grant, while indeed this may be a very worthwhile issue, as I understand it we are increasing the funding in this in the underlying appropriation and to tack on an additional amount of this magnitude I think is, at this time, unnecessary and inappropriate, and therefore, I would strongly encourage all of my colleagues on both sides of the aisle to vote no on the substitute and vote yes on the underlying bill.

Mr. CARDIN. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, I thank the gentleman for yielding me the time.

I believe there are three very important issues in this debate. First, the gentleman from Maryland (Mr. CARDIN) has proposed a bipartisan initiative to complement the good intention of the sponsors of this measure to help children, especially abused children, in the

State of Texas. This proposal was good enough for every one of our Republican colleagues across the Capitol to support as a part of this bill. It was in the bill when it came from the Senate, and it is being stripped out today in a way that I think is indifferent to the needs of many children and many others who the sponsors of this bill say they want to help.

The second issue is: is the bill good enough to be paid for? When this bill arrived from the Senate it was paid for. It was a fiscally-responsible bill, and that responsibility has also now been stripped from the bill. How will our children and our grandchildren pay for the debt to which this bill contributes, piled upon, more debt atop even more debt? Our Nation is headed in the direction of the economic disaster of Argentina. We are mortgaging our prosperity—leaving our children and our grandchildren the hope of holding out a tin cup and begging for charity themselves to pay off this National debt unless we pay now for proposals like this.

□ 1400

Mr. Speaker, that is why the bipartisan sponsor of this measure, the gentleman from Tennessee (Mr. FORD), says he is ready to pay for it. That is why Mr. J.C. Watts, the Republican sponsor of this measure in the last Congress, told our committee he was willing to pay for it. Why do today's Republican sponsors of this bill not put their money where their mouth is? If they are so concerned about charity, how about financing this bill instead of shifting more of the burden to future generations?

And the third equally important issue: we can pay for this and at the same time correct a gross injustice in our tax system.

In 1999 an Austin constituent drew my attention to Forbes magazine. It prouldly bears the title proudly ''The Capitalist Tool,'' and it published this cover story, ''Tax Shelter Hustlers, Respectable Accountants Are Peddling Dicey Tax Loopholes.''

In 1999 after I introduced legislation and we had a hearing great sympathy was expressed by the Republican members of the Committee on Ways and Means, but no action. Absolutely nothing was done about a problem that one Texas multinational told my office was receiving at one point a cold call every day trying to con them into these abusive corporate tax shelters. It had become an industry for major accounting firms like Arthur Andersen to engage in promoting these corporate tax shelters.

With the passage of several additional years and one corporate scandal after another, still no remedial action in the House, there has been some hope that this problem might be addressed because this year, not in a Democratic bill, but in the tax bill that President Bush offered, the Republican Members of the Senate added essentially the same tax shelter language that the gentleman from Maryland (Mr. CARDIN) and I are offering today in that tax bill. The Republican Senate passed it overwhelmingly. Yet it was stripped out by the same House Committee on Ways and Means that has consistenly turned a blind eye to this abuse since at least 1999.

So the Senate put it in again in this charitable giving bill to pay for it—to be fiscally responsible. They sent legislative language over here similar to that the gentleman from Maryland (Mr. CARDIN) and I are proposing, and today we hear Republican colleagues in the House tell us that although it was good enough for all of the Senate Republicans it is not good enough for us. ''We think it is difficult.'' ''We think it is challenging.'' ''We think it is confusing.''

Well, it is not ''confusing'' to anyone other than to those who are the so-called respectable accountants, who choose to use challenging, confusing tax gimmicks so their well-healed clients can avoid paying their fair share of taxes. This unfairly doged ''fair share of taxes'' is believed to run as high as $10 billion a year. When one of those corporations does not pay its fair share, the rest of us have to pay the difference and this is wrong. We can correct this abuse today in the same way that the Republican Senate corrected it, and on behalf of all honest taxpayers, I hope we will.

Mr. BLUNT. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a member of the Committee on Ways and Means and a leader on this issue.

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, it is disconcerting when someone from the other side tries to tell us we are not taking care of problems when we are. Members will find that what was just stated was taken care of in a different bill. But I rise to support the basic bill, H.R. 7.

It contains a provision to permit restaurant owners to deduct cost of food donated to hunger relief charities. The United States Department of Agriculture estimates that 96 billion pounds of edible food are wasted and dumped in landfills each year. If even 1 percent of that food was redirected from landfills to local charities, it will significantly reduce the number of people who have a difficult time getting food on their table. We are talking about wholesome and nutritious food that is left over at grocery stores and restaurants, and even those trays of foods that are left at the end of the night at receptions that we all attend. It is a shame for that food to go to waste.

With the tax incentives included in this bill, companies will have an added incentive to make sure that this food goes to a good cause, the hungry. I also want to talk about the provisions in the bill that help foundations. I work with many of the Texas-based foundations to make sure this bill does the good it is supposed to do without harming foundations like the Meadows Foundation in Dallas, which has allocated $25 million for grants for 2003, including a $3 million emergency loan fund available to assist agencies that are facing crises. That is a lot of money from one foundation. I am glad to say the money pretty much stays in the State of Texas.

One of my favorite projects of the Meadows Foundation is the Wilson District, which is a nonprofit community established by the foundation in 1981 to restore and preserve some of the last Victorian structures in Dallas. Its mission is to provide rent-free office space. We need to pass this bill and help our foundations and our charities.

I also want to talk about the provisions in this bill that help foundations. I worked with many of the Texas-based foundations to make sure that this bill does the good it is supposed to do without harming foundations like the Meadows Foundation based in Dallas.

The Meadows Foundation has allocated $25 million toward grants for the year 2003, including a $3 million emergency loan fund available to assist those agencies that are facing crisis situations.

This is a lot of money from one foundation and I'm glad to say that the money pretty much stays in Texas.

One of my favorite projects of the Meadows Foundation is the Wilson district.

It is a nonprofit community established by the foundation in 1981 to restore and preserve some of the last Victorian structures in Dallas but its mission is to provide rent-free office space to nonprofit charitable organizations.

Groups like the Greater Dallas Community of Churches, the Suicide and Crisis Center, the United Negro College Fund, the Center for Housing Resources, and Dallas Reads are all able to have office space that lets them focus on the good and charitable works they do without having to worry about the rent, the light bill or other office space concerns.

It is this direct charitable work by foundations that I felt needed to be protected in this bill.

I thank Chairman THOMAS and the majority whip for working to be sure that necessary changes were made to this bill.

Mr. BLUNT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me say, as we look at this substitute again, that this is a substitute that really encompasses the bill and that suggests we add other things to the bill that I think can be better handled in other pieces of legislation.

The effort to work with the Treasury Department and the administration on tax shelters is in a bill which should be before the committee at any time.

The social services block grant, I think, better fits another bill.

This is a bill about charitable giving. It is a tax bill. We specifically eliminated the things about program delivery from a similar bill that the House passed last year because we wanted to focus on charitable giving. We did not want to focus on other programs. We

wanted our focus to be on those things that changed the character of our communities because they encouraged people to assist others in their community.

The House passed bills that really give the States $20 billion already, $10 billion is for Medicare costs, and $10 billion is totally flexible to the States. There is another $9 billion that is available to the States because of unspent TANF funds and welfare reform funds. That is $19 billion States could spend for these purposes.

This bill is well within the amount of money we set aside this year in the budget, which I think all of the proponents of the substitute probably also oppose the budget; but the budget did pass, and it set aside money for tax relief. This is tax relief that does not just cost the Federal Government money, but it truly does encourage people to invest their money in the things they care about, in the charities they care about, in the communities they care about, in the individuals and families they care about that are assisted there. That is what this bill is about.

This bill is not about trying to codify some very technical tax policy retroactive or not that, as I understand it, not being a member of the Committee on Ways and Means, as I understand the tax policy, would suggest that it is interpreted differently in almost every circuit of the country, you cannot invest money or spend money if you are a business that you would not invest in if the Tax Code did not exist.

Most businesses wish the Tax Code did not exist, but it does exist and it does affect the bottom line. It does affect decisionmaking. How many Americans would buy a home if there was no Tax Code incentive to buy that home?

Do we want to say we cannot make any decisions in the country, make it illegal to make any decisions in the country based on tax policy? How many decisions are made by Americans every single day based upon the tax policy of the country? This is a very complicated thing. It does not belong on this bill.

Mr. Speaker, I ask unanimous consent to yield the balance of my time to the gentleman from Texas (Mr. SAM JOHNSON), and that as a member of the Committee on Ways and Means, he may control that time.

The SPEAKER pro tempore (Mr. TERRY). Is there objection to the request of the gentleman from Missouri that the gentleman from Texas control the balance of the time and be given the right to close debate?

There was no objection.

Mr. CARDIN. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, I support the substitute because I think we ought to be sensitive about the largest deficit in American history. I would also like to go back to something mentioned that the gentleman from Missouri (Mr. BLUNT) responded to. I said I have a concern about this bill. It limits the amount of money that National Guardsmen and Reservists can charge off as tax deductions when they have expenses serving their country, such as going overnight to their local reserve location.

I also object to the fact that this bill will actually provide increased taxes on military death benefits if we increase those benefits, for example, for our Iraqi troops today.

The gentleman from Missouri (Mr. BLUNT) responded by saying that bill we have sent to the Senate. I would like to clarify the rest of that story. That bill, to my knowledge, is sitting at the Speaker's desk today, and it has been sitting there since March. I would be happy to yield to the gentleman if he would be willing to work on a unanimous consent basis to bring that bill from the Speaker's desk today, and before we leave because of the impending rain, we could actually provide increased tax benefits to our servicemen and -women. If the gentleman would agree to a unanimous consent request, we could do it that way; or the Republican leadership can vote for our motion to recommit, which would provide those increased military benefits today.

What bothers me is the reason that bill is being held up there is it seems some in the Republican leadership have more interest in tax breaks for people who renounce their citizenship than in tax benefits to Guardsmen and Reservists and men and women serving very patriotically and at great risk to their lives in Iraq and Afghanistan today. I do not think that reflects the values of the American people.

Mr. CARDIN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, in closing, first let me reiterate what I said earlier. I support the underlying bill. I think the gentleman from Missouri (Mr. BLUNT) and the gentleman from Tennessee (Mr. FORD) have done an excellent job in bringing forth an excellent bill, and I compliment them for that.

I noticed that many of the speakers on the opposition side of my amendment were speaking in support of the underlying bill which I support and which is incorporated in the amendment that I offer. I want to make it clear if Members support the underlying bill, they can certainly support this amendment, as the gentleman from Tennessee (Mr. FORD) supports this amendment.

So let me deal with the points which have been made in opposition to this amendment. I hope Members will take this into consideration when voting on the amendment.

First, the issue of relevancy has been waged as to why the social services block grant is included in this underlying bill. As pointed out, the underlying bill includes the TANF legislation giving authorization for the transfer of social services block grants. If it is relevant for the body of the bill, it is certainly relevant for our amendment.

Secondly, if we ask the charitable groups as to what will help them the most in carrying out the social functions that we want them to do, they all support the increasing of the social services block grant. The next issue which has been raised is do the States really need this and are the funds really necessary? After all, we have TANF reserves.

As I pointed out, the States are spending more every year in TANF funds than they are receiving from the Federal Government. They are running deficits right now.

□ 1415

In regards to the multiyear authorization, almost all those funds have been committed. If you look at the deficits our States are currently confronting in their budgets, it is just intuitive that we know they need the money. Lastly, this was a commitment we made when we passed welfare reform, that we would restore the social services block grant funds in 2003. Congress should live up to its commitment. They should adopt that amendment.

Then I hear criticisms about the offset. I hear that it is going to be hard to enforce. It is our responsibility to clarify the law. Currently it is being implemented by the court on a case-by-case basis. That is certainly not in the best interest of tax policy. It is our responsibility to do that. The way that we have drafted this in regards to effective dates, et cetera, is consistent with the prior policy of this body in passing tax legislation. We frequently note dates and that is exactly what the other body did. This is very consistent.

Then lastly, Mr. Speaker, I have heard just about every Member lament the fact that we are adding to the national debt and we have to do something about it, that we have to exercise fiscal restraint. When are we going to do it? Here is an easy one, my colleagues. This is an easy one. Closing a loophole that if you ask any tax accountant or tax attorney, they will tell you it is the right thing to do. Shelters do not help our economy. That is why the courts are taking it on when we should be taking it on and that is why the other body passed it in their legislation. It is time for us to stand up to our responsibility, to do the right thing. This is a bipartisan bill. Both of these recommendations have been brought forward with bipartisan support, both the increase in the social services block grant and the funding mechanism. It passed the other body by a vote of 95 to 5.

The last point I make, Mr. Speaker, is that we have a lot of work to do between now and adjournment. The more work we put in conference, the less likely it is going to come out of conference. Here is our chance to really make it likely that we could enact a bill that is going to help our charitable groups by moving closer to the other body consistent with the policy of this

body, consistent with both Democrats and Republicans. I urge my colleagues to continue the tradition of this legislation which has moved in a bipartisan manner and look at this amendment objectively. I hope you will vote with me. Vote your conscience. Vote in support of the Cardin amendment.

Mr. Speaker, I yield back the balance of my time.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

It is impossible for me to figure out why we need an amendment when this bill passed the Committee on Ways and Means unanimously. Our country's charities are facing a crunch. This bill is targeted for all charities. So it does not need amending. This is a tax cut with a punch and it will spur investment in organizations that make a difference in the places we live and work. The basic bill is what we should vote for, not the amendment.

Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. BLUNT).

Mr. BLUNT. I thank the gentleman from Texas (Mr. SAM JOHNSON) for yielding me this time and for being here to represent the committee on this bill. I want to thank the committee for voting the bill out of committee unanimously and my chief cosponsor the gentleman from Tennessee (Mr. FORD) and all of the other bipartisan cosponsors that have gotten behind this bill. This will make a difference in the charitable community. I am confident that our commitment to this bill will be so great today that we will be able to move quickly to a conference, quickly to the President's desk and begin to see the impact of this bill right away. Certainly I urge my colleagues to reject the substitute, reject any further efforts to delay this measure. Let us get this bill passed today, get it headed toward a final conclusion and toward the President's desk.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. TERRY). Pursuant to House Resolution 370, the previous question is ordered on the bill and on the amendment in the nature of a substitute offered by the gentleman from Maryland (Mr. CARDIN).

The question is on the amendment in the nature of a substitute offered by the gentleman from Maryland (Mr. CARDIN).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. CARDIN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 203, nays 220, not voting 11, as follows:

[Roll No. 506]

YEAS—203

Abercrombie
Ackerman
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Bell
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Castle
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hastings (FL)
Hill
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Leach
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Ryan (OH)
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tancredo
Tanner
Tauscher
Taylor (MS)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—220

Aderholt
Akin
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bereuter
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Carter
Chabot
Chocola
Coble
Cole
Collins
Cox
Crane
Crenshaw
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Fletcher
Foley
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Hyde
Isakson
Issa
Istook
Janklow
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Sullivan
Sweeney
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—11

Berry
Cubin
Forbes
Gephardt
McIntyre
Miller (FL)
Platts
Rohrabacher
Rush
Stearns
Thompson (CA)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. TERRY) (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 1447

Ms. ROS-LEHTINEN, Mr. LOBIONDO and Mr. TAUZIN changed their vote from ''yea'' to ''nay.''

Mr. MOLLOHAN and Mr. MURTHA changed their vote from ''nay'' to ''yea.''

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. TANCREDO. Mr. Speaker, on rollcall No. 506. I inadvertently voted "yea." I would like the RECORD to reflect I meant to vote "nay."

The SPEAKER pro tempore (Mr. TERRY). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. NEAL OF MASSACHUSETTS

Mr. NEAL of Massachusetts. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. NEAL of Massachusetts. I am opposed to this bill in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. NEAL of Massachusetts moves to recommit the bill HR. 7 to the Committee on Ways and Means with instructions that the Committee report the same back to the House forthwith with the following amendment:

At the end of the bill insert the following new titles (and conform the table of contents accordingly):

TITLE IV—TAX RELIEF FOR WORKING FAMILIES

Subtitle A—Child Tax Credit

SEC. 401. ACCELERATION OF INCREASE IN REFUNDABILITY OF THE CHILD TAX CREDIT.

(a) ACCELERATION OF REFUNDABILITY.—

(1) IN GENERAL.—Section 24(d)(1)(B)(i) of the Internal Revenue Code of 1986 (relating to portion of credit refundable) is amended by striking ''(10 percent in the case of taxable years beginning before January 1, 2005)''.

(2) ADVANCE PAYMENT.—Subsection (b) of section 6429 of such Code (relating to advance payment of portion of increased child credit for 2003) 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 new paragraph:

''(4) section 24(d)(1)(B)(i) applied without regard to the first parenthetical therein.''.

(3) EARNED INCOME INCLUDES COMBAT PAY.—Section 24(d)(1) of such Code is amended by adding at the end the following new sentence: ''For purposes of subparagraph (B), any amount excluded from gross income by reason of section 112 shall be treated as earned income which is taken into account in computing taxable income for the taxable year.''.

(b) EFFECTIVE DATES.—

(1) SUBSECTIONS (a)(1) AND (a)(3).—The amendments made by subsections (a)(1) and (a)(3) shall take effect on October 1, 2003, and apply to taxable years ending on or after such date.

(2) SUBSECTION (a)(2).—The amendments made by subsection (a)(2) shall take effect as if included in the amendments made by section 101(b) of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

SEC. 402. REDUCTION IN MARRIAGE PENALTY IN CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24(b)(2) of the Internal Revenue Code of 1986 (defining threshold amount) is amended—

(1) by inserting ''$115,000 for taxable years beginning in 2008 or 2009, and $150,000 for taxable years beginning in 2010)'' after ''$110,000'', and

(2) by striking ''$55,000'' in subparagraph (C) and inserting ''½of the amount in effect under subparagraph (A)''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2003, and apply to taxable years ending on or after such date.

SEC. 103. APPLICATION OF EGTRRA SUNSET TO THIS SECTION.

Each amendment made by this title shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 to the same extent and in the same manner as the provision of such Act to which such amendment relates.

Subtitle B—Uniform Definition of Child

SEC. 411. UNIFORM DEFINITION OF CHILD, ETC.

Section 152 of the Internal Revenue Code of 1986 is amended to read as follows:

''SEC. 152. DEPENDENT DEFINED.

''(a) IN GENERAL.—For purposes of this subtitle, the term 'dependent' means—

''(1) a qualifying child, or

''(2) a qualifying relative.

''(b) EXCEPTIONS.—For purposes of this section—

''(1) DEPENDENTS INELIGIBLE.—If an individual is a dependent of a taxpayer for any taxable year of such taxpayer beginning in a calendar year,such individual shall be treated as having no dependents for any taxable year of such individual beginning in such calendar year.

''(2) MARRIED DEPENDENTS.—An individual shall not be treated as a dependent of a taxpayer under subsection (a) if such individual has made a joint return with the individual's spouse under section 6013 for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.

''(3) CITIZENS OR NATIONALS OF OTHER COUNTRIES.—

''(A) IN GENERAL.—The term 'dependent' does not include an individual who is not a citizen or national of the United States unless such individual is a resident of the United States or a country contiguous to the United States.

''(B) EXCEPTION FOR ADOPTED CHILD.—Subparagraph (A) shall not exclude any child of a taxpayer (within the meaning of subsection (f)(1)(B)) from the definition of 'dependent' if—

''(i) for the taxable year of the taxpayer, the child's principal place of abode is the home of the taxpayer, and

''(ii) the taxpayer is a citizen or national of the United States.

''(c) QUALIFYING CHILD.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying child' means, with respect to any taxpayer for any taxable year, an individual—

''(A) who bears a relationship to the taxpayer described in paragraph (2),

''(B) who has the same principal place of abode as the taxpayer for more than one-half of such taxable year,

''(C) who meets the age requirements of paragraph (3), and

''(D) who has not provided over one-half of such individual's own support for the calendar year in which the taxable year of the taxpayer begins.

''(2) RELATIONSHIP TEST.—For purposes of paragraph (1)(A), an individual bears a relationship to the taxpayer described in this paragraph if such individual is—

''(A) a child of the taxpayer or a descendant of such a child, or

''(B) a brother, sister, stepbrother, or stepsister of the taxpayer or a descendant of any such relative.

''(3) AGE REQUIREMENTS.—

''(A) IN GENERAL.—For purposes of paragraph (1)(C), an individual meets the requirements of this paragraph if such individual—

''(i) has not attained the age of 19 as of the close of the calendar year in which the taxable year of the taxpayer begins, or

''(ii) is a student who has not attained the age of 24 as of the close of such calendar year.

''(B) SPECIAL RULE FOR DISABLED.—In the case of an individual who is permanently and totally disabled (as defined in section 22(e)(3)) at any time during such calendar year, the requirements of subparagraph (A) shall be treated as met with respect to such individual.

''(4) SPECIAL RULE RELATING TO 2 OR MORE CLAIMING QUALIFYING CHILD.—

''(A) IN GENERAL.—Except as provided in subparagraph (B) and subsection (e), if (but for this paragraph) an individual may be and is claimed as a qualifying child by 2 or more taxpayers for a taxable year beginning in the same calendar year, such individual shall be treated as the qualifying child of the taxpayer who is—

''(i) a parent of the individual, or

''(ii) if clause (i) does not apply, the taxpayer with the highest adjusted gross income for such taxable year.

''(B) MORE THAN 1 PARENT CLAIMING QUALIFYING CHILD.—If the parents claiming any qualifying child do not file a joint return together, such child shall be treated as the qualifying child of—

''(i) the parent with whom the child resided for the longest period of time during the taxable year, or

''(ii) if the child resides with both parents for the same amount of time during such taxable year, the parent with the highest adjusted gross income.

''(d) QUALIFYING RELATIVE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying relative' means, with respect to any taxpayer for any taxable year, an individual—

''(A) who bears a relationship to the taxpayer described in paragraph (2),

''(B) whose gross income for the calendar year in which such taxable year begins is less than the exemption amount (as defined in section 151(d)),

''(C) with respect to whom the taxpayer provides over one-half of the individual's support for the calendar year in which such taxable year begins, and

''(D) who is not a qualifying child of such taxpayer or of any other taxpayer for any taxable year beginning in the calendar year in which such taxable year begins.

''(2) RELATIONSHIP.—For purposes of paragraph (1)(A), an individual bears a relationship to the taxpayer described in this paragraph if the individual is any of the following with respect to the taxpayer:

''(A) A child or a descendant of a child.

''(B) A brother, sister, stepbrother, or stepsister.

''(C) The father or mother, or an ancestor of either.

''(D) A stepfather or stepmother.

''(E) A son or daughter of a brother or sister of the taxpayer.

''(F) A brother or sister of the father or mother of the taxpayer.

''(G) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

''(H) An individual (other than an individual who at any time during the taxable year was the spouse, determined without regard to section 7703, of the taxpayer) who, for the taxable year of the taxpayer, has as such individual's principal place of abode the home of the taxpayer and is a member of the taxpayer's household.

''(3) SPECIAL RULE RELATING TO MULTIPLE SUPPORT AGREEMENTS.—For purposes of paragraph (1)(C), over one-half of the support of an individual for a calendar year shall be treated as received from the taxpayer if—

''(A) no one person contributed over one-half of such support,

''(B) over one-half of such support was received from 2 or more persons each of whom, but for the fact that any such person alone did not contribute over one-half of such support, would have been entitled to claim such individual as a dependent for a taxable year beginning in such calendar year,

''(C) the taxpayer contributed over 10 percent of such support, and

''(D) each person described in subparagraph (B) (other than the taxpayer) who contributed over 10 percent of such support files a written declaration (in such manner and form as the Secretary may by regulations prescribe) that such person will not claim such individual as a dependent for any taxable year beginning in such calendar year.

''(4) SPECIAL RULE RELATING TO INCOME OF HANDICAPPED DEPENDENTS.—

''(A) IN GENERAL.—For purposes of paragraph (1)(B), the gross income of an individual who is permanently and totally disabled (as defined in section 22(e)(3)) at any time during the taxable year shall not include income attributable to services performed by the individual at a sheltered workshop if—

''(i) the availability of medical care at such workshop is the principal reason for the individual's presence there, and

''(ii) the income arises solely from activities at such workshop which are incident to such medical care.

''(B) SHELTERED WORKSHOP DEFINED.—For purposes of subparagraph (A), the term 'sheltered workshop' means a school—

''(i) which provides special instruction or training designed to alleviate the disability of the individual, and

''(ii) which is operated by an organization described in section 501(c)(3) and exempt from tax under section 501(a), or by a State, a possession of the United States, any political subdivision of any of the foregoing, the United States, or the District of Columbia.

''(5) SPECIAL SUPPORT TEST IN CASE OF STUDENTS.—For purposes of paragraph (1)(C), in the case of an individual who is—

''(A) a child of the taxpayer, and

''(B) a student,

amounts received as scholarships for study at an educational organization described in section 170(b)(1)(A)(ii) shall not be taken into account in determining whether such individual received more than one-half of such individual's support from the taxpayer.

''(6) SPECIAL RULES FOR SUPPORT.—For purposes of this subsection—

''(A) payments to a spouse which are includible in the gross income of such spouse under section 71 or 682 shall not be treated as a payment by the payor spouse for the support of any dependent,

''(B) amounts expended for the support of a child or children shall be treated as received from the noncustodial parent (as defined in subsection (e)(3)(B)) to the extent that such parent provided amounts for such support, and

''(C) in the case of the remarriage of a parent, support of a child received from the parent's spouse shall be treated as received from the parent.

''(e) SPECIAL RULE FOR DIVORCED PARENTS.—

''(1) IN GENERAL.—Notwithstanding subsection (c)(4) or (d)(1)(C), if—

''(A) a child receives over one-half of the child's support during the calendar year from the child's parents—

''(i) who are divorced or legally separated under a decree of divorce or separate maintenance,

''(ii) who are separated under a written separation agreement, or

''(iii) who live apart at all times during the last 6 months of the calendar year, and

''(B) such child is in the custody of 1 or both of the child's parents for more than ½ of the calendar year,

such child shall be treated as being the qualifying child or qualifying relative of the noncustodial parent for a calendar year if the requirements described in paragraph (2) are met.

''(2) REQUIREMENTS.—For purposes of paragraph (1), the requirements described in this paragraph are met if—

''(A) a decree of divorce or separate maintenance or written separation agreement between the parents applicable to the taxable year beginning in such calendar year provides that—

''(i) the noncustodial parent shall be entitled to any deduction allowable under section 151 for such child, or

''(ii) the custodial parent will sign a written declaration (in such manner and form as the Secretary may prescribe) that such parent will not claim such child as a dependent for such taxable year, and

''(B) in the case of such an agreement executed before January 1, 1985, the noncustodial parent provides at least $600 for the support of such child during such calendar year.

''(3) CUSTODIAL PARENT AND NONCUSTODIAL PARENT.—For purposes of this subsection—

''(A) CUSTODIAL PARENT.—The term 'custodial parent' means the parent with whom a child shared the same principal place of abode for the greater portion of the calendar year.

''(B) NONCUSTODIAL PARENT.—The term 'noncustodial parent' means the parent who is not the custodial parent.

''(4) EXCEPTION FOR MULTIPLE-SUPPORT AGREEMENTS.—This subsection shall not apply in any case where over one-half of the support of the child is treated as having been received from a taxpayer under the provision of subsection (d)(3).

''(f) OTHER DEFINITIONS AND RULES.—For purposes of this section—

''(1) CHILD DEFINED.—

''(A) IN GENERAL.—The term 'child' means an individual who is—

''(i) a son, daughter, stepson, or stepdaughter of the taxpayer, or

''(ii) an eligible foster child of the taxpayer.

''(B) ADOPTED CHILD.—In determining whether any of the relationships specified in subparagraph (A)(i) or paragraph (4) exists, a legally adopted individual of the taxpayer, or an individual who is placed with the taxpayer by an authorized placement agency for adoption by the taxpayer, shall be treated as a child of such individual by blood.

''(C) ELIGIBLE FOSTER CHILD.—For purposes of subparagraph (A)(ii), the term 'eligible foster child' means an individual who is placed with the taxpayer by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction.

''(2) STUDENT DEFINED.—The term 'student' means an individual who during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins—

''(A) is a full-time student at an educational organization described in section 170(b)(1)(A)(ii), or

''(B) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational organization described in section 170(b)(1)(A)(ii) or of a State or political subdivision of a State.

''(3) PLACE OF ABODE.—An individual shall not be treated as having the same principal place of abode of the taxpayer if at any time during the taxable year of the taxpayer the relationship between the individual and the taxpayer is in violation of local law.

''(4) BROTHER AND SISTER.—The terms 'brother' and 'sister' include a brother or sister by the half blood.

''(5) TREATMENT OF MISSING CHILDREN.—

''(A) IN GENERAL.—Solely for the purposes referred to in subparagraph (B), a child of the taxpayer—

''(i) who is presumed by law enforcement authorities to have been kidnapped by someone who is not a member of the family of such child or the taxpayer, and

''(ii) who had, for the taxable year in which the kidnapping occurred, the same principal place of abode as the taxpayer for more than one-half of the portion of such year before the date of the kidnapping,

shall be treated as meeting the requirement of subsection (c)(1)(B) with respect to a taxpayer for all taxable years ending during the period that the individual is kidnapped.

''(B) PURPOSES.—Subparagraph (A) shall apply solely for purposes of determining—

''(i) the deduction under section 151(c),

''(ii) the credit under section 24 (relating to child tax credit),

''(iii) whether an individual is a surviving spouse or a head of a household (as such terms are defined in section 2), and

''(iv) the earned income credit under section 32.

''(C) COMPARABLE TREATMENT OF CERTAIN QUALIFYING RELATIVES.—For purposes of this section, a child of the taxpayer—

''(i) who is presumed by law enforcement authorities to have been kidnapped by someone who is not a member of the family of such child or the taxpayer, and

''(ii) who was (without regard to this paragraph) a qualifying relative of the taxpayer for the portion of the taxable year before the date of the kidnapping,

shall be treated as a qualifying relative of the taxpayer for all taxable years ending during the period that the child is kidnapped.

''(D) TERMINATION OF TREATMENT.—Subparagraphs (A) and (C) shall cease to apply as of the first taxable year of the taxpayer beginning after the calendar year in which there is a determination that the child is dead (or, if earlier, in which the child would have attained age 18).

''(6) CROSS REFERENCES.—

''For provision treating child as dependent of both parents for purposes of certain provisions, see sections 105(b), 132(h)(2)(B), and 213(d)(5).''.

SEC. 412. MODIFICATIONS OF DEFINITION OF HEAD OF HOUSEHOLD.

(a) HEAD OF HOUSEHOLD.—Clause (i) of section 2(b)(1)(A) of the Internal Revenue Code of 1986 is amended to read as follows:

''(i) a qualifying child of the individual (as defined in section 152(c), determined without regard to section 152(e)), but not if such child—

''(I) is married at the close of the taxpayer's taxable year, and

''(II) is not a dependent of such individual by reason of section 152(b)(2) or 152(b)3), or both, or''.

(b) CONFORMING AMENDMENTS.—

(1) Section 2(b)(2) of the Internal Revenue Code of 1986 is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

(2) Clauses (i) and (ii) of section 2(b)(3)(B) of such Code are amended to read as follows:

''(i) subparagraph (H) of section 152(d)(2), or

''(ii) paragraph (3) of section 152(d).''.

SEC. 413. MODIFICATIONS OF DEPENDENT CARE CREDIT.

(a) IN GENERAL.—Section 21(a)(1) of the Internal Revenue Code of 1986 is amended by striking ''In the case of an individual who maintains a household which includes as a member one or more qualifying individuals (as defined in subsection (b)(1))'' and inserting ''In the case of an individual for which there are 1 or more qualifying individuals (as defined in subsection (b)(1)) with respect to such individual''.

(b) QUALIFYING INDIVIDUAL.—Paragraph (1) of section 21(b) of the Internal Revenue Code of 1986 is amended to read as follows:

''(1) QUALIFYING INDIVIDUAL.—The term 'qualifying individual' means—

''(A) a dependent of the taxpayer (as defined in section 152(a)(1)) who has not attained age 13,

''(B) a dependent of the taxpayer who is physically or mentally incapable of caring for himself or herself and who has the same

principal place of abode as the taxpayer for more than one-half of such taxable year, or

''(C) the spouse of the taxpayer, if the spouse is physically or mentally incapable of caring for himself or herself and who has the same principal place of abode as the taxpayer for more than one-half of such taxable year.''.

(c) CONFORMING AMENDMENT.—Paragraph (1) of section 21(e) of the Internal Revenue Code of 1986 is amended to read as follows:

''(1) PLACE OF ABODE.—An individual shall not be treated as having the same principal place of abode of the taxpayer if at any time during the taxable year of the taxpayer the relationship between the individual and the taxpayer is in violation of local law.''.

SEC. 414. MODIFICATIONS OF CHILD TAX CREDIT.

(a) IN GENERAL.—Paragraph (1) of section 24(c) of the Internal Revenue Code of 1986 is amended to read as follows:

''(1) IN GENERAL.—The term 'qualifying child' means a qualifying child of the taxpayer (as defined in section 152(c)) who has not attained age 17.''.

(b) CONFORMING AMENDMENT.—Section 24(c)(2) of the Internal Revenue Code of 1986 is amended by striking ''the first sentence of section 152(b)(3)'' and inserting ''subparagraph (A) of section 152(b)(3)''.

SEC. 415. MODIFICATIONS OF EARNED INCOME CREDIT.

(a) QUALIFYING CHILD.—Paragraph (3) of section 32(c) of the Internal Revenue Code of 1986 is amended to read as follows:

''(3) QUALIFYING CHILD.—

''(A) IN GENERAL.—The term 'qualifying child' means a qualifying child of the taxpayer (as defined in section 152(c), determined without regard to paragraph (1)(D) thereof and section 152(e)).

''(B) MARRIED INDIVIDUAL.—The term 'qualifying child' shall not include an individual who is married as of the close of the taxpayer's taxable year unless the taxpayer is entitled to a deduction under section 151 for such taxable year with respect to such individual (or would be so entitled but for section 152(e)).

''(C) PLACE OF ABODE.—For purposes of subparagraph (A), the requirements of section 152(c)(1)(B) shall be met only if the principal place of abode is in the United States.

''(D) IDENTIFICATION REQUIREMENTS.—

''(i) IN GENERAL.—A qualifying child shall not be taken into account under subsection (b) unless the taxpayer includes the name, age, and TIN of the qualifying child on the return of tax for the taxable year.

''(ii) OTHER METHODS.—The Secretary may prescribe other methods for providing the information described in clause (i).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 32(c)(1) of the Internal Revenue Code of 1986 is amended by striking subparagraph (C) and by redesignating subparagraphs (D), (E), (F), and (G) as subparagraphs (C), (D), (E), and (F), respectively.

(2) Section 32(c)(4) of such Code is amended by striking ''(3)(E)'' and inserting ''(3)(C)''.

(3) Section 32(m) of such Code is amended by striking ''subsections (c)(1)(F)'' and inserting ''subsections (c)(1)(E)''.

SEC. 416. MODIFICATIONS OF DEDUCTION FOR PERSONAL EXEMPTION FOR DEPENDENTS.

Subsection (c) of section 151 of the Internal Revenue Code of 1986 is amended to read as follows:

''(c) ADDITIONAL EXEMPTION FOR DEPENDENTS.—An exemption of the exemption amount for each individual who is a dependent (as defined in section 152) of the taxpayer for the taxable year.''.

SEC. 417. TECHNICAL AND CONFORMING AMENDMENTS.

(1) Section 2(a)(1)(B)(i) of such Code is amended by inserting '', determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof'' after ''section 152''.

(2) Section 21(e)(5) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''paragraph (2) or (4) of'' in subparagraph (A), and

(B) by striking ''within the meaning of section 152(e)(1)'' and inserting ''as defined in section 152(e)(3)(A)''.

(3) Section 21(e)(6)(B) of such Code is amended by striking ''section 151(c)(3)'' and inserting ''section 152(f)(1)''.

(4) Section 25B(c)(2)(B) of such Code is amended by striking ''151(c)(4)'' and inserting ''152(f)(2)''.

(5)(A) Subparagraphs (A) and (B) of section 51(i)(1) of such Code are each amended by striking ''paragraphs (1) through (8) of section 152(a)'' both places it appears and inserting ''subparagraphs (A) through (G) of section 152(d)(2)''.

(B) Section 51(i)(1)(C) of such Code is amended by striking ''152(a)(9)'' and inserting ''152(d)(2)(H)''.

(6) Section 72(t)(2)(D)(i)(III) of such Code is amended by inserting '', determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof'' after ''section 152''.

(7) Section 72(t)(7)(A)(iii) of such Code is amended by striking ''151(c)(3)'' and inserting ''152(f)(1)''.

(8) Section 42(i)(3)(D)(ii)(I) of such Code is amended by inserting '', determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof'' after ''section 152''.

(9) Subsections (b) and (c)(1) of section 105 of such Code are amended by inserting '', determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof'' after ''section 152''.

(10) Section 120(d)(4) of such Code is amended by inserting ''(determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof)'' after ''section 152''.

(11) Section 125(e)(1)(D) of such Code is amended by inserting '', determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof'' after ''section 152''.

(12) Section 129(c)(2) of such Code is amended by striking ''151(c)(3)'' and inserting ''152(f)(1)''.

(13) The first sentence of section 132(h)(2)(B) of such Code is amended by striking ''151(c)(3)'' and inserting ''152(f)(1)''.

(14) Section 153 of such Code is amended by striking paragraph (1) and by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively.

(15) Section 170(g)(1) of such Code is amended by inserting ''(determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof)'' after ''section 152''.

(16) Section 170(g)(3) of such Code is amended by striking ''paragraphs (1) through (8) of section 152(a)'' and inserting ''subparagraphs (A) through (G) of section 152(d)(2)''.

(17) Section 213(a) of such Code is amended by inserting '', determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof'' after ''section 152''.

(18) The second sentence of section 213(d)(11) of such Code is amended by striking ''paragraphs (1) through (8) of section 152(a)'' and inserting ''subparagraphs (A) through (G) of section 152(d)(2)''.

(19) Section 220(d)(2)(A) of such Code is amended by inserting '', determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof'' after ''section 152''.

(20) Section 221(d)(4) of such Code is amended by inserting ''(determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof)'' after ''section 152''.

(21) Section 529(e)(2)(B) of such Code is amended by striking ''paragraphs (1) through (8) of section 152(a)'' and inserting ''subparagraphs (A) through (G) of section 152(d)(2)''.

(22) Section 2032A(c)(7)(D) of such Code is amended by striking ''section 151(c)(4)'' and inserting ''section 152(f)(2)''.

(23) Section 2057(d)(2)(B) of such Code is amended by inserting '', determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof'' after ''section 152''.

(24) Section 7701(a)(17) of such Code is amended by striking ''152(b)(4), 682,'' and inserting ''682''.

(25) Section 7702B(f)(2)(C)(iii) of such Code is amended by striking ''paragraphs (1) through (8) of section 152(a)'' and inserting ''subparagraphs (A) through (G) of section 152(d)(2)''.

(26) Section 7703(b)(1) of such Code is amended—

(A) by striking ''151(c)(3)'' and inserting ''152(f)(1)'', and

(B) by striking ''paragraph (2) or (4) of''.

SEC. 418. EFFECTIVE DATE.

The amendments made by this title shall take effect on October 1, 2003, and apply to taxable years ending on or after such date.

Subtitle C—Customs User Fees

SEC. 421. FEES FOR CERTAIN CUSTOMS SERVICES.

(a) IN GENERAL.—Subtitle A of the Internal Revenue Code of 1986 is amended by inserting after chapter 55 the following new chapter:

"CHAPTER 56—FEES FOR CERTAIN CUSTOMS SERVICES

''Sec. 5896. Imposition of fees.

"SEC. 5896. IMPOSITION OF FEES.

''(a) IN GENERAL.—The Secretary shall charge and collect fees under this title which are equivalent to the fees which would be imposed by section 13031 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c) were such section in effect after September 30, 2003.

''(b) COLLECTION AND DISPOSITION OF FEES, ETC.—References in such section 13031 to fees thereunder shall be treated as including references to the fees charged under this section.''

(b) CLERICAL AMENDMENT.—The table of chapters for subtitle A of such Code is amended by adding at the end the following new item:

''Chapter 56. Fees for certain customs services.''

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2003.

TITLE V—ARMED FORCES TAX FAIRNESS

Subtitle A—Improving Tax Equity For Military Personnel

SEC. 501. EXCLUSION OF GAIN FROM SALE OF A PRINCIPAL RESIDENCE BY A MEMBER OF THE UNIFORMED SERVICES OR THE FOREIGN SERVICE.

(a) IN GENERAL.—Subsection (d) of section 121 (relating to exclusion of gain from sale of principal residence) is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following new paragraph:

''(9) MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE.—

''(A) IN GENERAL.—At the election of an individual with respect to a property, the running of the 5-year period described in subsections (a) and (c)(1)(B) and paragraph (7) of this subsection with respect to such property shall be suspended during any period 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 of the United States.

''(B) MAXIMUM PERIOD OF SUSPENSION.—The 5-year period described in subsection (a) shall not be extended more than 10 years by reason of subparagraph (A).

''(C) QUALIFIED OFFICIAL EXTENDED DUTY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified official extended duty' means any extended duty while serving at a duty station which is at least 50 miles from such property or while residing under Government orders 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 of the United States' 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 the date of the enactment of this paragraph.

''(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.

''(D) SPECIAL RULES RELATING TO ELECTION.—

''(i) ELECTION LIMITED TO 1 PROPERTY AT A TIME.—An election under subparagraph (A) with respect to any property may not be made if such an election is in effect with respect to any other property.

''(ii) REVOCATION OF ELECTION.—An election under subparagraph (A) may be revoked at any time.''.

(b) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 312 of the Taxpayer Relief Act of 1997.

(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. 502. EXCLUSION FROM GROSS INCOME OF CERTAIN DEATH GRATUITY PAYMENTS.

(a) IN GENERAL.—Subsection (b)(3) of section 134 (relating to certain military benefits) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR DEATH GRATUITY ADJUSTMENTS MADE BY LAW.—Subparagraph (A) shall not apply to any adjustment to the amount of death gratuity payable under chapter 75 of title 10, United States Code, which is pursuant to a provision of law enacted after September 9, 1986.''.

(b) CONFORMING AMENDMENT.—Subparagraph (A) of section 134(b)(3) is amended by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to deaths occurring after September 10, 2001.

SEC. 503. EXCLUSION FOR AMOUNTS RECEIVED UNDER DEPARTMENT OF DEFENSE HOMEOWNERS ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 132(a) (relating to the exclusion from gross income of certain fringe benefits) is amended by striking ''or'' at the end of paragraph (6), by striking the period at the end of paragraph (7) and inserting '', or'', and by adding at the end the following new paragraph:

''(8) qualified military base realignment and closure fringe.''.

(b) QUALIFIED MILITARY BASE REALIGNMENT AND CLOSURE FRINGE.—Section 132 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

''(n) QUALIFIED MILITARY BASE REALIGNMENT AND CLOSURE FRINGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified military base realignment and closure fringe' means 1 or more payments under the authority of section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374) (as in effect on the date of the enactment of this subsection) to offset the adverse effects on housing values as a result of a military base realignment or closure.

''(2) LIMITATION.—With respect to any property, such term shall not include any payment referred to in paragraph (1) to the extent that the sum of all of such payments related to such property exceeds the maximum amount described in clause (1) of subsection (c) of such section (as in effect on such date).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made after the date of the enactment of this Act.

SEC. 504. EXPANSION OF COMBAT ZONE FILING RULES TO CONTINGENCY OPERATIONS.

(a) IN GENERAL.—Section 7508(a) (relating to time for performing certain acts postponed by reason of service in combat zone) is amended—

(1) by inserting '', or when deployed outside the United States away from the individual's permanent duty station while participating in an operation designated by the Secretary of Defense as a contingency operation (as defined in section 101(a)(13) of title 10, United States Code) or which became such a contingency operation by operation of law'' after ''section 112'',

(2) by inserting in the first sentence ''or at any time during the period of such contingency operation'' after ''for purposes of such section'',

(3) by inserting ''or operation'' after ''such an area'', and

(4) by inserting ''or operation'' after ''such area''.

(b) CONFORMING AMENDMENTS.—

(1) Section 7508(d) is amended by inserting ''or contingency operation'' after ''area''.

(2) The heading for section 7508 is amended by inserting ''or contingency operation'' after ''combat zone''.

(3) The item relating to section 7508 in the table of sections for chapter 77 is amended by inserting ''or contingency operation'' after ''combat zone''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any period for performing an act which has not expired before the date of the enactment of this Act.

SEC. 505. MODIFICATION OF MEMBERSHIP REQUIREMENT FOR EXEMPTION FROM TAX FOR CERTAIN VETERANS' ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (B) of section 501(c)(19) (relating to list of exempt organizations) is amended by striking ''or widowers'' and inserting '', widowers, ancestors, or lineal descendants''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 506. CLARIFICATION OF THE TREATMENT OF CERTAIN DEPENDENT CARE ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Section 134(b) (defining qualified military benefit) is amended by adding at the end the following new paragraph:

''(4) CLARIFICATION OF CERTAIN BENEFITS.—For purposes of paragraph (1), such term includes any dependent care assistance program (as in effect on the date of the enactment of this paragraph) for any individual described in paragraph (1)(A).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 134(b)(3)(A), as amended by section 502, is amended by inserting ''and paragraph (4)'' after ''subparagraphs (B) and (C)''.

(2) Section 3121(a)(18) is amended by striking ''or 129'' and inserting '', 129, or 134(b)(4)''.

(3) Section 3306(b)(13) is amended by striking ''or 129'' and inserting '', 129, or 134(b)(4)''.

(4) Section 3401(a)(18) is amended by striking ''or 129'' and inserting '', 129, or 134(b)(4)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

(d) NO INFERENCE.—No inference may be drawn from the amendments made by this section with respect to the tax treatment of any amounts under the program described in section 134(b)(4) of the Internal Revenue Code of 1986 (as added by this section) for any taxable year beginning before January 1, 2003.

SEC. 507. CLARIFICATION RELATING TO EXCEPTION FROM ADDITIONAL TAX ON CERTAIN DISTRIBUTIONS FROM QUALIFIED TUITION PROGRAMS, ETC. ON ACCOUNT OF ATTENDANCE AT MILITARY ACADEMY.

(a) IN GENERAL.—Subparagraph (B) of section 530(d)(4) (relating to exceptions from additional tax for distributions not used for educational purposes) is amended by striking ''or'' at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

''(iv) made on account of the attendance of the designated beneficiary at the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, to the extent that the amount of the payment or distribution does not exceed the costs of advanced education (as defined by section 2005(e)(3) of title 10, United States Code, as in effect on the date of the enactment of this section) attributable to such attendance, or''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 508. SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.—

''(1) IN GENERAL.—The exemption from tax under subsection (a) with respect to any organization described in paragraph (2), and the eligibility of any organization described in paragraph (2) to apply for recognition of exemption under subsection (a), shall be suspended during the period described in paragraph (3).

''(2) TERRORIST ORGANIZATIONS.—An organization is described in this paragraph if such organization is designated or otherwise individually identified—

''(A) under section 212(a)(3)(B)(vi)(II) or 219 of the Immigration and Nationality Act as a terrorist organization or foreign terrorist organization,

''(B) in or pursuant to an Executive order which is related to terrorism and issued under the authority of the International Emergency Economic Powers Act or section 5 of the United Nations Participation Act of 1945 for the purpose of imposing on such organization an economic or other sanction, or

''(C) in or pursuant to an Executive order issued under the authority of any Federal law if—

''(i) the organization is designated or otherwise individually identified in or pursuant to such Executive order as supporting or engaging in terrorist activity (as defined in section 212(a)(3)(B) of the Immigration and Nationality Act) or supporting terrorism (as defined in section 140(d)(2) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989); and

''(ii) such Executive order refers to this subsection.

''(3) PERIOD OF SUSPENSION.—With respect to any organization described in paragraph (2), the period of suspension—

''(A) begins on the later of—

''(i) the date of the first publication of a designation or identification described in paragraph (2) with respect to such organization, or

''(ii) the date of the enactment of this subsection, and

''(B) ends on the first date that all designations and identifications described in paragraph (2) with respect to such organization are rescinded pursuant to the law or Executive order under which such designation or identification was made.

''(4) DENIAL OF DEDUCTION.—No deduction shall be allowed under any provision of this title, including sections 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), and 2522, with respect to any contribution to an organization described in paragraph (2) during the period described in paragraph (3).

''(5) DENIAL OF ADMINISTRATIVE OR JUDICIAL CHALLENGE OF SUSPENSION OR DENIAL OF DEDUCTION.—Notwithstanding section 7428 or any other provision of law, no organization or other person may challenge a suspension under paragraph (1), a designation or identification described in paragraph (2), the period of suspension described in paragraph (3), or a denial of a deduction under paragraph (4) in any administrative or judicial proceeding relating to the Federal tax liability of such organization or other person.

''(6) ERRONEOUS DESIGNATION.—

''(A) IN GENERAL.—If—

''(i) the tax exemption of any organization described in paragraph (2) is suspended under paragraph (1),

''(ii) each designation and identification described in paragraph (2) which has been made with respect to such organization is determined to be erroneous pursuant to the law or Executive order under which such designation or identification was made, and

''(iii) the erroneous designations and identifications result in an overpayment of income tax for any taxable year by such organization,

credit or refund (with interest) with respect to such overpayment shall be made.

''(B) WAIVER OF LIMITATIONS.—If the credit or refund of any overpayment of tax described in subparagraph (A)(iii) is prevented at any time by the operation of any law or rule of law (including res judicata), such credit or refund may nevertheless be allowed or made if the claim therefor is filed before the close of the 1-year period beginning on the date of the last determination described in subparagraph (A)(ii).

''(7) NOTICE OF SUSPENSIONS.—If the tax exemption of any organization is suspended under this subsection, the Internal Revenue Service shall update the listings of tax-exempt organizations and shall publish appropriate notice to taxpayers of such suspension and of the fact that contributions to such organization are not deductible during the period of such suspension.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to designations made before, on, or after the date of the enactment of this Act.

SEC. 509. ABOVE-THE-LINE DEDUCTION FOR OVERNIGHT TRAVEL EXPENSES OF NATIONAL GUARD AND RESERVE MEMBERS.

(a) DEDUCTION ALLOWED.—Section 162 (relating to certain trade or business expenses) is amended by redesignating subsection (p) as subsection (q) and inserting after subsection (o) the following new subsection:

''(p) TREATMENT OF EXPENSES OF MEMBERS OF RESERVE COMPONENT OF ARMED FORCES OF THE UNITED STATES.—For purposes of subsection (a)(2), in the case of an individual who performs services as a member of a reserve component of the Armed Forces of the United States at any time during the taxable year, such individual shall be deemed to be away from home in the pursuit of a trade or business for any period during which such individual is away from home in connection with such service.''.

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ELECTS TO ITEMIZE.—Section 62(a)(2) (relating to certain trade and business deductions of employees) is amended by adding at the end the following new subparagraph:

''(E) CERTAIN EXPENSES OF MEMBERS OF RESERVE COMPONENTS OF THE ARMED FORCES OF THE UNITED STATES.—The deductions allowed by section 162 which consist of expenses, determined at a rate not in excess of the rates for travel expenses (including per diem in lieu of subsistence) authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, paid or incurred by the taxpayer in connection with the performance of services by such taxpayer as a member of a reserve component of the Armed Forces of the United States for any period during which such individual is more than 100 miles away from home in connection with such services.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2002.

SEC. 510. TAX RELIEF AND ASSISTANCE FOR FAMILIES OF SPACE SHUTTLE COLUMBIA HEROES.

(a) INCOME TAX RELIEF.—

(1) IN GENERAL.—Subsection (d) of section 692 (relating to income taxes of members of Armed Forces and victims of certain terrorist attacks on death) is amended by adding at the end the following new paragraph:

''(5) RELIEF WITH RESPECT TO ASTRONAUTS.—The provisions of this subsection shall apply to any astronaut whose death occurs in the line of duty, except that paragraph (3)(B) shall be applied by using the date of the death of the astronaut rather than September 11, 2001.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 5(b)(1) is amended by inserting '', astronauts,'' after ''Forces''.

(B) Section 6013(f)(2)(B) is amended by inserting '', astronauts,'' after ''Forces''.

(3) CLERICAL AMENDMENTS.—

(A) The heading of section 692 is amended by inserting **'', ASTRONAUTS,''** after **''FORCES''**.

(B) The item relating to section 692 in the table of sections for part II of subchapter J of chapter 1 is amended by inserting '', astronauts,'' after ''Forces''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to any astronaut whose death occurs after December 31, 2002.

(b) DEATH BENEFIT RELIEF.—

(1) IN GENERAL.—Subsection (i) of section 101 (relating to certain death benefits) is amended by adding at the end the following new paragraph:

''(4) RELIEF WITH RESPECT TO ASTRONAUTS.—The provisions of this subsection shall apply to any astronaut whose death occurs in the line of duty.''.

(2) CLERICAL AMENDMENT.—The heading for subsection (i) of section 101 is amended by inserting ''OR ASTRONAUTS'' after ''VICTIMS''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid after December 31, 2002, with respect to deaths occurring after such date.

(c) ESTATE TAX RELIEF.—

(1) IN GENERAL.—Section 2201(b) (defining qualified decedent) is amended by striking ''and'' at the end of paragraph (1)(B), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) any astronaut whose death occurs in the line of duty.''.

(2) CLERICAL AMENDMENTS.—

(A) The heading of section 2201 is amended by inserting **'', deaths of ASTRONAUTS,''** after **''FORCES''**.

(B) The item relating to section 2201 in the table of sections for subchapter C of chapter 11 is amended by inserting '', deaths of astronauts,'' after ''Forces''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying after December 31, 2002.

Subtitle B—Other Provisions

SEC. 521. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

''SEC. 7528. INTERNAL REVENUE SERVICE USER FEES.

''(a) GENERAL RULE.—The Secretary shall establish a program requiring the payment of user fees for—

''(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

''(2) other similar requests.

''(b) PROGRAM CRITERIA.—

''(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

''(A) shall vary according to categories (or subcategories) established by the Secretary,

''(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

''(C) shall be payable in advance.

''(2) EXEMPTIONS, ETC.—

''(A) IN GENERAL.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

''(B) EXEMPTION FOR CERTAIN REQUESTS REGARDING PENSION PLANS.—The Secretary shall not require payment of user fees under such program for requests for determination letters with respect to the qualified status of a pension benefit plan maintained solely by 1 or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

''(i) made after the later of—

''(I) the fifth plan year the pension benefit plan is in existence, or

''(II) the end of any remedial amendment period with respect to the plan beginning within the first 5 plan years, or

''(ii) made by the sponsor of any prototype or similar plan which the sponsor intends to market to participating employers.

''(C) DEFINITIONS AND SPECIAL RULES.—For purposes of subparagraph (B)—

''(i) PENSION BENEFIT PLAN.—The term 'pension benefit plan' means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

''(ii) ELIGIBLE EMPLOYER.—The term 'eligible employer' means an eligible employer (as defined in section 408(p)(2)(C)(i)(I)) which has

at least 1 employee who is not a highly compensated employee (as defined in section 414(q)) and is participating in the plan. The determination of whether an employer is an eligible employer under subparagraph (B) shall be made as of the date of the request described in such subparagraph.

''(iii) DETERMINATION OF AVERAGE FEES CHARGED.—For purposes of any determination of average fees charged, any request to which subparagraph (B) applies shall not be taken into account.

''(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

''Category	Average fee
Employee plan ruling and opinion ..	$250
Exempt organization ruling	$350
Employee plan determination	$300
Exempt organization determination.	$275
Chief counsel ruling	$200.

''(c) TERMINATION.—No fee shall be imposed under this section with respect to requests made after September 30, 2013.''.

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 77 is amended by adding at the end the following new item:

''Sec. 7528. Internal Revenue Service user fees.''.

(2) Section 10511 of the Revenue Act of 1987 is repealed.

(3) Section 620 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is repealed.

(c) LIMITATIONS.—Notwithstanding any other provision of law, any fees collected pursuant to section 7528 of the Internal Revenue Code of 1986, as added by subsection (a), shall not be expended by the Internal Revenue Service unless provided by an appropriations Act.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 522. PARTIAL PAYMENT OF TAX LIABILITY IN INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—

(1) Section 6159(a) (relating to authorization of agreements) is amended—

(A) by striking ''satisfy liability for payment of'' and inserting ''make payment on'', and

(B) by inserting ''full or partial'' after ''facilitate''.

(2) Section 6159(c) (relating to Secretary required to enter into installment agreements in certain cases) is amended in the matter preceding paragraph (1) by inserting ''full'' before ''payment''.

(b) REQUIREMENT TO REVIEW PARTIAL PAYMENT AGREEMENTS EVERY TWO YEARS.—Section 6159 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and inserting after subsection (c) the following new subsection:

''(d) SECRETARY REQUIRED TO REVIEW INSTALLMENT AGREEMENTS FOR PARTIAL COLLECTION EVERY TWO YEARS.—In the case of an agreement entered into by the Secretary under subsection (a) for partial collection of a tax liability, the Secretary shall review the agreement at least once every 2 years.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date of the enactment of this Act.

SEC. 523. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2003, the $600,000 amount under subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2002' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(48) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(19) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—

(i) TECHNICAL AMENDMENTS.—Paragraph (4) of section 6103(p) of the Internal Revenue Code of 1986, as amended by section 202(b)(2)(B) of the Trade Act of 2002 (Public Law 107–210; 116 Stat. 961), is amended by striking ''or (17)'' after ''any other person described in subsection (l)(16)'' each place it appears and inserting ''or (18)''.

(ii) CONFORMING AMENDMENTS.—Section 6103(p)(4) (relating to safeguards), as amended by clause (i), is amended by striking ''or (18)'' after ''any other person described in subsection (l)(16)'' each place it appears and inserting ''(18), or (19)''.

(3) EFFECTIVE DATES.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(B) TECHNICAL AMENDMENTS.—The amendments made by paragraph (2)(B)(i) shall take effect as if included in the amendments made by section 202(b)(2)(B) of the Trade Act of 2002 (Public Law 107–210; 116 Stat. 961).

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(g) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after February 5, 2003.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(F) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(4)(A) Paragraph (1) of section 6039G(d) is amended by inserting ''or 877A'' after ''section 877''.

(B) The second sentence of section 6039G(e) is amended by inserting ''or who relinquishes

United States citizenship (within the meaning of section 877A(e)(3))'' after ''877(a))''.

(C) Section 6039G(f) is amended by inserting ''or 877A(e)(2)(B)'' after ''877(e)(1)''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after February 5, 2003.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after February 5, 2003, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

Mr. NEAL of Massachusetts (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Massachusetts (Mr. NEAL) is recognized for 5 minutes in support of his motion.

Mr. NEAL of Massachusetts. Mr. Speaker, my motion is indeed very simple. It adds two matters to this charity tax bill: tax benefits for our military families and an enhanced child tax credit.

Both the Senate and House versions provide much-needed military tax relief, including the expansion of combat zone filing rules and clarification of dependent care benefits, as well as relief for families of as the *Columbia* Space Shuttle astronauts. But the Senate bill is better in several ways. It would not tax any increase in death benefits, whereas the House bill would; it provides a 10-year extension of tax relief from the gains on the sale of a residence by a military member, whereas the House bill only provides 5 years; and the Senate bill has no limit on the deduction for overnight travel expenses of the National Guard and Reserve members, whereas the House limits this deduction.

Mr. Speaker, at a time when our Reservists are being told that 1-year deployments will quickly turn into 2, when our brave soldiers are facing even longer periods of absence from family and home, this Congress should, at a minimum, provide some relief for those families. The delay is inexcusable.

Secondly, Mr. Speaker, this motion to recommit will add the Senate-passed child tax credit bill. Since June we have debated whether 12 million children in low-income families are worthy of the same enhanced tax credit as children of wealthier families, and one, indeed, that they have already received. While President Bush said the child credit must be given to low-income Americans as well, there has been resistance from the majority in this institution. In fact, I might quote two: ''Ain't going to happen,'' said one of the leaders. ''All but dead,'' said another, in a quote last week.

The conferees have never even met, and every vote to revive this legislation thus far has failed. But today we have a chance to pass the Senate version, which eliminates one terrible flaw. Under the House bill, 200,000 military families who were formerly ineligible for enhanced tax credit would receive it, even though they served honorably in Iraq and Afghanistan and other combat zones.

Before we leave here today in anticipation of Isabel, let us resolve ourselves to do something good for these families. Let us encourage more charitable giving, let us provide much-needed tax relief to the families of our brave soldiers, and let us heed President Bush's call to help those struggling families at the bottom of the ladder with the same benefits that those at the top have already received.

I hope there will be broad support for this motion to recommit.

Mr. Speaker, I yield the balance of my time to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, this issue is simple, but important, to our military families. If you want to support increased tax benefits for the loved ones who have lost a soldier, sailor, airman or Marine in Iraq, then you should vote for this motion to recommit. If you want to help Guardsmen and Reservists who take money out of their own pocket to serve our country to travel over 100 miles and stay in hotels to do the duty that our country asked them to do, if you want to help those people with tax benefits on those expenses, then you ought to vote ''yes'' on this motion to recommit.

Mr. Speaker, I think the American people would be offended to find out why we have to support this motion to recommit. For 6 months there has been a bill sitting in this Chamber at the Speaker's desk that would provide these benefits, earned benefits, to our servicemen and -women and to the families of servicemen and -women killed in combat.

But do you know why that bill has been held up by the House Republican leadership? Because the military tax benefits are paid for by closing the loophole of tax benefits for those who leave this country and renounce their American citizenship in order not to pay taxes.

Let me repeat that. A bill has been held up for 6 months at the Speaker's desk. We could pass it by unanimous consent today if the Republican leadership would work with us on it. But for 6 months it has been held up. We are holding up military benefits because the Republican House leadership is more interested in protecting tax benefits for those who would renounce their American citizenship.

Mr. Speaker, that offends every American value that I have ever been taught. I think that goes against the grain of every patriotic speech that has been given on the floor this year saluting the sacrifices of our servicemen and -women.

I know we all intend to support our servicemen and -women, but in Congress we should be judged not by what we say, but by what we do.

Right now, on a bipartisan basis, we can vote to provide increased military tax benefits to those who have not only served our country, but the families of those who have died for our country.

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. THOMAS. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentleman from California is recognized for 5 minutes.

Mr. THOMAS. Mr. Speaker, first of all, I want to compliment the gentleman from Massachusetts for structuring this motion to recommit actually as a motion to recommit, rather than one which cannot be honored. So what we do is we look at the content of the motion to recommit, rather than the key words that determine whether or not he is serious. The gentleman from Massachusetts, by the way he has structured his motion to recommit, is serious.

If in fact the House is judged on what we do, rather than what we say, all you have to do is go back to last March when this House passed the provisions which deal directly with this issue. Way before hurricane season, the House of Representatives said a child credit should be $1,000 and it should stay at $1,000 for the rest of the decade. If the Senate bill is better, why does the Senate bill contain a snap-back to $700 in December of 2004, right after the election?

If the Senate bill is better, the House bill said marriage penalty, now, for the rest of the decade. The Senate bill says marriage penalty eliminated in 2010. They say, therefore, helping the military. The bill we passed last March offers more help dollar-wise and substance-wise to the military than the one they are proposing now.

So I think it is fairly ironic that they are asking us to do what we have done.

The argument that the conference on this bill has not met should not be directed to the House; it should be directed to the other body, because the other body chairs that conference. No call has been made.

What we need to do for the rest of the afternoon is simple: vote ''no'' for 15 minutes, vote ''yes'' for 5 minutes, and we can beat the hurricane home.

Ms. JONES of Ohio. Mr. Speaker, I want to take this opportunity to support my colleague

from Massachusetts who has offered this motion to recommit H.R. 7 to the Ways and Means Committee with instructions to incorporate provisions that have not received the attention they deserve from this Congress.

I am speaking of course about the child tax credit that Democrats have been calling to strengthen, only to see our calls fall on deaf ears, despite the clear benefits such action will have on strengthening our stagnant economy.

This plea was ignored while Congress went on vacation, it was ignored while a tax cut that increased our Federal deficit to new highs was signed into law, it was ignored while young men and women were sent to fight in Iraq, and is being ignored while the Congress is being asked to consider authorizing even more money for Iraq operations. It is being ignored while those very men and women who we sent to Iraq could benefit from action expanding the child tax credit to lower income families.

In a time where a saying like ''I support the troops'' is a common mantra among Congressional leaders on both sides of the aisle, in both chambers of Congress, and among all walks of life and ideologies, I call on my colleagues in the House of Representatives to put your money where your mouth is and support this motion to recommit that will bring much needed, much appreciated, and much deserved tax relief to Americans who will most benefit from it.

Mr. THOMAS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. NEAL of Massachusetts. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9, rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—ayes 201, noes 221, not voting 12, as follows:

[Roll No. 507]

AYES—201

Abercrombie
Ackerman
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Bell
Berkley
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Castle
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley (CA)
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
Hall
Harman
Hastings (FL)
Hill
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Ryan (OH)
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOES—221

Aderholt
Akin
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bereuter
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Carter
Chabot
Chocola
Coble
Cole
Collins
Cox
Crane
Crenshaw
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Fletcher
Foley
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Houghton
Hulshof
Hunter
Hyde
Isakson
Issa
Istook
Janklow
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Sullivan
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—12

Berry
Cubin
Forbes
Gephardt
Hoyer
McIntyre
Miller (FL)
Platts
Rohrabacher
Rush
Stearns
Thompson (CA)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. TERRY) (during the vote). Members are advised that there are 2 minutes in this vote.

□ 1515

Mrs. MYRICK changed her vote from ''aye'' to ''no.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. KLECZKA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 408, nays 13, not voting 13, as follows:

[Roll No. 508]

YEAS—408

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Becerra
Bell
Bereuter
Berkley
Berman
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Carter
Case
Castle
Chabot
Chocola
Clay
Clyburn
Coble
Cole
Collins
Conyers
Cooper
Costello
Cox
Cramer
Crane
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Dooley (CA)
Doolittle

Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Fletcher
Foley
Ford
Fossella
Frank (MA)
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grijalva
Gutierrez
Gutknecht
Hall
Harman
Harris
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Janklow
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McGovern
McHugh
McInnis
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Moore
Moran (KS)
Moran (VA)
Murphy
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pastor
Paul
Payne
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spratt
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Toomey
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velazquez
Visclosky
Vitter
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—13

Doggett
Hill
Kanjorski
Kleczka
Kucinich
McDermott
Mollohan
Murtha
Pascrell
Stark
Stenholm
Taylor (MS)
Tierney

NOT VOTING—13

Berry
Blumenauer
Cubin
DeFazio
Forbes
Gephardt
McIntyre
Miller (FL)
Platts
Rohrabacher
Rush
Stearns
Thompson (CA)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised that there are 2 minutes remaining in the vote.

□ 1526

Ms. JACKSON-LEE of Texas changed her vote from ''nay'' to ''yea''.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid upon the table.

PERSONAL EXPLANATION

Mr. THOMPSON of California. Mr. Speaker. I was not present for rollcall votes 506, 507, and 508, held earlier this afternoon on the Charitable Giving Act (H.R. 7). Had I been present, I would have voted ''yes'' on the Cardin Substitute (No. 506). I would have voted ''yes'' on the Motion to Recommit (No. 507). I would have voted ''yes'' on Final Passage (No. 508).

AUTHORIZING SPEAKER TO POSTPONE VOTES ON MOTIONS TO INSTRUCT CONFEREES CONSIDERED TODAY UNTIL TUESDAY, SEPTEMBER 23, 2003

Mr. DELAY. Mr. Speaker, I ask unanimous consent that the Speaker be authorized to postpone further proceedings on any record vote ordered on the question of agreeing to a motion to instruct conferees considered today until Tuesday, September 23, 2003.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. HOYER asked and was given permission to address the House for 1 minute.)

Mr. HOYER. Mr. Speaker, I yield to the gentleman from Texas (Mr. DELAY), the distinguished majority leader, for the purposes of informing the House for the following week and perhaps thereafter.

Mr. DELAY. I appreciate the distinguished whip, the gentleman from Maryland (Mr. HOYER), for yielding to me.

Mr. Speaker, I would like to make all Members aware that the House has completed voting for the day and for the week. We will take any votes called for on the three pending motions to instruct next week.

Regarding next week's schedule, the House will convene on Tuesday at 12:30 p.m. for morning hour and 2 p.m. for legislative business. At that time we expect to consider several measures under suspension of the rules, and any votes called on those measures will be rolled until after 6:30 p.m.

On Wednesday the House will meet for legislative business at 10 a.m. We expect to begin consideration of H.R. 2557, the Water Resources Development Act of 2003.

Members should also be aware that we may be considering conference reports at any time next week. We have a growing list of bills that could be ready. These include but are not limited to the fiscal year 2004 Homeland Security Appropriations Act, the fiscal 2004 Department of Defense Appropriations Act, and the Department of Defense authorization bill for fiscal 2004.

In addition, I would like to note that despite the great efforts of the House to complete all appropriations bills by the end of the fiscal year, we will have to consider a continuing resolution next week.

Finally, I would like to note for all Members that we do not plan to have votes next Friday, September 26.

Mr. Speaker, I thank gentleman for yielding.

Mr. HOYER. Mr. Speaker, I thank the gentleman for that information.

If I might, I would like to start with the general and then go to the specific for next week. I know that there are some of our colleagues who are trying to plan schedules for not only next week but weeks out and I know there has been a lot of discussion going on.

Can the leader tell me what he anticipates the schedule will be generally speaking in the month of October? My presumption is that we are going to be here through the end of October, as the Senate has not passed some of the bills and sent them to us. Our anticipation is that we will be here at least that long.

Can the gentleman tell us what he anticipates to be the schedule for the weeks of October? We know that the Senate is taking off one of those weeks. I think the first full week of October they will be taking off. I think Members would find it very useful if the gentleman could give us his thoughts on what our schedule would be.

Mr. Speaker, I yield to the gentleman.

□ 1530

Mr. DELAY. Mr. Speaker, I thank the gentleman for yielding.

I do not want to prejudge the Committee on Appropriations' work, but I think in dealing with the Senate, the House and with both sides of the aisle it looks like everybody is coming together in a consensus around a continuing resolution that might run us to October 31, and that should be a very

real signal to our Members that we will probably be in session to at least October 31.

However, trying to figure out exactly what weeks we will and will not work depends a lot on the work that we still have pending. Any day now we anticipate receiving from the administration a supplemental appropriations bill. Obviously, the Committee on Appropriations will go immediately to work on that, but I am informed that it may take at least two, three, even four weeks with hearings and things that need to be done, I think all Members want to really look at that supplemental and make sure that we are doing the right thing, and I cannot say today that, definitively, we would be off the week that the Senate has taken off, but I am hoping that working over the weekend and through the week next week, we ought to be able to give Members some sort of idea as to what the month of October might look like.

Mr. HOYER. Mr. Speaker, reclaiming my time, I appreciate the leader's comments, and I understand when we get down towards the end of the session you are not sure exactly how the business will flow and you have got to make decisions as that occurs.

I understand the week of October 6, which is I guess a week and a half from today, I hate to try to pin the gentleman down, but Members obviously are trying to figure out when they get requests in their districts to do things, whether or not that October 6 date, again because the Senate's going to be off, is a probable time that they may be able to work in the District or whether it is too problematic for them to make any kinds of plans. I yield to my friend.

Mr. DELAY. Mr. Speaker, I appreciate the gentleman for yielding. Let me just correct the gentleman. The week of October 6 is 2½ weeks from today, and I really believe that it is going to hinge on what the supplemental looks like and what the Committee on Appropriations thinks that their schedule might be in order to get the supplemental to the floor as quickly as possible, giving the Members every opportunity to look at the bill and participate in it.

My thinking is that if we can get that supplemental to the floor of the House by that week of October 6, we could very well be here voting on that supplemental.

Mr. HOYER. I understand. I thank the gentleman. Would it be fair for Members to presume, absent further notice, that we will be meeting, as we have been meeting, on the Tuesday evening, Thursday night schedule? I yield to the gentleman.

Mr. DELAY. Mr. Speaker, I appreciate the gentleman yielding. As the gentleman knows, the House has been very active this year, and we have gotten a lot of our business done, and there is very important business left, but the requirement for floor time is getting less and less, and we do not want to keep Members here any longer than they have to be. So, yes, we anticipate that the schedule would run at least Tuesday through Thursdays in the weeks ahead, but that could be adjusted, too.

Mr. HOYER. I thank the gentleman for his comments. Now, if I could go to the specifics.

Mr. DELAY. Mr. Speaker, would the gentleman yield?

Mr. HOYER. I am glad to yield.

Mr. DELAY. I do not want Members to misunderstand me. Also, it is coming to the end of the session, and as the gentleman knows, I would not encourage Members to make a lot of plans for Mondays and Fridays, plans that cannot be broken because as we get to the end of the session, the weeks could very well get longer.

Mr. HOYER. Reclaiming my time, I understand what the leader is saying.

On the appropriations conference reports, the gentleman mentioned a number of conference reports, Homeland Security and DOD and the DOD authorization. Is there a possibility that the legislative branch appropriation conference report could come to the floor next week as well or any other conference reports?

Mr. DELAY. If the gentleman would yield, the gentleman is correct. We are in conference on legislative branch, and we also are in conference on the military construction. Both of those could very well be ready for action next week. The appropriators are working hard, and it looks like they are doing their business once we get into conferences. So, yes, military construction and legislative branch could very well be up next week.

Mr. HOYER. I thank the gentleman. The other conference report, there are many others, but one that we are very interested in is the labor-health-education conference report. Does the leader have any insight as to when that might be considered on the floor?

Mr. DELAY. If the gentleman would yield, we certainly want to try to get moving on this most important piece of legislation as soon as possible. Unfortunately, the other body has trampled on the constitutional prerogatives of the House in initiating tax provisions in their bill.

The bill that the other body has passed has been blue-slipped appropriately by the Committee on Ways and Means, and until this blue-slip issue is resolved, I just cannot give the gentleman any sort of prediction as to when we would appoint conferees.

Mr. HOYER. Reclaiming my time, is that on the issue of overtime pay for working Americans?

Mr. DELAY. No. If the gentleman would yield, my understanding is it is over the issue of raising Customs fees.

Mr. HOYER. Mr. Speaker, I understand. Reclaiming my time, there is another conference report that we have been talking about now for a couple of weeks, and that is the FAA conference report, the reauthorization, which the authorization I think expires on September 30, if I am correct. Can the gentleman tell the body and the Members the status of that conference report?

Mr. DELAY. If the gentleman would yield, the current FAA authorization, as the gentleman knows, expires at the end of this month, and obviously we need to keep that program going. The best way to do this would be to pass the FAA conference report, and we hope to find a way. We have been working very hard on it for the last 2 weeks. We still hope to find a way to do that conference report next week.

Mr. HOYER. Reclaiming my time, I thank the gentleman for his observation on that, and we want to try to help him find a way, but as the gentleman knows, one of the provisions in that, which suggests privatizing the air traffic controllers, is a very controversial item I think on both sides of the aisle very frankly, but giving my colleague the information I think it is appropriate for him to have, I think beyond that and perhaps the training of the attendants, which we think is also very important for our homeland security and air traffic security purposes, but for those two I think we are pretty much in agreement.

So if we can facilitate perhaps on that which we are in agreement, moving the bill, we would be glad to try to help on that effort.

Mr. DELAY. Mr. Speaker, if the gentleman would yield, the gentleman is absolutely correct, and the chairman and ranking member of the Committee on Transportation and Infrastructure are working very hard, and hopefully, we will have a resolution by next week.

Mr. HOYER. I thank the gentleman for his comments.

There is another bill, as we all know, that the authorization of which is expiring the end of this month, and that is the Transportation Efficiency Act 21. TEA–21, as we refer to it, is expiring. That has been in consideration. I know there is a lot of controversy about how much investment ought to be authorized in that bill. Can the gentleman tell us the status of that particular piece of legislation, which is so critical to the welfare of our country? I yield to the gentleman.

Mr. DELAY. Mr. Speaker, I appreciate the gentleman yielding.

It is my understanding that two bills were introduced today extending the funding for transportation infrastructure for the next 5 months in one bill and 6 months in another bill. We hope to have one of those bills to the floor by next week. The Committee on Transportation and Infrastructure is working very hard to prepare that bill for floor consideration, and the gentleman is absolutely right. It is critical to keep highway funding flowing, particularly going into the winter season. We want to get as much construction finished in the northern States now before the winter completes, and there are a lot of contracts of construction out there right now.

So it is vitally important for us to extend the highway program while we are working on a more comprehensive 6-year highway bill.

Mr. HOYER. Mr. Speaker, so the gentleman thinks that may be on the floor next week?

Mr. DELAY. We are working hard to get it to the floor next week because we only have, starting off next week, I think we have 10 days before the end of this fiscal year.

Mr. HOYER. Mr. Speaker, reclaiming my time, next to last issue I would bring up, I think I heard the gentleman say this, but I want to make sure the Members understand, is it the gentleman's understanding, and is it his intention, that if we adopt a CR, is it next week that he thinks we may do that, that the date set in that CR for continuing funding would be until the 31st of October? I yield to the gentleman.

Mr. DELAY. Mr. Speaker, I appreciate the gentleman yielding.

While I heard there is growing support for a CR that carries us through to October 31, to my knowledge no final decisions have been made on that, but a decision on it is getting closer and closer.

Mr. HOYER. Mr. Speaker, last question, and I know it would disappoint my colleague if I did not pursue this issue, but Senator GRASSLEY in the other body was quoted as saying he expects the Democrats to keep the heat on on this issue, so we do not want to disappoint him either.

I say that facetiously, but we really do care about the child tax credit. It appears that the conference is meeting. It appears that there is significant disagreement between the House and the Senate, but there appears that there is, in this limited area, that is, extending the child tax credit to those families who are making between $10- and $26,000, of which there are some 6½ million families, 12 million children affected by this and 200,000 military families, there appears to be agreement on this issue.

One of the disagreements is apparently that there are some of us who are willing to make it permanent, but want to at least see it active this year, but one of the problems apparently that the gentleman expressed last week was if we cannot make it permanent, we apparently cannot do it. I would hope, because I think we could do it very quickly on this floor and would not take much time of the body, that the gentleman would bring to the floor the Senate bill, which has the child tax credit, and that we might pass that or, alternatively, simply do a limited bill, send it to the Senate, and they could take it off the desk and pass it, but in either event, it would facilitate getting to those 6½ million families the same kind of assistance that we have already given to others who have received a refund of the child tax credit. I know the gentleman anticipated that question. I know he has an answer.

Mr. DELAY. Mr. Speaker, if the gentleman will yield, I have enjoyed my time in this institution working with the gentleman on institution matters, and I know the gentleman has strongly-held beliefs of protecting the prerogatives of this institution and the will of the House, and I just say to the gentleman under this issue, his words ''extending the child tax credit'' are critical. This House has spoken on that issue. This House has considered the Senate bill he mentions. This House has rejected that Senate bill as flawed, and this House has expressed itself because it wants to extend the child tax credit beyond the next election, and we expressed it in passing with a very good vote a bill and sent it to the other body.

I just would recommend that the gentleman direct his comments and his strategy toward the other body. All they have to do is pick up the House bill and the gentleman will get everything that he has asked for.

Mr. HOYER. Mr. Speaker, reclaiming my time, I understand what the gentleman said, but when one really addresses this issue in a way that reflects I think an honest analysis of it, there is disagreement between the two bodies on the proposal we made in the House and the proposal that has been made in the Senate. There is, however, no disagreement, not a scintilla of difference, between the two houses on whether or not assistance ought to be given to these 6½ million people, families and 12 million children, 200,000 military families this year. The only issue is do we want to do it further and keep it. Very frankly, I would want to do it at least this year, and then I will fight to do it next year and the year after, and our side of the aisle will fight side by side with the gentleman trying to make that permanent, but because there is no disagreement on that issue but there is disagreement, as the gentleman points out, between our body and the other body on other issues included in the bill to which the gentleman refers, these 6½ million families are paying the price.

What I am saying respectfully to the leader is that on the issue that I have brought up, there is no disagreement, as I understand it, with Republicans, with Democrats in the House or with Republicans or Democrats in the Senate, and because we have agreement on that, we ought to act, and I would urge the majority leader to seriously consider requesting that the chairman of the Committee on Ways and Means, and we ought to protect our jurisdiction, we ought to initiate that bill but because we have agreement, I would hope we would do so. I would yield.

Mr. DELAY. Mr. Speaker, if the gentleman would yield, I would just mention to the gentleman we do have a disagreement. The gentleman is correct. Everyone in this House wants to accelerate the child tax credit that is already on its way for the 6½ million families. The disagreement in this House is on my colleague's side. They would like to allow that to expire, and these 6½ million families would have their taxes increased the following year. We think that is a horrible policy, and we would like to, if they get this tax break, that they can count on this tax break for more than 1 year. This tax credit. It is not a tax break. This tax credit for more than a year.

Mr. HOYER. Mr. Speaker, reclaiming my time if that, as the gentleman posits, is the disagreement, then I would say to the leader that I think I can in the next 96 hours get my side of the aisle to agree with his side of the aisle to pass that as a permanent extension. The problem we have is not between our bodies on that issue as I said. I think my party would join. These are folks who make between $10- and $26,000 who are trying to support their children, put them into school, get them through and make them good citizens. We want to help that, my colleague wants to help that, but we are not doing it. We are not doing it because there is a disagreement between the two bodies.

I think it is incorrect to characterize our side of the aisle as wanting this to expire. What we want to do is pass, and if there is disagreement between the bodies, we at least want to take one step, even if we cannot take five steps, because that one step will help those families. I would be glad to yield to the distinguished chairman of the Committee on Rules.

□ 1545

Mr. DREIER. Mr. Speaker, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from California.

Mr. DREIER. Mr. Speaker, I thank the gentleman for yielding, and I simply would like to say at this moment we have seen the distinguished majority leader and the distinguished minority whip in their first year in these important positions go through an exchange of issues on which there was quite a bit of agreement and the most recent one some disagreement.

I would like to point out to my colleagues that 216 years ago today, the framers signed the U.S. Constitution and began that laborious task of ensuring its ratification. And to hear the distinguished majority leader talk about exercising our constitutional prerogatives as the first branch of government is very inspiring to me, and I know will continue to inspire all of those who have worked so hard to ensure the success of this, the greatest deliberative body known to man.

Mr. HOYER. Mr. Speaker, reclaiming my time, I want the gentleman to know as the representative of the original adopters of that extraordinary document who were then later pleased to welcome to our ranks those who serve under that Constitution our distinguished citizens from Texas and distinguished citizens that California. And I had the opportunity of hearing the majority leader speak today at a ceremony at the National Archives at

which we unveiled the newly ensconced and protected charters of freedom, the Constitution of the United States preceded by the Declaration of Independence and followed closely by the Bill of Rights, those three extraordinary documents which stand as probably the most powerful statements of a free people and of liberty and justice and a government of laws and not of men. They will be preserved from the elements as they have been preserved from those who would undermine their principles and their reality.

I want to congratulate the leader for his comments today at that ceremony.

Mr. DREIER. Mr. Speaker, if the gentleman would continue to yield, I know I speak on behalf of my colleague from Texas when I say we both appreciate that the gentleman from Maryland (Mr. HOYER) welcomed us into the Union.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ISAKSON). The Chair reminds Members it is inappropriate for Members of the House to characterize the actions of the Senate in their remarks.

ANNOUNCEMENT BY COMMITTEE ON RULES REGARDING AMENDMENTS TO H.R. 2557, WATER RESOURCES DEVELOPMENT ACT OF 2003

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

Mr. DREIER. Mr. Speaker, the Committee on Rules may meet next week, the week of September 22, to grant a rule which could limit the amendment process for floor consideration of H.R. 2557, the Water Resources Development Act of 2003. The Committee on Transportation and Infrastructure ordered the bill reported on July 23, 2003, and filed its report with the House on September 5, 2003.

Any Member wishing to offer an amendment should submit 55 copies of the amendment and one copy of a brief explanation of the amendment to the Committee on Rules up in room 312 here in the Capitol by 1 p.m. by Tuesday, September 23. Members should draft their amendments to the text of the bill as reported by the Committee on Transportation and Infrastructure.

Mr. Speaker, Members are reminded that earlier in the year the Committee on Transportation and Infrastructure set forth a specific process regarding the submission of projects for inclusion in the Water Resources Development Act. The Committee on Rules does not intend to accord priority to amendments that have not gone through the aforementioned process.

Members should use the Office of Legislative Counsel to ensure that their amendments are drafted in the appropriate format. Members are also advised to check with the Office of the Parliamentarian to be certain their amendments comply with the rules of the House.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H. RES. 367

Mr. WALSH. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H. Res. 367.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1078

Mr. AKIN. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 1078.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

MOTION TO INSTRUCT CONFEREES ON H.R. 1308, TAX RELIEF, SIMPLIFICATION, AND EQUITY ACT OF 2003

Mr. RYAN of Ohio. Mr. Speaker, I offer a privileged motion.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. RYAN of Ohio moves that the managers on the part of the House in the conference on the disagreeing votes of the two Houses on the House amendment to the Senate amendment to H.R. 1308 be instructed as follows:

1. The House conferees shall be instructed to include in the conference report the provision of the Senate amendment (not included in the House amendment) that provides immediate payments to taxpayers receiving an additional credit by reason of the bill in the same manner as other taxpayers were entitled to immediate payments under the Jobs and Growth Tax Relief Reconciliation Act of 2003.

2. The House conferees shall be instructed to include in the conference report the provision of the Senate amendment (not included in the House amendment) that provides families of military personnel serving in Iraq, Afghanistan, and other combat zones a child credit based on the earnings of the individuals serving in the combat zone.

3. The House conferees shall be instructed to include in the conference report all of the other provisions of the Senate amendment and shall not report back a conference report that includes additional tax benefits not offset by other provisions.

4. To the maximum extent possible within the scope of conference, the House conferees shall be instructed to include in the conference report other tax benefits for military personnel and the families of the astronauts who died in the Columbia disaster.

5. The House conferees shall, as soon as practicable after the adoption of this motion, meet in open session with the Senate conferees and the House conferees shall file a conference report consistent with the preceeding provisions of this instruction, not later than the second legislative day after adoption of this motion.

Mr. RYAN of Ohio (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER pro tempore. Pursuant to clause 7 of rule XXII, the gentleman from Ohio (Mr. RYAN) and a member of the opposing party each will control 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. RYAN).

Mr. RYAN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Today I am offering a motion to instruct conferees on the child tax credit. I thank all Members of Congress, especially the gentlewoman from Connecticut (Ms. DELAURO), for initially offering her leadership on this motion.

Mr. Speaker, the tax bill that was passed by Congress neglected 12 million children in America's low-income working families by cutting them out of the child tax credit plan.

My motion to instruct does a few things. It instructs the conferees to agree to the Senate language that provides for tax credit checks to be mailed immediately to low-income families. It also provides that the tax credit be extended to personnel in combat zones in Iraq, Afghanistan and elsewhere; and the conferees could easily accomplish these changes and bring up a final bill within 2 days which is what the motion calls for.

In Ohio, the House Committee on Government Reform and Oversight states that over 25,000 working families were cut out of this provision. These are families who work hard. They do pay taxes. Unlike what many Members have said during the debate in the last few months, these individuals may not pay income tax, but they pay property tax, sales tax, they pay user fees, they pay tolls to get on the roads; and so they do contribute to the economy. They do pay taxes.

I was having an interesting conversation with a Republican friend who was listening to this debate happen because this is not the first time we have had this debate in the Chamber, and he said they do not pay taxes. I said they do pay taxes. They pay sales tax and property tax. He said give them a rebate on their property tax. My question to him is what is the difference?

Mr. Speaker, these people need help, and we have not done enough for them in this Chamber. We have an opportunity with this bill to make and have real impact on low-income families.

One last example that this bill, this motion, would help those military families that we talk so much about. One example that we have, an E–5 or E–6 sergeant, 6 years of service, two children, making $29,000 a year. If he does not serve in combat, both of his children qualify for the credit. They get the thousand-dollar credit. If he is in combat for 6 months, his or her credit drops to $450. I do not think there is a

person in this Chamber who would say we are doing enough to help our military personnel in combat.

Mr. Speaker, I reserve the balance of my time.

Mr. CANTOR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as was indicated earlier in the debate, or the colloquy, between the majority leader and the minority whip, this House on June 12 passed a tax relief measure which provided for the extension of the child tax credit. Let us look at the current law and see what we would be extending if that particular measure were to pass the other body and go on to the President for his signature.

Who is getting that child tax credit under current law: any family that pays income tax as long as their income does not exceed certain levels, and even families who do not pay income taxes receive the child tax credit so long as they earn at least $10,500. These families receive a check from the government equal to 10 percent of their income over $10,500.

Military families serving overseas also get the child tax credit subject to the same rules. So-called wealthy families do not get the child tax credit. The child credit is reduced and eventually eliminated for single parents with incomes over $75,000 and for married couples with incomes over $110,000.

Mr. Speaker, this House has acted, and on June 12 of this year passed a bill which calls for the extension of the child tax credit through 2010. It does other things as well. Along with passing the extension of the child tax credit, we eliminated the marriage penalty in the child credit, celebrated the increase in the refundable child credit, provided tax relief and enhanced tax fairness for members of the Armed Forces. We suspended in that same piece of legislation the tax exempt status of designated terrorist organizations, and provided tax relief for astronauts who die on space missions.

Mr. Speaker, I would say to the gentleman from Ohio (Mr. RYAN) that the call for action belongs and should be focused and aimed to the other side of this building. They are in the chairman's seat of the child tax credit conference, and it is they who should act.

Mr. Speaker, I reserve the balance of my time.

Mr. RYAN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. STRICKLAND).

Mr. STRICKLAND. Mr. Speaker, I know of no issue that most clearly shows the differences between the Republican and the Democratic parties than does this issue.

President Bush came to Ohio on Labor Day. He stood and he talked about the child tax credit. It was reported in the paper that he said folks here in Ohio can use this $400 per child tax credit to buy clothing for their children, to buy school supplies. What the President did not say to the citizens of Ohio is that the Republican Party is excluding 500,000 children in Ohio, children from low-income families, children from families who are most in need of help, and yet they apparently do not count. We are told that they should not get this benefit because their parents do not pay income taxes.

□ 1600

Well, they pay payroll taxes. They pay property taxes. They pay all sorts of other kinds of taxes. Why is it that my Republican colleague focus only on the income tax? Do they not know that a dollar being given for the payroll tax is just as difficult for that poor family to pay as a dollar on an income tax?

Mr. Speaker, 500,000 children in the State of Ohio. Now, people need to be very clear. These are children whose moms and dads work. Sometimes they may work two or more jobs. They just simply do not make enough to have to pay income tax. Think about that. If you are a resident of Ohio and you make $60,000 a year and have two children, you get $800, $400 per child. But if you are a family that lives next door to the $60,000 family and you only make $25,000 and you have got two children, they get nothing. They get zero under this plan. It does not make sense. I think it is cruel hearted. I think it is hard hearted to react to the children in this manner.

Mr. Speaker, I call upon the President to exert his influence so that the next time he comes back to Ohio he can say he cared about all of Ohio's children, even the poor kids.

I think this is a matter of values. And for those of us in this Chamber who support family values, I would like to quote from the New Testament. Jesus said, ''As often as you have done it unto the least of these, you have done it unto me.''

What we are talking about here today are the poorest kids. We are talking about the poorest kids, the kids whose moms and dads work but who struggle. We are talking about the kids who need clothing for school, who need school supplies, who need all kinds of other essentials that their moms and dads may not be able to provide to them unless we do the right thing in this Chamber and provide this rebate, this tax credit for all the children.

Mr. CANTOR. Mr. Speaker, I reserve the balance of my time.

Mr. RYAN of Ohio. Mr. Speaker, I yield myself as such time as I may consume.

Mr. Speaker, I have a couple points that I would like to make in addition to thanking the gentleman from Ohio (Mr. STRICKLAND) for his comments and his leadership on this particular bill.

The child tax credit of which we are talking about adding on to, the additional funding that it would take only accounts for 1 percent of the final bill that we passed, 1 percent out of a $350 billion bill. This would have been $3.5 billion. And when you take a step back and you look at the overall picture, you will see that this type of investment of only 1 percent of the entire bill would have much more value to the economy, would put more back per person that would receive the money than the money that we were giving in the same amount, actually much, much more, to the top 1 or 2 percent.

These people are actually going to go out and spend the money. They are going to go out to the store, as Mr. STRICKLAND stated, and they are going to spend it because they do not have a lot. But if you give $93,000 back to someone who makes a million dollars, they are not going to buy anything new that they do not already have.

So I think it is important when we talk about this also to talk about the portion that is an economic stimulus part of this bill.

Mr. Speaker, I reserve the balance of my time and the right to close.

The SPEAKER pro tempore (Mr. LINDER). The gentleman has that right.

Mr. CANTOR. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, again, I think this is the nineteenth time that we have been through this discussion on a non-binding motion to instruct conferees. And at this time, again, I would reiterate the need to focus the urging of action towards the other side of this Capitol that chair the conference committee on the child tax credit.

Mr. Speaker, I yield back the balance of my time.

Mr. RYAN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

I would like to say we will be asking for your help and your support to encourage the leaders in the United States Senate to also help us with this particular provision. I think it is a good piece of legislation. I think there are thousands and thousands and thousands of young kids throughout the United States of America today, Mr. Speaker, who this would benefit.

It would be a direct impact into our economy. We still need a boost. There are still not jobs being created. It is still a jobless recovery. And this is an opportunity for all the campaign speeches about being compassionate. I cannot think of a better opportunity for the President of the United States to use his power, for the leaders in this Congress to use their power, for the leaders in the other body to use their power to make sure that this motion passes and that we inject some more money back into the economy and start giving it to people who will go out and spend it.

I believe there is a real slant in the policies that are coming out of not only this Chamber, but the other Chamber, and also coming out of the administration.

One example that I would like to use, not necessarily affecting this particular piece of legislation, but one similar, the earned income tax credit. One, the audits of working poor in 2001

from the IRS increased by 48.6 percent. Those applying for the earned income tax credit had a 1 in 47 chance of getting audited. Those making more than $100,000 a year had a 1 in 208 chance of getting audited. I think this is indicative and illustrates the point that the policies we are getting out of this Chamber and out of this Congress and from the President are clearly slanted towards the top 1, 2, 3, 4, 5 percent and against those people who are working poor or living in poverty.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LINDER). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Ohio (Mr. RYAN).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. RYAN of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the order of the House of earlier today, further proceedings on this motion will be postponed.

MOTION TO INSTRUCT CONFEREES ON H.R. 1, MEDICARE PRESCRIPTION DRUG AND MODERNIZATION ACT OF 2003

Mr. STENHOLM. Mr. Speaker, I offer a motion to instruct.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. STENHOLM moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 1 be instructed as follows:

(1) The House recede to the Senate on the provisions to guarantee access to prescription drug coverage under section 1860D–13(e) of the Social Security Act, as added by section 101(a) of the Senate amendment.

(2) To reject the provisions of section 501 of the House bill.

(3) The House recede to the Senate on the following provisions of the Senate amendment to improve rural health care:

(A) Section 403 (relating to inpatient hospital adjustment for low volume hospitals).

(B) Section 404 (relating to medicare disproportionate share adjustment for rural areas), but with the effective date applicable under section 401(b) of the House bill.

(C) Section 404A (relating to MedPAC report on medicare disproportionate share hospital adjustment payments).

(D) The following provisions of section 405 (relating to critical access hospital improvements):

(i) Subsection (a), but with the effective date applicable under section 405(f)(4) of the House bill.

(ii) Subsection (b), but with the effective date applicable under section 405(c)(2) of the House bill.

(iii) Subsections (e), (f), and (g).

(E) Section 414 (relating to rural community hospital demonstration program).

(F) Section 415 (relating to critical access hospital improvement demonstration program).

(G) Section 417 (relating to treatment of certain entities for purposes of payment under the medicare program).

(H) Section 420 (relating to conforming changes relating to Federally qualified health centers).

(I) Section 420A (relating to increase for hospitals with disproportionate indigent care revenues).

(J) Section 421 (relating to establishment of floor on geographic adjustments of payments for physicians' services).

(K) Section 425 (relating to temporary increase for ground ambulance services), but with the effective date applicable under the amendment made by section 410(2) of the House bill.

(L) Section 426 (relating to appropriate coverage of air ambulance services under ambulance fee schedule).

(M) Section 427 (relating to treatment of certain clinical diagnostic laboratory tests furnished by a sole community hospital).

(N) Section 428 (relating to improvement in rural health clinic reimbursement).

(O) Section 444 (relating to GAO study of geographic differences in payments for physicians' services).

(P) Section 450C (relating to authorization of reimbursement for all medicare part B services furnished by Indian hospitals and clinics).

(Q) Section 452 (relating to limitation on reduction in area wage adjustment factors under the prospective payment system for home health services).

(R) Section 455 (relating to MedPAC study on medicare payments and efficiencies in the health care system).

(S) Section 459 (relating to increase in medicare payment for certain home health services).

(T) Section 601 (Increase in medicaid DSH allotments for fiscal years 2004 and 2005).

(4) The House insist upon the following provisions of the House bill:

(A) Section 402 (relating to immediate establishment of uniform standardized amount in rural and small urban areas).

(B) Section 403 (relating to establishment of essential rural hospital classification).

(C) Subsections (a), (b), (d), and (e) of section 405 (relating to improvements to critical access hospital program).

(D) Section 416 (relating to revision of labor-related share of hospital inpatient pps wage index).

(E) Section 417 (relating to medicare incentive payment program improvements).

(F) Section 504 (relating to wage index classification reform).

(G) Section 601 (relating to revision of updates for physician services).

(H) Section 1001 (relating to medicaid disproportionate share hospital (DSH) payments).

Mr. STENHOLM (during the reading). Mr. Speaker, I ask unanimous consent that the motion to instruct be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. Pursuant to clause 7 of rule XXII, the gentleman from Texas (Mr. STENHOLM) and the gentleman from Illinois (Mr. SHIMKUS) each will control 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, all of us in this body have an enormous responsibility to the American people as we put together a bill that will shape the lives of 40 million current Medicare recipients and the millions more that will be retiring in the near future. This bill will make changes that will have profound effects on all Medicare beneficiaries and particularly on the one in four who live in rural America. Rural beneficiaries have different health care needs and delivery systems than those living in urban areas and Congress has a responsibility to pass a Medicare prescription drug reform bill that is responsive to their needs.

The motion to instruct conferees that I am offering today will put the House on record in support of a conference report that addresses the unique challenges facing seniors and health care providers in rural areas as much as possible. The motion would instruct conferees to agree to the following:

Guaranteed prescription drug coverage through a Medicare fallback option in areas where private drug plans are not available.

The best provisions improving Medicare payments to health care providers in rural areas that were included in the Senate bill or the House bill.

Reject the cut in payments to hospitals in the House bill which will adversely affect hospitals in rural areas and undercut the benefits of the rural health care improvements.

Rural beneficiaries have consistently had less access to Medicare managed care plans. Since 2000, rural beneficiaries have been four times more likely than urban beneficiaries to lack a private plan option. This problem of low market penetration in rural areas by private insurance plans may be even more pronounced for a drug-only insurance plan. This motion would address this problem by calling on the conferees to accept a guaranteed fallback plan be offered through traditional Medicare that would be offered in areas where fewer than two private plans have entered to ensure that all seniors have access to this benefit.

The House bill does not include a fallback provision to ensure that seniors have prescription drug coverage in areas where private plans choose to not participate. Instead, the House bill allows the Secretary to pay the drug-only plans whatever it takes to entice them to offer plans. Because premiums for prescription drug coverage are based on what the plans are paid, plans that take the bribe to participate may have significantly higher premiums than those operating in more competitive areas. With one in four seniors residing in rural areas, it is extremely important that we not exclude rural seniors from having a prescription drug benefit, which is a very real risk if we do not provide a guaranteed fallback plan for seniors in areas where private plans are not available. To deny seniors in rural America the prescription

drug benefit option is to deny them access to quality health care.

The motion also calls on conferees to provide the strongest package possible for rural health care by taking the best of the House and Senate bills. Because of the very high proportion of elderly in rural areas, Medicare is a very large and critical source of payment for rural health care providers. Both the House and Senate bills would provide many important improvements in payments to rural health care providers. Unfortunately, there have been reports that assistance to rural health care providers is being held hostage in conference negotiations for leverage on other issues. This motion will send a clear message that the health care needs of rural America should not be used as leverage to advance an agenda on Medicare.

The House bill offers assistance to health care providers in rural areas with one hand but takes away that assistance with the other hand through a reduction in payments to hospitals, which will be particularly harmful to rural hospitals. I am sure that all of us in this body who have talked to our local hospitals as I have done have heard about the challenges that our hospitals face, higher medical malpractice premiums, an increase in the uninsured population, and uncompensated care and cutbacks at the State and local levels. Reducing payments to hospitals could jeopardize the financial life of rural providers and undercut the benefits of the rural health care improvements in the bill. The benefits of improving payments to rural health care providers and increasing access to health care in rural areas will be negated if the hospital in a rural community is forced to close its doors. We must provide equal access to care for all Medicare beneficiaries, regardless of where they live. A vote for this motion is a vote to make sure that seniors and health care providers in rural America are treated fairly by the current Medicare system and the new prescription drug benefit.

Mr. Speaker, I reserve the balance of my time.

Mr. SHIMKUS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this motion would allow the Department of Health and Human Services to offer a Medicare prescription drug plan. There is no need for this type of government-run fallback because the House-passed legislation already guarantees that every Medicare beneficiary will have a choice of at least two Medicare prescription drug plans. My colleague represents rural Texas. I represent rural Illinois. We know that one of the problems in the past was Medicare plans leaving rural areas. I think the benefit of what we have crafted is that it broadens the scope of the region, so it brings in urban and suburban and rural areas.

The motion also instructs conferees to recede to the Senate and remove the hospital market basket update adjustment contained in the House bill.

□ 1615

I would note for my colleagues that we are not cutting hospital reimbursement. We are reducing the increase they are going to receive. According to the Medicare Payment Advisory Commission, MedPAC, the nonpartisan panel of experts that advises Congress on Medicare policy, hospitals make a 10 percent profit for Medicare inpatient services and a 5 percent profit, on average, for all services provided to Medicare patients. MedPAC unanimously advised Congress to increase payments by 3 percent, which is what the House bill does. This is often referred to as market basket minus 0.4 percent.

Finally, this motion would instruct conferees to accept every rural provider increase contained in both bills. This budget-busting motion would mean the cost of the entire package would greatly exceed the $400 billion allocated under the budget resolution for Medicare prescription drugs which would jeopardize our ever getting to a final bill. Obviously, in our budget resolution we passed a bill for prescription drugs at $400 billion. If we go above that amount, we will raise to a point of order, and really we will have no resolution to this.

This motion is unnecessary. The House has already recognized the need to ensure that rural Medicare providers are paid fairly. In fact, the House-passed bill contains a $24.9 billion increase in payments to rural providers which would help rural hospitals and physicians, among others, continue to provide care to rural Americans. Let me just say that again. I traveled all through the August break to many of the rural hospitals. They do not have the numbers to be able to bring to bear all the benefits; so they really need this increase, and this rural increase of $24.9 billion is real dollars to rural hospitals, and I know my colleague knows the need for an increase in rural hospital coverage.

I would also note that conferees have reached agreement in a bipartisan, bicameral basis on a number of issues that will be reopened under this motion. Do we really want to tell the conferees to start over all from scratch? I do not because we want to see success in this Medicare prescription drug bill, and we want to finally get help to the seniors who have asked for it.

Mr. Speaker, we should allow the conferees to work out the differences between both bills. Since both Chambers have made a significant commitment on helping rural providers, I have every confidence that they will develop sound policy.

Mr. Speaker, I reserve the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. SANDLIN).

Mr. SANDLIN. Mr. Speaker, I thank the gentleman from Texas (Mr. STENHOLM) for yielding me this time, a real hero and champion of rural health care, especially in west Texas.

Mr. Speaker, I join my colleagues in instructing the Medicare prescription drug conferees to remember our Nation's 9.3 million rural Medicare beneficiaries as they continue their critical deliberations. The way this bill currently stands is nothing more than the old bait and switch. The Republican leadership has used smoke and mirrors to trick our seniors into thinking that they are getting a Medicare prescription drug plan, when in reality they are forcing them to seek medication from private insurance companies and HMOs that will set the price and set the benefits. This HMO enrichment plan does not even pretend to address the needs of rural America.

Mr. Speaker, as my colleagues know, over 80 percent of rural health care beneficiaries today live in an area that insurance companies do not and will not serve, and it is worse than that in my district. Not one single insurance company in the United States of America has signed up for the plan that is being proposed by our friends on the other side of the aisle.

Just what has history shown us about what happens when insurance companies get involved in Medicare? Medicare+Choice, the great managed care experiment of our Nation's seniors, should have been named Medicare Minus Choice. After all it has been a total disaster. Between 1998 and 2003, the number of Medicare+Choice plans dropped in the United States by more than half. And in Texas, in our State, over 313,000 Medicare+Choice seniors have been dropped by insurance companies since 1999 alone, dropped straight in the grease in Texas because they do not want to serve rural America. Rural seniors do not have access to private insurance plans, not the same as our urban seniors, and knowing this, we must include a Government fallback option for areas served by less than two plans. And there are no plans in east Texas, no plans in rural America.

Mr. Speaker, we also need to eliminate the premium support provisions in H.R. 1 that are scheduled to take place in 2010. It is unconscionable to market this prescription drug bill as an equitable bill and universal, when these folks who stay in traditional fee-for-service Medicare will see significant premium increases under the competition program. There is no competition in rural America, and there is no service in rural America.

Rural seniors have not gotten a fair deal. On average, they are in poorer health, have lower incomes, face higher out-of-pocket medical spending than seniors in urban areas, and they are not addressed. They need our help, and yet, all we are doing with this bill is compounding the inequity rural seniors already endure.

I implore my colleagues to join me in instructing the Medicare conferees to honor our rural seniors. Rural seniors need health care. Rural seniors need our representation. The HMOs already have all that covered.

Mr. SHIMKUS. Mr. Speaker, I yield myself such time as I may consume.

Let me just respond to my colleague. The private sector already does manage the Medicare system. The private sector is already involved in Medicare. They have been doing the job now. They can do it again. If we mandate, as in our bill, that there would be two providers and, again, expand the area of coverage from cities to suburbs out to the rural areas, we will have coverage. I would remind folks $24.9 billion for rural hospitals is real money.

Mr. SANDLIN. Mr. Speaker, will the gentleman yield?

Mr. SHIMKUS. I yield to the gentleman from Texas.

Mr. SANDLIN. Mr. Speaker, how can we assume that coverage would be available in my district or in rural America when it is not available now, and countrywide it is not available in 80 percent of rural districts covered where we have Medicare-covered folks?

Mr. SHIMKUS. Mr. Speaker, reclaiming my time. Mr. Speaker, it is my time.

The SPEAKER pro tempore (Mr. LINDER). The gentleman from Illinois (Mr. SHIMKUS) controls the time.

Mr. SHIMKUS. Mr. Speaker, reclaiming my time, it is because it is on a county-by-county basis. What this Medicare bill does is set up at least at a minimum two coverage areas that would cover the cities, the suburban areas, and out to the rural areas. That way we bring in a bigger pool. But I will also say again $24.9 billion to rural hospitals we jeopardize if we go off in an opportunity to start instructing conferees and distract from this debate.

Let me say one other thing about this legislation. I know my good friends and colleagues are budget watchers, and the idea is that we have a budget that has $400 billion for prescription drug benefit coverage. Anything other than what we have going down the track would probably be risen to a point of order because what they are going to do is expand the cost structure.

Mr. Speaker, I ask unanimous consent that the gentleman from Texas (Mr. SAM JOHNSON) be allowed to control the balance of my time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

I cannot believe we are arguing over this because there are some misnomers here, I think. When they come up with this motion to instruct, we are asking to accept the Senate's position on a government-run prescription drug delivery structure, and the CBO has estimated that that government-run provision will lead to higher prices for beneficiaries and taxpayers in over $8 billion in higher costs. That is a giveaway to the pharmaceutical industry.

This talk about seniors not having a benefit in rural areas is just not right. Both CBO and CMS agree that numerous drug plans will be available and more than 95 percent of the beneficiaries will voluntarily sign up for the benefit. These nonpartisan actuaries have no axe to grind and are in agreement on that point.

Furthermore, any action to approve the other body's position provides unprecedented inflationary increases to hospitals and other health care providers which will force the conference, as my colleague has said, to exceed the $400 billion allocation in the budget resolution, thereby jeopardizing the whole program. It will also undo bicameral, bipartisan decisions that conferees have already resolved. The motion is completely unnecessary because both bills already require prescription drug plans to assume financial risk in delivering prescription benefits to provide a fallback to guarantee all seniors have access to prescription drug plans. It does not matter whether they live in a city or in a country. Both CBO and CMS, as I said, agree that more than 95 percent of beneficiaries will voluntarily sign up.

Mr. Speaker, I reserve the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield myself 1 minute.

To respond to my friend from Texas, this is not a budget-busting amendment. We fully expect the conferees to live within the $400 billion. We have a different idea of the prioritization than what the majority party has, and we are just expressing that today. And also, when the House has a chance to vote, Members on both sides can see whether or not the priorities we believe are the most important should be considered by the conferees. And also with the emphasis on government-run, let me remind my friend from Texas that it is only if the private system fails in rural America, will we have a return to a Medicare plan. Only if it fails. We worry because of the past history of private plans in rural America. We worry that they may not work, and we think it would be irresponsible for us not to provide a fallback. That is our opinion. It is not government- mandated, and these little speech lines that keep flowing out, this is a different idea, a different opinion, and we just expressed it today.

Mr. Speaker, I yield 4 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Speaker, I thank the gentleman from Texas for yielding me this time.

The premise behind the Stenholm motion is simple. One fourth of all Medicare beneficiaries live in rural areas, and they are getting the short end of the stick. Rural hospitals are closing, and there are not enough rural hospitals to begin with. Twenty-five percent, as I said, 25 percent of all Medicare beneficiaries live in rural areas; 90 percent of all physician specialists practice in urban areas. Senior and disabled Americans who need care simply are not getting it in time. That is more than a problem. It is a tragedy. Because of the high proportion of elderly in rural areas, Medicare plays a particularly important role in those areas. Inadequate Medicare reimbursement means inadequate access. There is no cushion. Our responsibility to rural Medicare enrollees is the same as our responsibility to urban Medicare enrollees. They paid in Medicare throughout their working years in exchange for health care security during their retirement. It is the covenant between the Government and its people.

Now that those people are retired, their health care should be reliable. It should be affordable. It should be easily accessible. To meet that responsibility, we need to pay rural providers enough to stay in business. It is that simple.

Unfortunately, Mr. Speaker the House bill tries to have it both ways. It invests in rural hospitals. That is good. Then it squeezes blood from them by cutting reimbursement across the board. One cannot do it both ways. It makes no sense, no sense, to undermine our own efforts to help rural providers and by extension rural beneficiaries, the whole point, by simultaneously increasing and then cutting hospital reimbursement, not to mention the negative impact on urban and suburban hospitals.

This motion, the Stenholm motion, simply instruct conferees to eliminate the hospital cut. This motion instruct conferees to ensure that no senior ends up without access to prescription drug benefits. That is what this whole exercise is all about. H.R. 1 sets the stage for two scenarios when it comes to areas traditionally underserved by HMOs. Neither of those scenarios is acceptable from a public health perspective or, as the gentleman from Texas (Mr. STENHOLM) points out, a fiscal perspective.

First, to lure an HMO to provide drug coverage in a rural or other underserved area, in a sense this Congress bribes them. Knowing the Federal Government is prepared to cover virtually all of an insurer's risk in order to attract them to a rural area, I wonder how many private plans will not hold out for this sweetheart deal? Of course they will.

□ 1630

Of course, they will. But if no plan takes the bait, then seniors in that area just do not get drug coverage.

There are many provisions in H.R. 1 and S. 1 about which Members can reasonably disagree, but do any of us really want to pass a bill that plays that kind of game? The possibility that some seniors would not have access or they will have to shower almost unlimited tax dollars on HMOs to ensure that access, why would we ever think of going down that road?

Fundamentally, the Stenholm motion instructs conferees to take the best of both bills when it comes to bolstering access to care and ensuring access to coverage in our Nation's rural

areas. It warns that the hospital cut included in H.R. 1 short-circuits the bill's provider provision, rural provider provisions, and the Federal fallback omitted from H.R. 1 is crucial if our goal truly is to fill the drug coverage gap in Medicare.

Mr. Speaker, I urge my colleagues to vote for the Stenholm motion.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am kind of getting worried about us wanting to spend more money. It seems like every time I turn around, we do that. This particular proposal spends more money. In fact, I think my colleagues forget over there that we put in $27 billion extra for rural, just for rural, and if you look at some of the statistics, Iowa, for instance, has a 5.5 percent increase and plus-up on Medicaid. I think Iowa is rural. Oklahoma has a 5.7 percent increase and a 5.9 percent increase on Medicaid. I think that is rural, for the most part.

As I go through these notes, it seems to me that the States that you call rural and are not getting anything, they are getting more. Montana gets a 5.7 increase. It is impossible for me to figure out why you think the rural areas are getting stiffed. South Dakota, 5.4 percent increase; Tennessee, 5.3 percent, and so on. I can go on and on.

But the thing is that the Senate provision, or the provision, that you are trying to affirm results in higher costs; and it is a complete and utter giveaway. I think that it is time that we got a little bit of fiscal responsibility in this House and stopped spending money.

Mr. Speaker, I reserve the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield 3½ minutes to the gentleman from Iowa (Mr. BOSWELL).

(Mr. BOSWELL asked and was given permission to revise and extend his remarks.)

Mr. BOSWELL. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, it is my pleasure to be here. This is a very dear thing to people in my State. The gentleman made a reference to Iowa. I think if you get into the print though, you will find out that we give the 5-whatever percent, but then we take a piece of it back in the market basket thing.

So what happens here? When we are in the last position, it is a bad place to be. It is my understanding that no matter where you live, you pay the same as we go into this. We pay the same, but we do not get the same benefit.

This is doing us a lot of harm. We understand the impact this has on the older folks. Everybody thinks that just applies to them, but it applies to the whole community. When you cannot recruit doctors, you cannot retain doctors; you cannot recruit nurses, you cannot retain nurses; you cannot get technicians, you cannot retain them. You just go right on down to the mess halls, as we used to say in the Army and the Air Force. It affects the whole community, from the oldest to the youngest. You cannot buy equipment. It does not cost any less in Iowa and the rural areas than somewhere else. It is a very serious matter, and it needs attention.

So I hope that this will be accepted, that we will instruct to go and make sure that reimbursement rate is taken care of, and some equity, fairness, will take place. It is unfair discrimination, pure and simple, against States like mine, which rank last in the Nation in reimbursement, and many other areas throughout the Nation.

I find out down in Texas, there are areas out there that are as bad as we are. Yet overall, as we put all the numbers together, we go to the bottom, a rate that is less than half what the top rate is in the Nation. Something is awry. Something is wrong. We pay the same, but we cannot have the same.

Wait a minute, this is the United States of America. If we all pay the same, why do we not have the same treatment? That is not going on, and here is a chance to make that right.

So I am very hopeful, I am very hopeful, that we will not pass up this opportunity. We get to the underlying bill, the prescription drug side, that is another argument, and it affects everybody across the country. It does not affect just those of us getting a very bad shake on the reimbursement rate for Medicare. It affects everybody. I think we will keep that out in front of us for some time. I do not think that is going to go away.

But this might be the chance, this might be the chance for some parity, some equity, an opportunity to have some fairness when it comes to Medicare reimbursement.

I hope that those that have the last say on this when it comes back to us to either vote it up or vote it down will take this very, very seriously and try to treat all Americans alike. We need fairness. We pay the same, we ought to have the same result. It is a national program; it is not just for individual areas.

It is kind of interesting, I would say to the gentleman from Texas (Mr. STENHOLM), talking to you and realizing out in some of the rural areas in Texas, and I am sure it is the same in parts of your district as well, that, no, it is not so. But, anyway, it certainly is in some of the rural areas, and Texas is Texas.

Mr. Speaker, it is time for fairness. We are all Americans. We are 50 States, and we are not getting treated the same. Iowa would like to be treated as everybody else. We do not want anything extra. Just treat us the same. We stand up and pay the same; we ought to be treated the same.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I will tell you what: let us correct the record. You did get a market basket adjustment of minus 0.4 percent, but the number I quoted you was the number at the end, which was a 5.5 percent increase. That is 2.1 percent more than current law. That does not count the 5.5 percent increase in additional allotments for Medicaid. Iowa is not being mistreated. When I hear talk about let us treat everybody equal, I think of Canada and their socialist program of medicine, which has not worked; and that is why Canadians come down here for medicine.

Mr. Speaker, I reserve the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Speaker, I am just amazed when I listen to the Republican side, because they are just so bent on the ideology of this, and I think that the motion of the gentleman from Texas (Mr. STENHOLM) and what the Democrats are saying is look at this situation practically.

If you listen to what the gentleman from Texas (Mr. STENHOLM) has said in the motion to instruct, it essentially says, look, we know those of us who are in rural areas, I am not, but we know these HMOs and these private plans are not working, for the most part, and if someone tries to get their prescription drugs through an HMO or managed care private plan, in many cases it is not going to be available, and they are not going to have access to it.

It is the Republicans that basically are trying to impose an ideology and saying we must privatize, we must go this route, this is no alternative. All the gentleman from Texas (Mr. STENHOLM) is saying is in a situation where the HMOs or the private plans are not available, we still have to guarantee drug coverage for those seniors in those rural areas that cannot get it through these private HMOs or other private plans. So let us have the Senate fallback that says you can get your prescription drugs through traditional Medicare.

Now, I just do not understand why the Republicans keep insisting from an ideological point of view, well, we cannot do that; you have to privatize. They went so far as to suggest we have private contractors that provide Medicare services now, but that is the Federal Government as the ultimate insurer contract with some private company to provide the service.

What you have done in this House bill is say that if you as an individual cannot find a private plan, you are out of luck. All the gentleman from Texas (Mr. STENHOLM) is saying with this motion to instruct is let us have a fallback. Let us have an alternative for these people in rural areas when they cannot get the HMO to provide the service. What could make more sense?

Mr. Speaker, it is the same thing as far as the reimbursement rate is concerned. I heard the colleagues on the

Republican side say there is no cutback effectively in the reimbursement rate. Certainly there is. Many of us went to meet with the oncologists today, the cancer doctors; and they were talking about the negative impact on cancer victims because of this reimbursement rate. We have got to change that as well. Just follow the gentleman from Texas (Mr. STENHOLM). It is the practical way to do this, with this motion.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I reserve the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee (Mr. TANNER).

(Mr. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, what we are talking about here is no less than a matter of life and death. All of the medical technology in the world is not going to help somebody who cannot access the system. When you are talking about Tennessee, you are talking about 47 percent of the acute care hospitals in rural Tennessee are losing money. In the House bill you cut the market basket to those hospitals.

There is no way that one can deny the fact that somebody is going to die needlessly because they do not have a hospital or an emergency medical room within 50, 60 or 70 miles, simply because they live in a rural area. You can argue about it, but there is no denying that it will happen. Somebody will die in rural America, because if this House bill goes through, you are going to see acute care hospitals in rural areas close, not to mention the fact that there are people involved.

I think my friend, the gentleman from New Jersey (Mr. PALLONE), talked about the fallback provision. Because we live in a place where you do not need a blinker signal on your car because the guy behind you knows where you are going to turn off, we do not have a lot of choice. And that is what we are talking about here. We are talking about life and death in rural America.

You may not live in rural America; but you have a cousin, an aunt or uncle, a brother, sister, or somebody that does; and these people are going to be irreversibly adversely affected if we do not accept the motion of the gentleman from Texas (Mr. STENHOLM).

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, Tennessee is kind of an interesting State, because they get a 5.3 percent increase; and it does not include six Tennessee critical access hospitals which are rural which are paid exactly what their costs are. Now, this bill is all-encompassing. It takes care of people. It does not let people die, and it does not spend the Treasury of the United States to zero.

Mr. Speaker, I reserve the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. RODRIGUEZ).

Mr. RODRIGUEZ. Mr. Speaker, let me first of all say that what we have before us is two bills. Neither one is worth the paper they are written on, and they are not going to respond to the issues that confront us.

The approach that the gentleman from Texas (Mr. STENHOLM) is providing is to try to look at what is best and try to make something happen. The gentleman from Texas (Mr. SAM JOHNSON), I know he is from Texas also, and I am from Texas, and I have counties that right now do not have any access to any type of health care because they have chosen to leave, they were not making the profits they wanted, and we are having a rough time.

That bill is not going to be responsive. You are saying you are concerned about being fiscally responsible. My God, you are taking money from cancer, which is kind of robbing Peter to pay Paul. You are taking money from people dying from cancer to try to fill another need. We are here to tell you there are needs on both sides. That bill does not meet those needs.

So one of the things we have to come to grips with is we have a problem before us, and you are choosing not to deal with it directly, and you are choosing to play games with Americans.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me just make a couple of observations. The hospitals' payments include some of the payments for beneficiaries. It is not just all hospital costs. I think that we have to consider the fact that the United States Senate, which according to what this proposal embodies, puts the government fully at risk.

□ 1645

There is little incentive to control costs, and I think that the provisions have to lead to higher prices for beneficiaries and taxpayers, and it is a complete and utter giveaway. I think that we have to defeat this motion.

Mr. Speaker, I yield back the balance of my time.

Mr. STENHOLM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this motion to instruct conferees is not a budget buster. It is a red herring to suggest that we are going to bust the budget at $400 million. I support that, and those of us who support this resolution support that. It is a red herring.

One of the things my friend from Texas does not seem to want to acknowledge is that there are many hospitals, as the gentleman from Iowa (Mr. BOSWELL) pointed out, there are many hospitals that have not enjoyed the increases that hospitals in the bigger towns have enjoyed over the last 20 years. And when you have not gotten the increases that some have gotten and you have gotten a lesser amount of reimbursement, you are hurting. That is why we believe the Senate provisions are fairer to those hospitals.

The gentleman is totally correct when he says they get less of an increase, no one is getting cut; but when you have a baseline that is too low, it is important that you get a chance to compete on a level playing field with those hospitals who enjoy a little better situation. We have argued for that for years, but unsuccessfully. Now we notice that there is bipartisan support for acknowledging that rural hospitals and many inner city hospitals have the same problem and that we should, in fact, recognize and begin to correct that disparity.

Regarding the pharmaceutical benefits and the going back to a government program, only if it fails will we go back to a Medicare government program. But some of us, myself included, are very skeptical that private businesses are going to be as interested in rural areas with less people as they are in urban areas; and, therefore, a fallback is critical to us. But it does not do what the gentleman said it did. It is only if it fails; only if it fails will we have a fall-back.

Now, in conclusion, it is difficult for me, and I will not miss the opportunity to say that to be lectured by my friend from Texas on fiscal responsibility, I say to the gentleman, that is a joke. For the gentleman to have supported and continue to support the economic game plan of his side of the aisle that has given us the largest deficits in the history of our country, $689 billion and going up, and I know this because my friend from Texas voted for the last bill that increased the deficit another $12 billion. I did not, and I will get criticized. But I think it is time for us to be fiscally responsible, but I find that it is only when it is convenient. If it is a tax cut, it is great. But if it is being fair to rural hospitals, that is a no-no.

As to the child tax credit, the debate that went on before this, let me point out that every single dime of tax dollars that have been collected on the Social Security system are being spent for current operating expenses. Really, we are borrowing, in addition to that, $560 billion. Differentiating between Social Security taxes and income taxes is a joke, a joke. Just because it was done for 40 years is no longer reason for us to continue to do it.

But do not lecture me on fiscal responsibility. Do not let staff feed the little notes in saying here is what it does and here is what it does not, because this motion does not bust the $400 million budget. We live within it. We only ask the conferees to make the changes. Yes, it will be difficult. Yes, you cannot do what you want to do. You cannot do the things that you want to do in total, but it is a reasonable compromise; and that is what conferences between the House and the Senate are all about. It is taking the differences and working them out in a

very, very good and concise way. But do not lecture us on budget. Go somewhere else. Argue the philosophical. That is a fair shot. The gentleman and I philosophically disagree apparently on the direction that this ought to be. That is a fair shot, and we will argue that. But this amendment does not bust the budget. It offers some, we hope, constructive suggestions; and I hope that the House will in an overwhelming vote say to the conferees, we believe this has merit, take a look at it, and let us pass it.

Mr. Speaker, this amendment is not what is important. It is what comes back, because that is what is, in fact, going to be affecting lives. And in rural areas, this is a critical difference from a hospital's standpoint. If we cannot do what this amendment does, we are going to continue to have real problems in rural areas, and anybody that represents a rural area needs to take a good hard look and hopefully join in support of this amendment.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. LINDER). Without objection, the previous question is ordered on the motion.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Texas (Mr. STENHOLM).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. STENHOLM. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the order of the House of earlier today, further proceedings on this motion will be postponed.

MOTION TO INSTRUCT CONFEREES ON H.R. 1588, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2004

Mr. RODRIGUEZ. Mr. Speaker, I offer a motion to instruct.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. RODRIGUEZ moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendment to the bill H.R. 1588 be instructed to agree to the provisions contained in subtitle F of title VI of the Senate amendment (relating to naturalization and family protection for military members).

The SPEAKER pro tempore. Pursuant to clause 7 of rule XXII, the gentleman from Texas (Mr. RODRIGUEZ) and a member from the majority party each will control 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. RODRIGUEZ).

Mr. RODRIGUEZ. Mr. Speaker, I yield myself such time as I may consume.

I rise today to join my colleagues in expressing my support for the brave men and women who are risking their lives to defend our Nation. I rise to urge my colleagues to express that support by voting in favor of my motion to instruct conferees.

When hostilities broke out in Iraq, the first military member to die in combat was Marine Lance Corporal Jose Gutierrez, an immigrant from Guatemala who volunteered to serve his adopted country. He died an American hero, but he did not die an American citizen.

Lance Corporal Gutierrez was only the first of 13 noncitizen soldiers killed in Operation Iraqi Freedom. Thousands of noncitizen soldiers are currently serving in Iraq, and only 37,000 are noncitizen soldiers who serve in the Nation's Armed Forces.

The motion I am offering today expresses the continued support of the House for the Armed Forces Naturalization Act which passed, by the way, on June 4 by a vote of 414 to 5. The House has already gone on record in support of the bill to give immigrants serving in our Armed Forces more rapid naturalization and to establish protections for their families if they are killed in action.

The 37,000 immigrant soldiers have already met the same rigorous evaluation as U.S. citizens before their enlistment. In fact, the military's criteria are more challenging than the naturalization requirements demanded by the Department of Homeland Security.

Besides meeting the qualifications for military service, noncitizen soldiers have passed an even more important test: they have proven their loyalty to the United States by pledging to defend our Nation and our values with their bodies, their minds, and their lives. Their service in defense of our Nation and our country and their willingness to put their lives on the line speaks to their devotion to the United States.

Mr. Speaker, I urge my colleagues to support this small token of gratitude as a demonstration to these 37,000 Americans who are brave soldiers, to show that we appreciate their patriotism.

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of Texas. Mr. Speaker, I claim the time in opposition to the motion, and I yield myself such time as I may consume.

Mr. Speaker, this motion to instruct conferees addresses the military naturalization provisions that were included in the Department of Defense authorization bill.

On June 4, this Chamber passed H.R. 1954, the Armed Forces Naturalization Act of 2003, with overwhelming support from both sides of the aisle. This military naturalization measure has a number of good provisions. It was sent to the Senate for consideration where it was passed favorably out of the Senate Judiciary Committee. While the Senate has not taken up H.R. 1954, similar provisions were included in the Senate-passed DOD authorization bill.

The motion before us today urges conferees to adopt the provisions contained in the Senate-passed DOD authorization bill. I think this motion underscores the importance of this military naturalization legislation to both Houses and to Republicans and Democrats alike.

However, the Senate should move this bill separately rather than include it in the DOD authorization. This would give the committees with relevant jurisdiction an opportunity to fully examine the differences between the House- and the Senate-passed version and to make informed decisions about these naturalization provisions.

Most of us agree that we should expedite the naturalization process for those who have served our country and provide immigration benefits to family members of those who died. I believe H.R. 1954 accomplished those goals.

I would like to point out, however, some of the reasons why I am concerned about supporting the Senate version contained in the DOD authorization bill. First, H.R. 1954, as passed by the House, grants permanent resident status to the immediate relatives of U.S. citizen soldiers and soldiers granted posthumous citizenship if they die as a result of injuries incurred during active duty. The provisions supported by this motion to instruct conferees would only grant benefits to immediate family members if a soldier died in combat. The family of a soldier who died in training or in being transported to the front would not be granted these citizenship provisions.

Second, H.R. 1954, as passed by the House, allows the spouse of a soldier granted posthumous citizenship to immediately naturalize. This is another important provision omitted from the Senate provisions supported by this motion.

Third, H.R. 1954, as passed by the House, does not grant expedited naturalization during peacetime to a soldier who is discharged less than honorably. I do not believe we should extend the benefits of expedited naturalization to an individual discharged less than honorably, yet the Senate language does not make this distinction.

Finally, Mr. Speaker, I would like to add my concerns about the provisions that benefit illegal aliens in the Senate language supported by this motion. By contrast, H.R. 1954, as passed by the House, does not grant benefits to illegal aliens. By adopting the motion to instruct conferees, we would grant benefits to those illegal aliens, and I do not think this sets a good precedent.

I am heartened that many of us agree on providing important reforms to the naturalization process for military personnel. However, it is my hope that the Senate will take up this legislation separately so that we can resolve some important policy differences between these bills in an appropriate context.

Mr. Speaker, I reserve the balance of my time.

Mr. RODRIGUEZ. Mr. Speaker, I yield 3½ minutes to the gentlewoman from California (Ms. LINDA T. SÁNCHEZ).

Ms. LINDA T. SÁNCHEZ of California. Mr. Speaker, I thank the gentleman from Texas (Mr. RODRIGUEZ) for yielding me this time.

Throughout the United States' history of armed conflict, noncitizens have worn our military uniforms and fought in our battles. In fact, one of my uncles served in the Korean War while a legal permanent resident.

Today, approximately 3 percent of our military are legal permanent residents, but not citizens. Of that 3 percent, more than 37,000 noncitizen soldiers are currently serving on active duty in the U.S. Armed Forces. Many of the U.S. casualties in Operation Iraqi Freedom and many of the soldiers who continue to risk their lives to bring stability to Iraq are noncitizens.

I am a strong supporter of measures that provide opportunities for legal permanent residents serving in our military to become U.S. citizens. These individuals are making enormous sacrifices. Without being citizens and without having the protection that that status gives them, these immigrant men and women are willing to risk their own lives to defend this Nation.

□ 1700

The least we can do is give them something in return. What this motion to instruct does is instruct the conferees to accept the Senate provisions that expedite the naturalization process for members serving in the U.S. military and the selected reserves.

The Senate provision also protects spouses, children, and parents of soldiers killed in action by preserving their ability to file for permanent residence in the United States.

The provisions are an effective way to show those noncitizens serving in our Armed Services that their efforts are appreciated. The provisions provide noncitizen soldiers with the opportunity to apply for citizenship after 2 years of military service instead of the 3-year requirement currently in law.

The provisions waive naturalization fees and provide for naturalization proceeds to take place overseas. It also allows for the spouse, children, and parents of legal permanent resident soldiers killed in action to apply for citizenship.

I am pleased that the Senate provisions deem the parents of soldiers killed in action to petition for immediate family status. When the House version of this bill was considered, I was concerned that parents of legal permanent resident soldiers killed in combat were not eligible for citizenship if they were outside the United States at the time their child was killed. Those same parents would be eligible if they were here in the United States and it made no sense. A parent is a parent whether they happen to have gone to their home country for a short time or whether they are in the process of waiting for a visa application renewal or whether some other circumstance prevented them from being in the United States when their child was killed in combat.

I am pleased the Senate provision of this bill made these provisions an important part of their bill.

Again, I support the motion to instruct conferees on the National Defense Authorization Act for Fiscal Year 2004. I urge my colleagues to support this legislation and benefit noncitizens who are serving in our Armed Services and protecting the freedoms that we hold so dear.

Mr. SMITH of Texas. Mr. Speaker, I have no other speakers, and I reserve the balance of my time.

Mr. RODRIGUEZ. Mr. Speaker, I yield 4 minutes to the gentlewoman from California (Ms. SOLIS), who has also authored legislation in this area.

(Ms. SOLIS asked and was given permission to revise and extend her remarks.)

Ms. SOLIS. Mr. Speaker, I thank the gentleman from Texas (Mr. RODRIGUEZ) for putting this motion to instruct conferees on H.R. 1588, which I am in strong support of.

Earlier in the year several Members of this House came together to work on legislation because we knew immediately that we were seeing many of our young soldiers coming back in body bags. But one thing that differentiated some of the soldiers, and I wanted to point out a photograph of one of the soldiers that was fallen in my district, Francisco Martinez Flores. He was 2 weeks shy of his citizenship.

They granted him posthumous citizenship which means nothing. It stays there in the grave. It does nothing for his family who now has to go through hurdles to make sure that they at least get some semblance of assistance for their well-being here in our country. But if you ask their parents they did not say for one minute, son, do not go and serve your country. He took that upon himself, and they are very proud of him, and we are all very proud of him.

We want to protect all of our soldiers. But there should not be any barriers when we send young men and women, as this 19-year-old went abroad in Iraq. In the first 2 weeks he was there he fell. That was it. His tank fell over the Euphrates River there and his parents never saw him again.

We are working hard to see that these families stay whole, and one of the things that we can demonstrate through this legislation or this motion to instruct is to help preserve that family unit, that they also get the respect that their sons and daughters may not have. In this case, this young man.

I have another picture over here that illustrates a family who is also in that predicament. They have a son who is serving right now in Iraq. The parents are not totally naturalized but they are going through the process. If their son is not returned, who knows what their fate will be as well. But we have thousands of soldiers like that.

Our bill that we had originally proposed would have covered 37,000 men and women who are legal permanent residents that are currently serving in the war, and a good number of our soldiers are also serving as reservists, over 23,000. Nobody is asking them why is it that you are serving? You are not here legally.

They are here legally. They have their green cards. But one thing differentiates them. They do not have that citizenship. They leave their jobs as teachers, as firefighters, as plumbers, as people who helped to build our country. They do not know if they are going to come back and their families are contacting us.

What we would like to see is that there is some assurance, that there is some guarantee for them and their families that they are granted the ability to become naturalized citizens. When I hear the word ''illegal'' it breaks my heart because we do not ask these soldiers to come forward whether or not they are illegal. They were legal residents. They are technically legal residents. And if their families give us the opportunity for their sons and daughters to serve, should we not at least give them the opportunity to grant them some protections that our great country can offer because they are fighting for our freedom every single day. At this moment we know that there are many that are in harm's way.

Mr. Speaker, I would like to thank the gentleman from Wisconsin (Mr. SENSENBRENNER) from the Committee on the Judiciary for his work in recognizing this issue. We worked very hard with several other Members of this House on a bipartisan level, and I would like to thank him for his concerted effort in working with us.

I am also concerned now that this bill or components of the bill are now being placed on hold. And I would ask that Members of our House consider the bigger picture here, and that is these soldiers that are waiting to see that we take action on this motion, and that we do something, that we do the right thing. We sent them out in harm's way, and now it is time for us to take care of them.

Mr. RODRIGUEZ. Mr. Speaker, I reserve the right to close.

Mr. SMITH of Texas. Mr. Speaker, I do not have any further speakers, and I yield back the balance of my time with the understanding that the gentleman from Texas (Mr. RODRIGUEZ) has the right to close.

Mr. RODRIGUEZ. Mr. Speaker, let me take this opportunity first of all to thank the gentleman from Texas (Mr. SMITH). I want to appeal to him. I know that even in the case of the example that I had indicated and that is Marine Lance Corporal Jose Gutierrez, who came here illegally, who was one of the

first killed, he came here illegally. We also have another young man, the majority of who are here, by the way, legally.

We have another young man, and I want to pinpoint in case because this is a sad story. This is Army Private Juan Escalante. It just came out in the paper in Seattle. The young man served in Iraq, and I want to give the gentleman a copy of the article because I think it is important to note. He is a 19-year-old. And I will read part of this.

He is like many of the other soldiers, sailors and airmen settling into civilian life except for the one key fact that Private Escalante is an illegal immigrant. Unlike the tens and thousands of noncitizen soldiers, of which we have 37,000 soldiers that have served our country with so-called green cards, military folks, President Bush has also praised their service, by the way, according to the newspaper. And Escalante fits into an entirely new separate area and I would hope that you would kind of take these cases into consideration.

Here we have a soldier who at the age of 4, at the age of 4 he was brought here by his parents. So he has been here and he is now 19 serving our country in Iraq. He has gotten the combat patch and the whole thing. And now his parents and himself are being looked at for being sent back.

When he graduated from high school he bought a fake green card and joined the Army. And you might say, well, that is fraudulent. But we have had a lot of other fraudulent cases in which people have joined the Army and lied about their age. And he trained as a mechanic, and he later on was deployed to Iraq. Escalante says that he has volunteered and he has enjoyed the work and is extremely proud to have served our country during Iraq and during that particular war. And now he finds himself in a situation where his family is being sent back.

Immigration lawyers and experts argue that the law has long allowed noncitizens who have served honorably during a time of combat, and I know the gentleman is familiar with this, to be eligible for naturalization under Executive Order 13269 signed by President Bush on July 3, 2002. It provides for expedient naturalization for those active during Operation Enduring Freedom.

I would ask the gentleman on that particular case that he please look at and see if he can help that young man, in addition to helping the 37,000 that are here. But I would also want to just go back and say that Mr. Escalante indicated that in the dialogue on this issue is something that is extremely of concern to a lot of other veterans that are out there.

So as we postpone and continue to postpone this, it is important.

Mr. SMITH of Texas. Mr. Speaker, will the gentleman yield?

Mr. RODRIGUEZ. I yield to the gentleman from Texas.

Mr. SMITH of Texas. Mr. Speaker, I think we ought to clarify for the record that only a legal permanent resident can serve in the Armed Services. Someone who is in the country illegally cannot serve in the armed forces. They have to be a legal permanent resident. We may have given the impression that some individuals were here illegally and were allowed to serve but that is not government policy.

Mr. RODRIGUEZ. Mr. Speaker, I know that might not be government policy, but we do have them and we do have the cases. I mentioned to the gentleman Mr. Escalante who served and defended and he has been here since the age of 4. His parents might have violated the law but he has been here since the age of 4. And wherever he came from, I am not sure if he is from Mexico or Central America or whatever, but I know that when you look at a person at the age of 4, are you going go to say that he violated the law?

Mr. SMITH of Texas. If the gentleman would continue to yield, we have looked at some of those cases and have found in almost every instance they had taken advantage of some legalization program so that when they actually enlisted they were legal permanent residents. I just would not want us to give the false impression that people who were in the country illegally can expect to enlist in the Armed Services.

Mr. RODRIGUEZ. I understand that, but the fact is the reality is that we do have and there is 37,000. By the way, that is nothing new. For example, similar action has been taken in past history where we had 143,000 noncitizen military participants in World War I and World War II. We had 31,000 members in the Korean War. We had an additional 100,000 who fought in Vietnam and in the Persian Gulf. These have all been noncitizens.

Mr. SMITH of Texas. If the gentleman would continue to yield, that is exactly right, but they are all legal permanent residents. They are not illegal immigrants.

Mr. RODRIGUEZ. But the majority of them, those 37,000, are still not citizens.

Mr. SMITH of Texas. I understand that, I acknowledge that. They are legal permanent residents. They are not citizens, but they also are not in the country illegally.

Mr. RODRIGUEZ. The gentleman is correct in that, but I did want to mention this, too. But for all the others, the 37,000 that are here, the legal permanent residents that are here and fighting and defending, we want to be able to not give them anything extra except expedite what everyone else has to go through. That is to also help them through their waivers in allowing them an opportunity to waive the fees, and I think the gentleman would be supportive of that. The gentleman would also, I think, be supportive of reducing the waiting period for citizenship, and I think the gentleman would also be supportive of allowing them to proceed as quickly as possible when they are overseas.

One of the problems when they are overseas is that they cannot move forward on their citizenship. So it is important for us to do that. I think we owe them at least that amount to be able to do that. I would hope the gentleman would help us out in that way, in terms of that.

□ 1715

Mr. SMITH of Texas. Mr. Speaker, we will be happy to help out, and I have to point out to the gentleman that all of the provisions which we support were in the House-passed bill, and I am surprised that this motion we are considering now would actually endorse some provisions that I consider to be not as good for individuals who are serving in the military who we want to grant citizenship to.

I mentioned in my opening statement a while ago, for example, that the Senate bill that is endorsed by this motion requires them to have served in the military 2 years. The House bill that I support requires them to have only served 1 year. The House bill says that they could be killed while in training, while on their way to the front lines. The Senate bill that this motion endorses says they have to be killed in combat, and the Senate bill that this motion supports says they can be awarded citizenship even if they were dishonorably discharged.

Mr. RODRIGUEZ. Mr. Speaker, reclaiming my time, I know what the differences are, but there is a game that is being played, and the reason why we are doing this is we need to push forward on this, both the Senate and the House is controlled by Republicans, and so my colleagues can make it happen. We can move forward on this, and we can push forward on this, and the importance is to look at those 37,000, and as the gentleman indicated, these are persons, the majority, with the exception maybe of one or two or three of the two that I mentioned, that are all permanent residents and here now legally but need to move forward on the citizenship.

What we are saying is we have got to go and do everything we can to help them out since they have been willing to come forward. The reason why we have this motion is to basically also indicate the importance of moving forward on this act instead of playing games with the Senate and arguing that the Senate has 2 years and we have 1 year, et cetera.

The bottom line is that will not get them the opportunity to move forward and become citizens, and we have got to make that happen.

So the responsibility falls on the leadership both in the House and in the Senate, and in this case, they are both controlled by Republicans. So it becomes real important that we move forward.

The other thing is that the Senate version contains the reservists. We

have 12,000 reservists that also fall in that category, and as my colleague well knows, we have reservists doing full-time duty now, and it is important for us to also recognize that. So we have soldiers that we have asked them to be weekend soldiers, but they are spending time down there all year. So it becomes real important that we move forward on this as quickly as possible, and I want to ask that my colleagues consider the motion and ask that we come because when all is said and done, if this does not occur, then the only ones we can hold responsible is both the House and the Senate and, in this case, controlled by the Republican party and the administration.

So I would ask my colleagues for serious consideration of some passage that would allow expediting the citizenship process because they have to qualify even more so. To be in the military, they have to have had a GED or high school. They have to have, as I already indicated, the leadership and loyalty to this country and demonstrated that, and so I think we have a unique opportunity to send a real positive message to both the people that are serving our military, and both the reservists as well as the active duty, because they have all been out there for us and are willing to continue to defend our country, and we ought to be willing to move forward, and if they served honorably, then we ought to see what we can do to help them out in the process of becoming citizens and to have 37,000 people in the military that are not citizens yet and have trouble as the case that I have here before on Private Escalante, then we need to see how we can make some exceptions in those cases, and I would hope that we have that flexibility in order for that to happen.

Mr. FROST. Mr. Speaker, I am here today to join my colleagues in asking the House conferees of the Defense Authorization bill (H.R. 1588) to accept the Citizenship for America's troop's provision that Senator KENNEDY included in the Senate's bill.

Ever since the war against Saddam Hussein began, politicians and commentators have noted that many brave soldiers were risking their lives for America despite the fact that they are not citizens. As many have pointed out, some of these non-citizen soldiers were among the first brave men and women to fall. Some were born in Mexico before joining the U.S. military—like Pfc. Francisco Martinez Flores, Cpl. Jose Angel Garibay and Lance Cpl. Jesus Suarez del Solar. Others were born in Guatemala—like Lance Cpl. Jose Gutierrez. But all died fighting for a country where they couldn't even cast a vote.

Of course, this is not a new problem. In the last Congress—in May of 2002, to be precise—I first introduced legislation to help remove the obstacles these brave soldiers face on their path to citizenship. And I re-introduced my bill in this Congress one week before our country went to war in Iraq.

But months and months have passed, and still this Congress has not acted. So while the citizenship provision in the Senate bill is not identical to my original legislation, I fully support it. It is the quickest way to honor the brave soldiers who have shown the willingness to make the ultimate sacrifice for the country they dearly wish to be citizens of. Members of the military who risk their lives to defend this Nation deserve better than the bureaucratic and financial burdens that now stand between them and citizenship. And they deserve better than the waiting game they've had to endure since I first proposed legislation like this more than a year ago.

So, Mr. Speaker, I again urge the House managers to not play politics with this issue. Accept the Kennedy language and do the right thing for our troops.

It is the only way to get this done in a timely fashion. Our legal permanent resident troops have already waited for far too long.

Mr. BACA. Mr. Speaker, I rise in support of the Rodriguez motion to instruct the conferees on the Defense Reauthorization Act.

I support his motion because I strongly believe that we must expedite the citizenship process for immigrants that serve in the United States military.

If they wear the American flag on their uniform everyday and proudly fight for this nation then I believe offering them citizenship is the least we can do.

Thirty-seven thousand immigrants soldiers risk their lives everyday in defense of our Nation. These patriots may be of different nationalities but they share the same commitment to defend the United States.

As a Nation, we must respect and honor those who are willing to fight and die for ideals of democracy and the ideals of the United States of America, regardless of their nationality. If we trust immigrants to die protecting this Nation then we must trust them to become American citizens.

The Senate bill has provisions to allow these immigrant soldiers to become citizens after two years, rather than three and I support that.

The Senate provision also allows immigrant soldiers to fulfill citizen requirements at U.S. facilities abroad and I support that.

Currently, immigrant soldiers serving over seas are required to take leave, spend their own money and travel back to the U.S. to fulfill their citizenship requirements. The process is slow archaic, and wrong. No one should be punished for serving this Nation.

I served this Nation proudly and I am the child of immigrants. I know the love that my parents had for this Nation, and I know the love that I have for this Nation, and no one should be punished for wanting to proudly serve this country. No one should be punished simply because they were not lucky enough to be born on United States soil.

We owe anyone who is willing to fight for this Nation the opportunity to quickly and expeditiously become a United States citizen.

We are asking something simple—allow these proud immigrants to become citizens. At a time when we are fighting enemies abroad and at home, why deny those that are the most loyal their wish to become Americans.

On behalf of the 37,000 immigrant soldiers and families, I urge my colleagues to support the Rodriguez motion to instruct.

Mr. RODRIGUEZ. Mr. Speaker, I yield back the remainder of the time.

GENERAL LEAVE

Mr. RODRIGUEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this motion to instruct.

The SPEAKER pro tempore (Mr. GILLMOR). Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from Texas (Mr. RODRIGUEZ).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RODRIGUEZ. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, and the earlier order of the House of today, further proceedings on this motion will be postponed.

ADJOURNMENT FROM THURSDAY, SEPTEMBER 18, 2003 TO MONDAY, SEPTEMBER 22, 2003

Mr. SMITH of Texas. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow, September 18, 2003, it adjourn to meet at noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

HOUR OF MEETING ON TUESDAY, SEPTEMBER 23, 2003

Mr. SMITH of Texas. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, September 22, 2003, it adjourn to meet at 12:30 p.m. on Tuesday, September 23, 2003, for morning hour debates.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. SMITH of Texas. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

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

(Mr. DOGGETT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. HENSARLING addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. CHOCOLA addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

HONORING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU) WEEK

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

Mr. DAVIS of Illinois. Mr. Speaker, I rise today to speak in honor of Historically Black Colleges and Universities.

HBCUs are indeed special to me, since it was when I was 16 years old that I left home to attend the University of Arkansas at Pine Bluff, which was AM&N College at that time. The University of Arkansas at Pine Bluff ended up being very significant to my entire family. As time went on, my six brothers and sisters also attended the University of Arkansas at Pine Bluff, as well as nieces and nephews and a number of cousins. When I look around my office, there are a number of individuals who have attended Historically Black Colleges and Universities, such as Wilberforce, UAPB, Morehouse, Howard, and Jackson State. The reality is that for thousands and thousands of individuals, without these institutions being available, well equipped, ready, and prepared, many of the individuals who have managed to rise above the individuality of their circumstances would have never been able to do so.

Before the Civil War, higher education for black students was virtually non-existent, except for a minor few like Frederick Douglass, who did receive schooling but often in hostile, informal settings or were forced to teach themselves. But as Frederick Douglass said, "If there is no struggle, there is no progress." And progress was made. The Morrill Land-Grant Act gave federal lands to the States for the purposes of opening colleges and universities and with great success many institutions were created. However, only a few were open to African Americans. In 1890, 28 years later, this issue was addressed and the second Morrill Land-Grant Act was passed and specified that states must either make their schools open to both blacks and whites or allocate money for segregated black colleges to serve as an alternative to white schools. A total of 16 exclusively black institutions received 1890 land-grant funds.

Today, there are 103 black colleges, recognized by the Department of Education, because they were founded before 1964. Today, there are about 270,000 students attending black colleges and universities and thousands of students graduating annually from black colleges. The Historically Black Colleges and Universities have produced 35 percent of all black lawyers, 50 percent of all black engineers and 65 percent of all black physicians. No school sends more blacks to medical school than New Orleans' Xavier University, and, while HBCUs constitute only 3 percent of the country's institutions of higher education, 28 percent of all blacks who receive bachelor's degrees earn them from black institutions.

As it is evident by the number of African Americans who receive a degree from one of the Historically Black Colleges and Universities, these institutions also play an important role in the communities which they serve. Black Colleges are the social, economic and political beacon within the communities in which they are located. For instance, the University of Arkansas at Pine Bluff has a bell tower on the campus, which is the tallest structure in that area. It stands as a symbol of educational opportunity and hope for the African Americans growing up around the University, in that area. HBCUs are necessary, not just for young African Americans, not just for the communities where they are, but also because they are an incredibly important part of American history. During the next few weeks as the Committee on Education and the Workforce address the issue of Higher Education as we reauthorize the Higher Education Act, I shall endeavor to ensure that the Historically Black Colleges and Universities are not forgotten and receive the attention they deserve.

Mr. Speaker, education is the great equalizer, and, in the last few decades, having a college degree has been more than important to finding a job with a livable wage and reasonable benefits. HBCUs have made it possible for thousands of African Americans, including myself, to grasp and take part in seeking the American dream.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Tennessee (Mrs. BLACKBURN) is recognized for 5 minutes.

(Mrs. BLACKBURN addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

(Ms. NORTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. NORWOOD addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Ms. BALDWIN addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. PAUL addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. STRICKLAND addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. CUNNINGHAM addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

HONORING MR. OSCAR PETERSLIE AS WISCONSIN'S OUTSTANDING OLDER WORKER

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

Mr. KIND. Mr. Speaker, tonight I rise to honor my good friend Oscar Peterslie who received the Outstanding Older Worker award in the State of Wisconsin for 2003 by the Experience Works Prime Time Awards Program. Experience Works, a nonprofit focused on employment, training and community services for older workers, began the Prime Time Awards Program 6 years ago, and Oscar is the first winner from La Crosse, Wisconsin.

I applaud Oscar who, at the age of 81, currently works more than 40 hours per

week as an assistant manager for the Pearl Ice Cream Parlor at 207 Pearl Street in La Crosse, Wisconsin. The La Crosse community is fortunate to have an old-fashioned ice cream parlor such as Pearl's. I cannot think of a better place to bring my two sons, Johnny and Matthew, on a warm summer evening to enjoy their special homemade ice cream and candy.

Oscar, his son TJ, daughter-in-law Michelle and their daughters always offer a warm greeting to customers that walk through their door. Moreover, for several years I have had the pleasure of living down the block from the ice cream parlor on historic Pearl Street, allowing me to frequently stop over for my favorite homemade chocolate ice cream, a convenience that has put considerable pressure on my belt line.

The work that Oscar, TJ, and Michelle do in the La Crosse community helps make western Wisconsin a special place to live and to raise a family.

In addition to Oscar's work at the ice cream parlor, he has contributed significantly to our country and local businesses in Wisconsin. During World War II, he was a Marine sergeant in the Pacific Theater. After the war, he managed the A & P grocery store in La Crosse for 21 years and then became a real estate agent until 1993.

It is apparent that service to our community has always been important to Oscar Peterslie. He remains active in numerous community activities and services as a member of the La Crosse Masonic Temple, Badger Lodge number 345. He is also widely known as a Shriner's clown, brightening the faces of both young and old as he works the parades with his infamous 3-foot harmonica.

Mr. Speaker, may everyone learn from the service and dedication shown by this noble and honorable man, Oscar Peterslie, Wisconsin's Outstanding Older Worker for 2003. Oscar has made a difference in the La Crosse community and created a chocolate ice cream addiction I do not think I will ever be able to break.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1078

Mrs. MUSGRAVE. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 1078.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

CONGRATULATING THE WOMEN'S NATIONAL BASKETBALL LEAGUE CHAMPION DETROIT SHOCK

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

Ms. KILPATRICK. Mr. Speaker, I rise today to commend the Women's National Basketball Association Championship team the Detroit Shock. Last night, over 22,000 people came to our stadium in Auburn Hills and watched the women's national basketball team win the championship in beating the two-time champions Los Angeles women's team.

I just want to say how important Title IX is in the rearing of these young women all over America who participate in women's sports and how important it is.

I want to commend Bill Laimbeer, the coach of the team, and for bringing them forward and to bringing another spirit to our team.

So you go get them, women. We are proud of you all over the country. Let us move forward the Women's National Basketball Association that will give young women opportunities to move forward and have the confidence they need to tackle the problems of the world. Congratulations to you, Detroit Shock. We look forward to your next year. You go, girls.

UPDATE ON THE MIDDLE EAST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, I rise this evening to address disturbing developments in the Middle East, including setbacks on the Israeli-Palestinian road map, as well as new information on serious efforts to undermine peace and threaten American troops.

Mr. Speaker, despite international efforts to corral his influence, it is no secret that Yasser Arafat continues to exert enormous influence over the Palestinian government. Israel has come to grips with Arafat's ability to derail the peace process and recently issued a decision to take steps to remove Arafat from power.

In response, several Arab Nations yesterday introduced a resolution at the United Nations aimed to condemn Israel for this decision to thwart these efforts. The United States was forced to use its veto power and reject the resolution.

Mr. Speaker, the world must recognize that Arafat is a roadblock to peace and that no peaceful settlement is a possibility between Israelis and Palestinians as long as he remains in power. I commend my government and specifically U.N. Representative John Negraponte for recognizing the threat Arafat poses and the importance of Israel's decision and then vetoing the damaging U.N. resolution.

Unfortunately, while the U.S. diplomatic corps was working yesterday to support Israel and her interests, the Bush administration or at least it has been reported, Mr. Speaker, that the Bush administration announced it would reduce loan guarantees to Israel. This reported decision comes in protest to Israel's decision to build a barrier wall to prevent suicide bombers from crossing into Israel from the West Bank.

□ 1730

This is a careless decision by the administration and only undercuts Israel's authority and ability to protect its citizens from suicide attacks.

Furthermore, the loan guarantees will allow Israel to rebuild after years of violence and economic decline and are critical to Israel's future.

Mr. Speaker, I hope that the report of this decision by the administration is either not accurate or, if it is, it is a decision that would be reversed. Because I do think it is a tremendous mistake; and I would oppose, and I hope that my colleagues in the Congress would oppose, any cut back in the low guarantees as suggested.

In related Middle East news, evidence has surfaced that Syria is continuing its efforts to incite violence against Israel and is turning a blind eye to Islamic militants who slip across Syrian borders to kill American soldiers in Iraq.

Yesterday, during testimony before a House Committee on International Relations subcommittee, U.S. Under secretary of State for Arms Control John Bolton reiterated concerns that Syria refuses to cooperate with U.S. forces in the Middle East and has continued its support of terrorist groups in pursuit of weapons of mass destruction.

However, Under Secretary Bolton stopped short of recommending specific punitive action against Syria. When questioned by Members of the subcommittee, Under secretary Bolton stated that the administration has ''no opinion'' on legislation introduced here in the House that would place economic sanctions against Syria.

While I commend Under secretary Bolton for his strong statements on Syria, the administration cannot stand by and continue to allow Syria to harbor and support terrorists without economic penalty.

Mr. Speaker, I urge the President to step forward and throw his support behind H.R. 1828, which is a bipartisan bill I have co-sponsored along with Democrats and Republicans, the Syria Accountability and Lebanese Sovereignty Restoration Act. This legislation holds Syria accountable for its actions and would give the President the tools to impose penalties on Syria unless it corrects its behavior immediately.

The Bush administration must show Syria that there are consequences for supporting terrorism and undermining peace in the region.

Mr. Speaker, in closing, I urge the Bush administration to continue to serve as a strong ally to Israel both at the U.N. and here at home. It is critical to our role in the region that the United States maintain its steadfast support of Israel and efforts to protect Israeli citizens from harm and terrorism. And as part of that role, the United States must take decisive action against Nations who seek to corrode peace talks and promote violence

against American soldiers stationed in Iraq.

The SPEAKER pro tempore (Mr. KLINE). Under a previous order of the House, the gentleman from Florida (Mr. MARIO DIAZ-BALART) is recognized for 5 minutes.

(Mr. MARIO DIAZ-BALART of Florida addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. BURGESS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. FEENEY addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

THE BATTLE OF ANTIETAM (SHARPSBURG), SEPTEMBER 17, 1862, ''THE BLOODIEST DAY OF THE CIVIL WAR''

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

Mr. KINGSTON. Mr. Speaker, I rise this evening to commemorate the single bloodiest day in American combat history—the Battle of Antietam—September 17th, 1862. We are a product of our history and we can learn a lot from this terrible day in 1862.

On this day 141 years ago, nearly 100,000 Americans met at Antietam creek near Sharpsburg, Maryland. In a battle that lasted less than twelve hours, over 23,000 Americans lay dead or wounded.

More than twice as many Americans were killed or mortally wounded in combat at Antietam as in the War of 1812, the Mexican War, and the Spanish-American War combined. Amazingly more Americans were killed or wounded at Antietam than on June 6, 1944—D Day on the Normandy beaches in World War II.

	Union	Confederate	Total
Killed	2,100	1,550	3,650
Wounded	9,550	7,750	17,300
Missing	750	1,020	1,770
Total	12,400	10,320	22,720

CHRONOLOGY OF THE BATTLE—WHAT HAPPENED

On September 17, Union Major General George McClellan confronted Lee's Army of Northern Virginia at Sharpsburg, Maryland. At dawn, Hooker's Corps mounted a powerful assault on Lee's left flank. Attacks and counterattacks swept across Miller's cornfield and fighting raged throughout the day around the Dunker church. After repeated delays a Union corps under Burnside finally got into action and attempted to cross the stone bridge over Antietam creek and roll the Confederate right.

Union General Ambrose Burnside's corps of 12,000 men tried to cross the 12 foot wide bridge over Antietam creek for 4 hours. About 450 Georgian sharpshooters took up positions behind trees and boulders on a steep wooded bluff overlooking the bridge. Greatly outnumbered the Confederates drove back several Union advances toward the bridge.

CONFEDERATE EYEWITNESS: BURNSIDE BRIDGE

Lieutenant Theodore T. Fogle, 2nd Georgia Infantry: ''At a bridge on the Antietam Creek our Regiment and the 20th Ga., in all amounting to not over 300 muskets held them in check for four hours and a half and then we fell back only because our ammunition was exhausted, but we suffered badly, eight cannon just 500 yards off were pouring grape shot, shell and canister into us and our artillery could not silence them. We held our post until Major William Harris ordered us to fall back. Our Col. (Col. Holmes) . . . was killed about half an hour before. . . .

''We went into the fight with only 89 muskets and had eight officers and 35 men killed and wounded. So many of the men were shot down that the officers filled their places and loaded and fired their guns.''

After horrific losses the union forces finally punched through and moved on Sharpsburg. But General McClellan had hesitated too long, allowing General Lee to consolidate his vulnerable forces and counterattack into Burnside's flank and rear. McClellan then hesitated once again, failing to pursue a retreating Lee. The opportunity for total victory was gone.

The Union's General McClellan hesitated many times that day. He lacked the courage to accept short term sacrifice even when it meant the long term salvation of the nation. As a result, the Confederate Army escaped that day and the war lasted another three bloody years.

This day in history reminds us that decisive leadership can save lives, end wars and prevent future attacks.

Today, we must continue to recognize that the survival of our nation is again challenged. President Bush and our military leaders have shown that they have the courage to face the reality of our world.

Last Friday at Fort Stewart Georgia President Bush said: ''We are not waiting for further attacks on our citizens. We are striking our enemies before they can strike us again. Wars are won on the offensive—and America and its friends are staying on the offensive.''

By taking the fight to our enemies we are diminishing our foes, securing our people and building the hope of people across the globe.

We owe the security of our nation and our way of life to the hosts of Americans who have unselfishly served and died. We are blessed to have those soldiers in our ranks once again and we are blessed that their leaders understand what is at stake for the nation and the world.

IRAQ PRINCIPLES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Maryland (Mr. CUMMINGS) is recognized for 60 minutes as the designee of the minority leader.

GENERAL LEAVE

Mr. CUMMINGS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of this Special Order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. CUMMINGS. Mr. Speaker, I rise this afternoon to begin the Congressional Black Caucus's Special Order to address the President's proposal to spend an additional $87 billion for the war in Iraq.

Mr. Speaker, since the President addressed the Nation on September 7 regarding the war in Iraq, the Congressional Black Caucus has carefully evaluated the current state of where we are in Iraq and established a set of principles that we believe should be our guide as we move forward.

Before I get into the substance of our principles, I want to recognize the diligent work of the Congressman from North Carolina (Mr. WATT) for his leadership in drafting these principles and working very carefully with other members of the caucus to come to consensus. He willingly took on the task of synthesizing and framing the views of 39 Members of Congress. That is not an easy task. The Congressman from North Carolina (Mr. WATT) handled it masterfully. I also want to thank all the members of the Congressional Black Caucus who helped us to get where we are today. It truly was a team effort.

Mr. Speaker, in October of last year, the Congressional Black Caucus issued a statement of principles with respect to any decision to go to war with Iraq. Although most of us were prepared to support broad-based international action sanctioned by the United States National Security Council, we opposed the unilateral first strike by the United States without first receiving clearly demonstrated evidence of an imminent threat of attack upon the United States.

At that time the Bush administration had not presented us with the evidence that we needed, both constitutionally and morally, to support its plan. It has not done so, I must note, to this day.

We argued last year that absent clear evidence of an imminent threat to the people of the United States, a unilateral first strike against Iraq would undermine the international moral authority of the United States that is so critical in our struggle against terrorism.

We were deeply apprehensive that the Middle East would be destabilized, that unilateral U.S. action would commit this Nation to a long-term and, perhaps, indefinite foreign engagement that would cost America dearly both in American lives and in national resources.

Last year's concerns have now become this year's harsh realities, realities that we must face as a Nation and that we must overcome.

On almost a daily basis we hear regretfully about American soldiers who are being killed or injured in Iraq. The Bush administration has been unable or unwilling to truly internationalize the process toward restoring control of Iraq to the Iraqi people. As a Nation, we are already scores of billions of dollars poorer than we were last October. Now the Bush administration has presented the Congress with another $87 billion check that it is asking us to sign. There is no question that we, along with our other colleagues in the Congress, will do everything within our power to support and protect our troops and provide for their families. That is a paramount concern for us, always has been and always will be. Our duty in this regard is clear.

Nevertheless, before the Congress of the United States provides the President with the authority to spend more of the American people's money on Iraq, we have a constitutional responsibility to demand a clear, comprehensive, and publicly articulated analysis of the Bush administration's management of our involvement both past and present.

The administration does not even pretend that this $87 billion proposal will be its final request for funds. Before I proceed, I would like to make two points that I recently read in The Washington Post. In this particular piece it was noted that the $87 billion request by the President is three times the amount of money the Federal Government will spend on elementary and secondary education this year, and two times as much as the budget for homeland security. The article also noted research from Yale economic researcher William Nordhaus, which noted that the $166 billion that has been spent, or requested, exceeds the inflation-adjusted cost of the Revolutionary War, the War of 1812, the Mexican War, the Civil War, the Spanish American War, and the first Persian Gulf War combined, and approaches the $191 billion inflation-adjusted cost of World War I.

Mr. Speaker, I note these facts and the professor's research to say if left unquestioned, approving this $87 billion would amount to another blank check. That cannot be allowed to happen.

To state the matter gently, the administration has suffered serious damage to its credibility on the subject of Iraq. As a first step toward repairing this loss of trust, the American people and their elected representatives deserve to know in far greater detail the information that convinced the President to go to war.

In addition, the President must provide us with a far more detailed game plan for the future. He should outline his reasoned predictions as to the personnel and funding that will be required to complete our involvement in Iraq and the manner in which these burdens and the authority to address them will be shared with the United Nations. The President should provide an accounting of the previously appropriated funds which this administration has expended in Iraq, including details of all Federal contracts. The President should explain to the Congress and the American people how the additional $87 billion in funding that he has now requested will be spent.

The Bush administration should provide the Congress with the information that will allow us to evaluate and vote separately upon the funding requested for the protection and support of our troops as distinguished from the funding that the President wishes to apply to the rebuilding of Iraq. We also deserve a full accounting of the Iraqi resources, both recovered and anticipated, that properly can be utilized to reduce the U.S. burden.

Above all, our troops and the American people as a whole deserve to know the President's exit strategy. We need to know the criteria for success that must be met before the President will agree to bring our men and women home.

We ask these questions of the Bush administration with the respect that should exist between coequal branches of our government. Those in the world who oppose America should not underestimate either our national unity or our resolve. Nevertheless, both in Baghdad and in my hometown of Baltimore, these are hard times for the American people, times that demand hard answers to hard questions.

Mr. Speaker, we who serve the people in the Congress of the United States would not be fulfilling our constitutional responsibility if we were to hand the President another blank check. We must have some accountability for the American people's money.

Mr. Speaker, it gives me great pleasure to yield to the gentlewoman from Texas (Ms. EDDIE BERNICE JOHNSON), chairman emeritus of the Congressional Black Caucus.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise to voice my concerns about the President's request for $87 billion to pursue the administration's aims in Iraq. While I strongly support our troops and I stand here as a strong American, and I support the President when it is reasonable and I will continue to support those brave Americans who are getting themselves in harm's way to defend our Nation, I think we must ask ourselves some fundamental questions.

To this end, the Congressional Black Caucus has issued a statement of principles as to the war in Iraq. I embrace these principles fully. I was Chair of the caucus when we adopted our principles concerning the war, and we still hold those principles dear. I am deeply concerned about the cost of the war and the cost of the psyche of the people of this Nation. I am also concerned about the economic price tag the war is exacting on the taxpayers. We are shifting the cost of engagement to our children and grandchildren. We are burdening ourselves with a debt that is not only mind boggling; it is also unconscionable.

Mr. Speaker, keep in mind that the $87 billion in new funding that the President is requesting from Congress includes more than twice the 2004 budget for the Department of Homeland Security. It is also roughly triple the proposed appropriations for highways and roads. Keep in mind that the combined projected costs of the theaters of operations in Iraq and Afghanistan through September 2004 is $166 billion. That includes the $87 billion.

□ 1745

The President has not provided Congress with sufficient details about how the proposed funding will be spent. The information we have been given is vague, perhaps purposely so. Therefore, we are not able to separately evaluate the proposed funding for the protection and maintenance of our troops and proposed funding for rebuilding Iraq. In my view, Congress should vote on these funding proposals separately.

Back home, people think that the greatest attention we can give the troops is to bring them home. They really do not want more money spent in Iraq. Moreover, the administration has not articulated an exit strategy, nor has it given us a blueprint or a plan for bringing our troops home. That is what the people want. It was said in the days of old, ''My people perish for a lack of knowledge.'' We are left in that position. Without the information, we are groping in the dark. The American people deserve better and so does Congress. We should not give a blank check one more time for the President to spend with his friends.

Mr. CUMMINGS. Mr. Speaker, I yield to the distinguished gentleman from Virginia (Mr. SCOTT).

Mr. SCOTT of Virginia. I thank the gentleman for yielding.

Mr. Speaker, I think it is important to put some of the numbers in perspective. I serve on the Committee on the Budget and have looked at these numbers from the perspective of the budget. To put these in perspective, let us begin with the first Persian Gulf war, Desert Storm. The total cost of that war, $61.1 billion. Because we had international cooperation, we paid 12 percent of that cost, $7.4 billion. 12 percent. The first supplemental that we have already spent in the current Iraqi conflict, $79 billion. We have been asked for $87 billion more, a total of $166 billion. If we had had international cooperation, 12 percent of $166 billion is $20 billion. Because of the administration's decision to go it alone and attack unilaterally, a $20 billion problem has become a $166 billion problem. And so I commend the chairman of the Congressional Black Caucus for asking what efforts will be made to develop the multilateral force that can share in this burden.

In addition, because we are already into deficit spending, this administration should articulate how the costs of

the war will be borne. If we are going to just borrow the money, then we have to recognize the context of borrowing additional money. In early 2001, budget projections were that within 10 years, we would run up a $5 trillion surplus, enough to pay off the entire national debt, meaning that we would have no interest on the national debt after about 2013. Because we have gone back to deficit spending instead of paying off the national debt, we have increased the national debt such that the interest on the national debt that we will be paying by 2013, instead of zero, will be about as much as we are spending for national defense. In that context, if we are going to borrow the money, let us recognize that we are going to have to pay interest on $166 billion at around 4 percent interest. That equals to over $6.5 billion a year, over $100 million every week, just in interest, without paying off the principal, just in interest for as far as the eye can see.

Let us put some of these numbers also in perspective as to what we spend on other priorities. $166 billion between the supplemental we have spent and the request that is before us. $166 billion. The Department of Education every year, we appropriate less than $60 billion. Transportation, $51.5 billion. Homeland Security Department, $35.8 billion. Those three departments combined, Education, Transportation, Homeland Security, less than $166 billion.

Let us put it into another perspective. In our budget, we expect this year to receive $790 billion in individual income tax. That is everybody's individual income tax, $790 billion. About 20 percent of the request and the supplemental, prior supplemental, amount to 20 percent of the entire individual income tax revenue. With these numbers in hand, the CBC's request for a coherent accounting of the funds is appropriate. It is especially appropriate when you consider the prior claims by this administration, such as the cost of the war will be paid by the oil revenues. Those projections turned out to be false. Therefore, this request needs to be supported by specific plans and documentation detailing how the prior supplemental was spent, exactly how this request will be spent, how it will be paid for, including the question of whether we will get multilateral help, what likelihood there will be for future supplemental appropriations to support the war effort. Those questions need to be answered before we can intelligently consider the request before us.

I want to thank the chairman of the Congressional Black Caucus for bringing these questions to the forefront to make sure that we have this information before we vote.

Mr. CUMMINGS. Mr. Speaker, I yield to the distinguished gentleman from Florida (Mr. MEEK).

Mr. MEEK of Florida. Mr. Speaker, I am so glad that we have this hour to be able to let Americans know the things they need to know about their government. I think it is important since the gentleman from Virginia just finished talking about what this effort and what I call mismanagement has cost the American people and that it will cost the American people. We need to make sure that we understand that we are deficit spending. This is not surplus money. This is deficit spending money. It is like for some of us Americans that are receiving these credit cards through the mail saying that all you have to do is sign the back and call this 1–800 number, you are automatically qualified for $2,000 and you go out and you spend that $2,000 at a rate of like 23 percent interest rate. That is the kind of deficit spending that we have right now. We need to continue to have a dialogue on this.

I am very disturbed by some of the things that I am hearing out of this White House and out of the majority party as it relates to the efforts in Iraq. At the top of the week, we had the majority leader of this House on the Republican side saying that he is upset that the White House has not said more and the Defense Department has not said more about the accomplishments in Iraq. I would beg to differ. Yes, there have been some accomplishments in Iraq, but I would beg to differ by the fact that we have troops that do not even have armor in Iraq. I serve on the Committee on Armed Services. We authorize billions, $480 something billion annually to the Department of Defense. I remember asking some of the individuals in the Department of Defense, Secretary Wolfowitz to be exact, do our troops have adequate body armor? I was told, yes, the front line troops will have adequate body armor. Right now we have troops that are at Walter Reed Hospital and at Bethesda Hospital with wounds that went through the body armor, bullets that went through the body armor that were supposed to protect them.

I think it is also important for us to understand that if this Congress does not start asking the hard questions to this White House and to the Department of Defense we are going to continue to have these special appropriations. We just gave $78 billion 6 months ago. We are giving $87 plus billion very soon and it will be more to come. When I say that this is going on, this is just not a convenience issue, this is hurting Leave No Child Behind in education, this is hurting social services. I have seen people brought to the table and called out for mismanagement for far less than the billions of dollars that have been mishandled in this war as it relates to contract services. I think it is important that we have to ask the tough questions. I am so glad that the media and some Members of this Congress have called Vice President CHENEY out on the fact that the connection he claimed in the Sunday show this past Sunday, saying that Saddam Hussein had something to do with 9/11. I am glad to hear that the President said that is not true today at a press conference before I came on the floor. The reason why that was corrected in a 3-day period or in a 4-day period is that this Congress questioned that. Democrats questioned what the Vice President said. That is why it is important that we have a democracy. That is why it is important no matter what party you are in if you are a Member of this Congress that you must speak out on issues that you know when that information is inaccurate. Intelligence in the past has been stated about chemical weapons, things of that nature. It has been several months now since we have been in Iraq and there are very little chemical weapons to show for our efforts. We have to ask the hard questions on what is the real rebuilding plan for Iraq. We have yet to see that. Our minority leader the gentlewoman from California (Ms. PELOSI), the gentleman from Pennsylvania (Mr. MURTHA), who is ranking member on the Committee on Appropriations, asked for that yesterday. As of right now, the last I checked, we still have not received it. That is the reason why we have to continue to push for these questions so that it is not a rubber stamp.

The reason why this administration went to the U.N. before they took their preemptive strike or before we took our preemptive strike on Iraq is because the American people said that they wanted them to go to the U.N. Even though they went to the U.N. and we danced and we changed the name of French fries here in the Capitol to freedom fries and did all of these peripheral things, we still went in by ourselves and now we are paying the price. We are now having to go back and say, oh, we like the French. Oh, we feel that Germany and others, we feel that you are good people. We need your help.

If we do not replace diplomacy on the executive branch, then we are in for a costly, costly, long stay in Iraq. It is no longer good enough, Mr. President, for you to say, we're going to be in Iraq as long as we have to be in Iraq. That is not an appropriate answer. An appropriate answer is saying, we are having real negotiations with the Security Council at the U.N., that I am instructing the Secretary of State that we are going to do everything in our power to continue to get more troops in our coalition. You may ask and there are, give or take, 115,000, 125,000 U.S. troops right now on the soil in Iraq. Some 13,000 coalition forces. But last night I saw Secretary Rumsfeld said, oh, we have 60,000 Iraqi police officers that are a part of our security force now. We have to make sure that we are clear. We cannot use metaphors. We cannot allow the Department of Defense nor this White House nor the leadership of this Congress to wiggle out of the tough questions.

I am just as patriotic as the next person. And just because we ask the question of this government that every last

one of us have been voted on to be here to represent our constituents, individuals should not be called out. General Shinseki had to resign because he said this war would cost anywhere from $120 billion to $130 billion. Others who have said of an accurate account if we went into this thing by ourselves of what it would cost had to resign. We in this Congress are the only individuals who cannot be fired. We only can be fired by the people, by the American people, and not by an executive action.

So I ask you, and I implore, and I am so glad that the Congressional Black Caucus has taken this stand to be the conscience of this Congress once again. It may not be the appropriate thing in the light of those individuals who consider themselves self-appointed patriots on behalf of our men and women in uniform, but it was this caucus, Democratic Caucus, that are fighting for those individuals who make under $26,000 to be able to receive a child tax credit, including those individuals that are over there fighting, their children. Republicans said no and are still saying no and say that the bill will not come up. We are saying that we are willing to put the facts and figures here.

I almost feel like a member of the other party who always talked about deficit spending, or used to talk about it. We no longer talk about it now because it is not important. I think it is important that we continue to raise the tough questions, that we continue to be able to ask for an accounting as it relates to private contracts that are being let. This peripheral, this information that is generic about maintenance and reconstruction and turning on the power and making sure they have water and schools, without defining it, can no longer be accepted by this Congress. So it is important that we focus on the fine details. I am so glad that we are here.

Mr. CUMMINGS. I am glad the gentleman raised the issue of the opportunity, that we must take the opportunities that we have to speak out with regard to what is happening in our country.

□ 1800

And the fact is that he is right. Before the war the Congressional Black Caucus raised some very crucial questions, some folks were hollering the word ''unpatriotic,'' and we made it very clear, as we make it clear today that we support our troops 1 million percent. We want them to be at their very best. We want them to be well-equipped. At the same time, we want to make sure that the crucial questions are asked because after all, the people that we represent are the ones who will end up paying the bill. But not only them but their children and their children's children and their children's children's children will be paying this bill.

Mr. Speaker, I yield to the gentlewoman from Michigan (Ms. KILPATRICK).

Ms. KILPATRICK. Mr. Speaker, to our distinguished chairman, who continues to keep us focus in speaking to the needs our constituents, I thank the gentleman from Maryland (Mr. CUMMINGS).

I rise as one of the 39 members of the Congressional Black Caucus. We represent over 26 million Americans all over this country. The majorities of our districts are not African American. Some are. Most are not. And collectively we call ourselves the conscience of the Congress and the conscience of these United States.

Over the last 10 days after the President's announcement, my office has been inundated with my constituents asking me, What are you going to say? What are you going to do? Are you going to give them a blank check? You already did that. Will you speak up?

And I am so proud of my colleagues in the Congressional Black Caucus for organizing this action tonight because it us who have been charged by God to speak out, to work in a bipartisan way in the interests of the people of this great country. I represent over 680,000 people, as many of my colleagues do, and 11 different communities in the State of Michigan. Some of God's finest. Some have served in the Armed Forces. Some have families who have died in the Armed Forces. All of them want us to fight to protect our right of democracy that so many have fought and died for in this country. We come here today and I as a member of the Committee on Appropriations where I hope much of this discussion will be had, and I want to say just from the outset the President proposes and the Congress disposes, and that is our constitutional right; that we as Members of this House, 435 of us, must demand that the committees of jurisdiction receive the supplemental request, that we are able to hold hearings on this request, and that we be able to get information so that we can make those intelligent decisions that our constituents sent us here to do. We have the time. We must act, as the Constitution allows us to, that the appropriate committees, the Select Committee on Homeland Security, that the appropriate committees, the Committee on Appropriations, Defense Subcommittee, authorization, all those committees that are involved, the members, and some of those committees have 60 or 70 people on them, must have an opportunity to hear and see and act on this supplemental request. I implore our leadership to make sure that that happens. Eighty-seven billion dollars now. Less than 6 months ago we gave them $79 billion because we said we had to do that. The President requested it and we were at war. Unilaterally first striking a country. We have never done that in the history of our country. We call it the Department of Defense because we defend our country. We do not strike a country. Somebody said we ought to change that to the War Department. I am not quite there yet. We must solve this crisis. And it is an international crisis. It was then and it still is. That, as my colleague has mentioned, is why we are footing much of the bill, and we know this will not be the last supplemental unless we are able to bring in the international community.

There was no intelligence given to this Member and others before our unilateral first strike that said Osama bin Laden and Saddam Hussein were connected. Osama bin Laden, we already know we must find and rid out the terrorists and the terrorism that he has perpetuated on the world, which is why this is an international crisis that we find ourselves in. Osama bin Laden on the one hand, Saddam Hussein on the other, never at all before this unilateral first strike was there any connection, intelligence-wise, that connected the two together. Now, 5½, 6 months later, we are not sure.

The President says that Iraq is the epicenter of terrorism now. The way that we have disrespected the Muslim religion and any religion in this country, we have to think about that. To them it is a religious war. There is something different about a religious war. They think they are in jihad as we read and discuss.

It is so critical at this time that we, as the world leaders, sit down and try to work out in an international way the problems of the world. Terrorism has to stop. No one in the world is safe as long as terrorism is allowed to rear its ugly head wherever it must strike. We already heard $166 billion should they be successful in getting this. As was mentioned, that is three times more than we spend on education for our children. It is two times more than the Department of Homeland Security has today, and it is nearly three times more than we spend on our transportation budget today.

We have got to protect our troops. We have got to make sure that they are safe. And the parents are saying bring their children home, 18 to 25 years old. Some not properly trained. Some do not have the proper equipment. We are a better Nation than that. That is why the Congressional Black Caucus have come together tonight to talk to America about what we think must happen, and we want the people to fax, write, call, and e-mail their Congresspeople and let them know how they feel. We want the people to fax, call, e-mail and write the White House, let them know how they feel. The power is in the people of America. It always has been and always will be.

So I want to put in the RECORD at this time the principles, the principles that the Congressional Black Caucus adopted on March 18, 2003, and the reassuring of the principles we adopted today and present to the people today. These are the principles that the Congressional Black Caucus must see as we talk about this $87 billion of the people's tax dollars.

We affirm our stated principles from March of this year. We also affirm our principles from October of 2002. Despite the President's failure to follow our original statement of principles in his decisions leading to the war, we express our full resolve to support and protect our troops and their families. We, the members of the Congressional Black Caucus, believe that the administration should provide an accounting of all funds expended to date that were provided previously appropriated by the Congress, which is the $79 million for Iraq and Afghanistan, including details about all contracts for work related to Iraq and Afghanistan. We know that there is a problem with many no-bid contracts given out right now, billions of dollars. We want an accounting of that money.

We believe that the President should provide sufficient details about how the proposed funding will be spent to enable Congress and its committees to evaluate separately funding proposed for the protections and maintenance of our troops and funding proposed for rebuilding Iraq. We, the members of the Congressional Black Caucus, as was mentioned, believe our troops should be protected and secure. We also believe that the humanitarian assistance that we are contemplating, some $20 billion, needs further scrutiny. The investment in their infrastructure when our electric grids are breaking down, we need that here. We need it for our schools. We need it for our health centers.

We, the members of the Congressional Black Caucus, believe that the President should provide full details about how the efforts will be paid for, including a full accounting of Iraqi resources, recovered and anticipated, and how the President proposes to use those resources to reduce or to reimburse the U.S. obligation.

We, the members of the Congressional Black Caucus, believe the President should provide full details about the future obligations of the United States personnel, funding, and decision-making and about how responsibility and authority for these obligations will be shared with the United Nations and/or other nations going forward.

We, the members of the Congressional Black Caucus, believe the administration should provide to Congress full details of information relied on by the President in his decision to go to war in that first unilateral strike earlier this year.

We believe the President should provide details of the criteria he will expect to be met before bringing U.S. troops home and what the exit strategy must be.

Those are the principles that 39 members of the Congressional Black Caucus today present to the President and to our American citizens across this country. They are simple. We want a response. We want it timely. And the 26 million people that we represent want to hear from him.

I thank the gentleman from Maryland (Mr. CUMMINGS) for his leadership.

THE CONGRESSIONAL BLACK CAUCUS PRINCIPLES REGARDING PRESIDENT BUSH'S $87 BILLION SUPPLEMENTAL REQUEST

We reaffirm our Statement of Principles issued in October 2002.

Despite the President's failure to follow our original Statement of Principles in his decisions leading to the war, we express our full resolve to support and protect our troops and their families.

The Administration should provide an accounting of all funds expended to date that were previously appropriated by the Congress, including details about all contracts for work in or related to Iraq.

The President should provide sufficient details about how the proposed funding will be spent to enable Congress and its Committees to evaluate separately funding proposed for the protection and maintenance of our troops and funding proposed for rebuilding Iraq. Congress should vote on these funding proposals separately.

The President should provide full details about how the efforts will be paid for, including a full accounting of Iraqi resources (recovered and anticipated) and how the President proposes to use those resources to reduce or reimburse the U.S. obligation.

The President should provide full details about the future obligations of the United States (personnel, funding and decisions making) and about how responsibility and authority for these obligations will be shared with the United Nations and/or other nations going forward.

The Administration should provide to Congress full details of information relied on by the President in his decision to go to war.

The President should provide details of the criteria he will expect to be met before bringing US troops home and of his exit strategy.

CONGRESSIONAL BLACK CAUCUS PRINCIPLES ON MILITARY ACTION IN IRAQ

1. We oppose a unilateral first-strike action by the United States without a clearly demonstrated and imminent threat of attack on the United States.

2. Only Congress has the authority to declare war.

3. Every diplomatic option must be exhausted.

4. A unilateral first-strike would undermine the moral authority of the United States, result in substantial loss of life, destabilize the Mideast region and undermine the ability of our nation to address unmet domestic priorities.

5. Further, any post-strike plan for maintaining stability in the region would be costly and would require a long-term commitment.

Mr. CUMMINGS. Mr. Speaker, I thank the gentlewoman for her statement. And we reiterate that these questions that have been raised are basic questions that if anybody were dealing with a family issue, a serious family issue, these are the kinds of questions, Mr. Speaker, that anybody, any reasonable person would ask, and we reiterate that we hope the President will answer these questions as soon as possible.

Speaking of common sense, I yield to the gentleman from South Carolina (Mr. CLYBURN) who hails from South Carolina and also is a previous chair of the Congressional Black Caucus and now serves as a vice chairman of our Democratic Caucus.

Mr. CLYBURN. Mr. Speaker, I thank the gentleman for yielding. I want to thank the chairman for the tremendous leadership he has given to the Congressional Black Caucus on this and other issues.

Earlier today, I joined the House Democratic leadership in sending a letter to the gentleman from Illinois (Speaker HASTERT) requesting a detailed accounting of the money being spent on the Iraq War effort. The public disclosure that we are requesting must include shining the light on closed-door lucrative contracts being awarded to Halliburton, Bechtel and other friends of this administration.

In today's Washington Post, there is an article that says that $1.7 billion has already been awarded to Bechtel, and they stand to receive millions more in no-bid contracts.

Mr. Speaker, I think that this is outrageous. Outrageous not just because of the issue itself but because there are two underlying issues that I think that this administration must confront before we send any additional money to conduct this effort in Iraq. And I want to share with the public those two concerns of mine.

First of all, I do not know if the public realizes it or not, but a law that we authorized last April provides for imminent danger pay of $75 a month and $150 a month in family separation allowances for our soldiers serving in Afghanistan and Iraq. That law expires on September 30. I do not believe that we ought to give one moment of consideration to any additional funding to conduct this war in Iraq until we extend this law so that those men and women who are putting their lives on the line, who are in imminent danger, who have been separated from their families receive compensation for doing so.

□ 1815

The Defense Department is saying that we cannot afford to continue this pay. I believe that the troops serving overseas ought to be our top priority, and we ought not talk about any additional expenditures until we make sure that they are taken care of.

The second thing I want us to consider before we start discussing any additional funds for Iraq is this issue involving disability pay for our veterans.

Mr. Speaker, it is interesting to me that if you were to look at a 20-year veteran who may have served 1 year in Iraq or Afghanistan and comes home unharmed, that veteran will receive retirement benefits. But the 20-year veteran who serves for 20 years and gets injured in Iraq, comes home with a missing limb and becomes eligible for disability pay, that disability pay is deducted from his or her retirement pay; and, therefore, he or she stands in the same light as a person who never got injured in the first place, though that person's ability to make a living for himself or herself and his or her family diminishes greatly because of that injury.

We in this Congress need to correct that issue before we send one additional soldier to fight in Iraq or Afghanistan, and this Congress is refusing to deal with that. Yet we hear that those of us who disapprove spending additional expenditures until we do this do not support our troops.

This is not supporting our troops, when we put them in harm's way and we bring them back home and do not adequately support their life's existence. Something about this is bad wrong. I get the phone calls in my office. I have a young lady spending almost full time dealing with this issue. We believe that until it is resolved, we ought not be talking about any additional funds for Iraq.

So until this administration faces up to these three issues, gives us a light shining on these contracts, does something about extending eminent pay allowances and family separation for our men and women, and does something about this disabled American veterans tax that we are putting on these people returning home with their injuries, I am not going to support any additional expenditures in Iraq.

Mr. CUMMINGS. Mr. Speaker, it is my pleasure to yield to the distinguished gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the distinguished gentleman, the chairperson of the Congressional Black Caucus. I am honored to join my colleagues in a very thoughtful presentation and edification of our principles.

I rise to say two things, that Congress has to be, if you will, the arbiter, the moral compass, the standard by which we make determinations to save lives in America. It is imperative before we vote for the $87 billion that we have full congressional hearings, that we separate the vote on the support for the troops as well as distinguishing that from the rebuild on Iraq.

We are truly committed to our troops and saving lives, protecting them and responding to their family needs; but we cannot give a blank check of $87 billion to this administration without a detailed plan and exit strategy, as well as an understanding of who our allies will be.

Lastly, I believe it is imperative that we not give up on understanding where the weapons of mass destruction are and what was the nuclear capacity or threat at the time that we all made a conscious decision or one of conscience to protect this land in voting for the resolution in 2002. The American people have to have hearings on the understanding of the weapons of mass destruction.

So I support my colleagues and thank them very much for giving me the opportunity to share in support of this Special Order on very important decisions that this Congress will make over the next weeks and days. I look forward to a town hall meeting in my community on this very issue.

Mr. CUMMINGS. Mr. Speaker, I yield such time as she may consume to the distinguished gentlewoman from the District of Columbia (Ms. NORTON).

Ms. NORTON. Mr. Speaker, I thank the Chair of the Congressional Black Caucus for yielding. We all owe him particular gratitude for the way in which this entire session he has brought this caucus together on this floor on important issues, none more important than the issue before us today.

If I were to summarize what I have to say today, it would be that the troops have become an abstract concept. I want to deconstruct the concept. The proposition that I want to put forward is that two inexcusable errors by the administration are endangering our troops in Iraq: first, the rush to war without allies, and, secondly, the inexcusable failure to plan for the peace.

The context of what I want to speak about further is a young man whose funeral I went to a couple of weeks ago, Darryl Dent, 21 years old, due home several times, extended each time. Dead.

I believe that the Darryl Dents, who are mounting up every day, are unnecessarily mounting up; and I want to make that case today.

I want to congratulate the Chair once again on his ''Statement of Principles as to War against Iraq'' that the caucus issued before that war. The most important principle has been vindicated, that a unilateral first strike action by the United States without a clearly demonstrated and indicated threat of attack on the United States, that notion that you do not do that kind of strike unless you know you are in imminent danger, has been fully vindicated by multiple failures of the administration.

I want to spell out what those failures are. First, the failure to form a pre-war and a post-war alliance to provide adequate civilian and military assistance to our troops in the field and to the people of Iraq after the war; the failure to secure the peace; the failure to prepare for the probability of an Iraqi resistance. What did we think they were going to do, just melt into the woodwork? Or, finally, to understand that once there was the chaos of war, we would draw in terrorist elements following the war, the failure to prepare for what U.S. commanders now themselves now call a guerilla war in Iraq. Was all of this necessary, Mr. Speaker? I think not.

It comes up now in the context of an astonishing request. Nobody expected $87 billion more. What is that, for this year alone?

I want to talk about the troops through Darryl Dent, because I think the words need to be humanized. The only people who have been asked to sacrifice for this war are the military. We certainly have not been asked to sacrifice a thing, whether we are rich or poor, since we are getting tax cuts thrown at us.

The greatest hardship has been on the people we call the Weekend Warriors. You will notice that the Congressional Black Caucus does not feel defensive at all about indicating that we support the troops. We do not need to come forward and let everybody make sure you know we support the troops. That is a truism, particularly since the troops are disproportionately African American.

Mr. Speaker. Yes, we do support them. That is a given as well.

We also believe that once you destroy somebody's country, you invade somebody's country, you ought to fix it up and not simply leave it in chaos. That is the obligation that comes once you invade somebody's country. That is an obligation, by the way, under the U.N. charter.

Winning the war in Iraq was a virtual given. But we had a special obligation not to engage in a war of choice unless we were in imminent danger the moment we decided to have a volunteer Army, because that Army we knew from the outset would be composed disproportionately of Weekend Warriors.

We were under a particular obligation to make sure that we did not call people who we gave to understand that, yes, in the event of a war of last resort you will be called up, but basically there was not much chance that you would be called up. We had no right to go into a war of choice unless we had no other choice. They were prepared to fight a defensive war, they were prepared to fight this war of choice, but it is unfair that we have asked them to do that. They are all surprised. They are as astonished as anybody is. And we are having a snowball effect.

We are having a snowball effect on the troops, on their families, on small businesses, and on employers. We know it, because employers and families are beginning to escalate their use of the mechanism in the Defense Department that allows you to ask for particular troops to come home because of emergency or hardship. Businesses are using that as well. We know it because families are organizing to bring the troops home, for goodness' sake.

And we know one other thing: we had better not get up ever again and declare that we can fight a war on two fronts. We now know we cannot fight a war on two fronts without substantial aid from substantial allies using a military force composed so disproportionately of Weekend Warriors, of people in the Reserves, of people in the National Guard. Nobody can fail to understand that now, particularly when the commanders are calling for troops. They call them ''foreign troops,'' but what they mean is they need reinforcements.

We know they need reinforcements because of the horror stories we are hearing, for example, of people coming home after a year of service and being called back after a few weeks on the job. How long do you think you will have a volunteer Army when you are

treating troops this way? How long? Not long.

In particular, we ought to remember who the National Guard is. They perform triple duty: homeland defense now in the age of domestic terrorism, which is what Americans are truly afraid of; natural disasters, like the hurricane that is bearing down upon us; and, of course, the regular military duty that so many of them are engaged in now. We had better hope and pray we do not need the National Guard at home, because they simply are unavailable to us at the moment.

The administration changed the rules of the game once these young people were signed up and in the field. Now they find that commanders can decide when and if they will go home. They are getting extension after extension of duty, and they are getting back-to-back service, all of which they were promised would almost never happen.

Where does this spring from? From the go-it-alone attack on Iraq that this administration did, against all of the advice of our allies, indeed, of the whole world. The way in which we have handled Iraq has already wrecked American foreign policy and its relations with its allies.

Yes, I support the Congressional Black Caucus statement of principles. I also believe it is time to do more than ask tough questions. It is time to do more than talk about the troops, as if they were some inanimate body. It is time to come to grips with our duty to protect the troops, not only in the field, but here at home, against policies that could wreck the volunteer forces on which we have become so dependent in an age when we do not use the draft.

Mr. Speaker, I again thank the chairman for his leadership.

Mr. CUMMINGS. Mr. Speaker, I want to thank the gentlewoman and all of the members of the Congressional Black Caucus for participating in this discussion this evening.

□ 1830

Mr. CUMMINGS. Mr. Speaker, I believe that history will be the judge, and I think it will shine a very favorable light on the Congressional Black Caucus for raising the questions that have been raised. These are basic, fundamental questions.

It is interesting that the gentlewoman from the District of Columbia (Ms. NORTON) raised the issue of our troops. It just reminded me that one of the first soldiers to die in the war just so happened to live a few blocks from me, a young man who simply wanted to be the best that he could be; and he joined the Marines, and the reason why he joined the Marines was because he could not get scholarship money to go to college. But he joined the Marines and gave the best that he had, and he became one of the best helicopter specialists in the entire Marine Corps.

So we must never forget the young people who are suffering in 120 degree-plus weather. We must never forget those who have given the ultimate sacrifice, their lives, for this country. We must never forget them, ever. We must never separate them from what is going on here today, for they are the people that we care so much about and we love so dearly.

At the same time, I think we owe them a certain level of support, the highest level of support. We must do that. At the same time, we must be, this country, that is the President, must answer crucial basic questions about the taxes that are paid. I have often said, Mr. Speaker, that one can get Republicans and Democrats to agree on one thing, and that is for sure, and that is that the tax dollars of our citizens must be spent in an effective and efficient manner. I do believe that it is our duty. It is not only our duty; it is our responsibility to ask the questions of how those dollars are spent. It is the duty of every citizen to require of us in town hall meetings, and when they meet us at the supermarket, to be able to ask us the question of how are our dollars being spent.

And as we stand here today and as we look at this total $166 billion, I promise my colleagues that I do not think that one of us can truly say how they are being spent, because our President has not told us. This Chamber should be packed with Members trying to get answers to those very crucial questions.

CELEBRATING HISPANIC HERITAGE MONTH

The SPEAKER pro tempore (Mr. RENZI). Under the Speaker's announced policy of January 7, 2003, the gentleman from Illinois (Mr. WELLER) is recognized for 60 minutes as the designee of the majority leader.

Mr. WELLER. Mr. Speaker, on behalf of the majority in the Congress, I take the well this evening to, of course, celebrate Hispanic Heritage Month, to celebrate the independence day for our Central American allies. It is my privilege to be before the House of Representatives today to discuss these important events.

Hispanic Heritage Month is September 15 through October 15. It is a month-long national celebration in recognition of the countless contributions and sacrifices that our Nation's largest minority community has bestowed upon our country over the last 4 centuries. This week we not only recognize Central American independence from Spain, but we also celebrate the common bond of democracy our countries share that allows us all to be here today.

Es gran mes de celebracion porque elogiamos la independencia de cinco paises centro: El Salvador; Costa Rica; Honduras; Guatemala; y Nicaragua. Nuestros amigos y companeros.

As with every July 4th, when we celebrate our Nation's independence from Great Britain, it is fitting to note that while the five Central American nations declared their independence from the Spanish crown on September 15, 1821, the quest for independence actually began 11 years earlier on that exact date when the then Viceroyalty of New Spain, today Mexico, declared her independence from la Madre Patria, the Mother-Fatherland, as Latinos sometimes affectionately refer to Spain.

When independence finally came to Spain's largest American colony in 1821, its vast territory stretched all the way south to the present Costa Rican-Panamanian border and continued northward to the present day California-Oregon border and included the American Southwest.

In addition, the future of the Philippines, Guam, as well as the other Spanish island possessions in the Pacific, which were administered directly from Mexico City before the end of Spanish sovereignty on the American mainland, would also be directly affected by the independence movement that began on this date, September 15 in 1810.

In the years that followed Mexico's independence, which was officially celebrated on the 16th of September, and not on Cinco de Mayo, like some believe, five of the six Central American provinces would also come together in 1823 to form the United Provinces of Central America. Subsequently, Mexico's northern provinces of Alta California, Nuevo Mexico, and Tejas y Coahuila would later come under the Stars and Stripes as a result of the Mexican-American War. Out of these three immense territories, the present-day borders of 10 American States would later be carved out. Hence, there are 10 stars out of the 50 on our national flag, one out of five on our national flag that has a direct tie to this specific date, September 15, the independence day of the former provinces of New Spain. Somos todos hermanos y hermanas.

It is clear that our Nations share many common bonds and values. It is also evident that we stand together, committed to freedom and democracy, proud that all five nations have freely elected governments committed to democracy and the rule of law. There is no better system than democracy, and we in the Republican Congress stand ready to work with the freely elected leaders of our Central American allies to strengthen democracy throughout the Western Hemisphere.

All five nations in Central America are well led by able leaders who again are freely elected. The Republic of El Salvador is President Flores and is represented well here in Washington by His Excellency Ambassador Leon. Republic Costa Rica is well led by a freely elected President, His Excellency President Pacheco and is well served and well represented here in Washington by His Excellency Ambassador Daremblum. The Republic of Honduras is ably led by a freely elected President, His Excellency President Maduro

and is well represented here in Washington by Ambassador Canahuat.

The Republic of Guatemala is ably served and well led by a freely elected and democratically elected President, His Excellency President Partillo and well represented here in Washington, Guatemala is, by Ambassador Arenalas. And last, and of course equally important, is the Republic Nicaragua, a country that is well led by a freely elected and democratically elected President, His Excellency President Balanos and is well represented here in Washington by Ambassador Marias.

Again, El Salvador, Costa Rica, Honduras, Guatemala, Nicaragua, all led by freely elected, democratically elected presidents and well represented here in Washington by their diplomatic corps; but they share our values. They share our values and support for democracy.

Last, recognizing that we have a great opportunity, an opportunity to integrate the economies of the five nations of Central America and the United States with the Central American Free Trade Agreement. It is a great opportunity for all of our nations.

Central America represents the United States' largest export market. There are 34 million people who live in Central America, with a combined gross domestic product of almost 57 billion U.S. dollars. The United States exports to Central America total over $9 billion, which includes such product items as machinery, high-tech goods, motor vehicles, chemicals, energy, food, agricultural products, textiles, apparel, paper, and fertilizer. In fact, it is important to note that the five Central American nations today represent more trade for the United States' trading partners than the trade we currently have with the nations of India, Russia, and Australia combined. Clearly, our allies are a key part of our economy and important trading partners.

U.S. services exports to Central America today total over $2 billion and include such top services such as aviation, telecom, tourism, banking and financial services. Such exports to the region have grown by 42 percent since 1996. Think about that. Service exports to Central America have grown by 42 percent in 7 years. Every dollar today that we as Americans spend on a good produced in Central America has yielded $1.36 in demand for American goods from and purchases by our Central American allies and friends.

The Central American Free Trade Agreement offers tremendous opportunity for American workers and businesses, but it also stands to offer a model for a regional trade agreement and will be a key building block for the Free Trade Agreement of the Americas. We must align ourselves with our Latin American friends to compete in today's global economy.

Es claro que tenemos gran oportunidad para todos los paises en Centro America y los Estados Unidos para integrar mas nuestras economias con el Acuerdo de Libre Cambio Americano Centro. Esta semana sus negociadores y nuestros negociadores tienen un reunion en Managua, Nicaragua, para clarificar este acuerdo y para terminarlo para la ratificacion temprano en dos mil cuatro por el Congreso de los Estados Unidos.

Our nations have much to gain by reducing barriers between our economies. We agree that free trade will create jobs and new opportunities for the citizens of all our nations. We agree that CAFTA, the Central American Free Trade Agreement, must be mutually beneficial and fair to all six nations, ours as well as theirs. We in the Western Hemisphere can and must work together to compete in the global economy.

Again, my colleagues and I extend our congratulations to our Central American neighbors on their independence day and recognize our Hispanic and Latino citizens during this month-long celebration of Hispanic Heritage Month. We stand with you in solidarity for freedom; we stand with you in solidarity for democracy; we stand with you in solidarity for trade.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. RUSH (at the request of Ms. PELOSI) for today on account of personal reasons.

Mr. STEARNS (at the request of Mr. DELAY) for today after 1:00 p.m. and the balance of the week on account of attending his son's wedding.

Mr. MILLER of Florida (at the request of Mr. DELAY) for today on account of attending a funeral.

Mr. PLATTS (at the request of Mr. DELAY) for today on account of attending a memorial service in the district for a soldier killed in Iraq.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. CUMMINGS) to revise and extend their remarks and include extraneous material:)

Mr. DOGGETT, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Ms. BALDWIN, for 5 minutes, today.

Mr. STRICKLAND, for 5 minutes, today.

Mr. KIND, for 5 minutes, today.

(The following Members (at the request of Mr. SMITH of Texas) to revise and extend their remarks and include extraneous material:)

Mr. KINGSTON, for 5 minutes, today.

(The following Member (at her own request) to revise and extend her remarks and include extraneous material:)

Ms. KIRKPATRICK, for 5 minutes, today.

ENROLLED BILLS SIGNED

Mr. Trandahl, Clerk of the House, reported and found truly enrolled bills of the House of the following titles, which were thereupon sighed by the Speaker:

H.R. 13. An act to reauthorize the Museum and Library Services Act, and for other purposes.

H.R. 659. An act to amend section 242 of the National Housing Act regarding the requirements for mortgage insurance under such Act for hospitals.

H.R. 978. An act to amend chapter 84 of title 5, United States Code, to provide that certain Federal annuity computations are adjusted by 1 percentage point relating to periods of receiving disability payments, and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 520. An act to authorize the Secretary of the Interior to convey certain facilities to the Fremont-Madison Irrigation District in the State of Idaho.

S. 678. An act to amend chapter 10 of title 39, United States Code, to include postmasters and postmasters' organizations in the process for the development and planning of certain policies, schedules, and programs, and for other purposes.

ADJOURNMENT

Mr. WELLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 44 minutes p.m.), the House adjourned until tomorrow, Thursday, September 18, 2003, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

4294. A letter from the Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Control of Emissions From New Marine Diesel Engines [AMS-FRL-7561-4] received September 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4295. A letter from the Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Determination of Attainment for the Carbon Monoxide National Ambient Air Quality Standard for the Phoenix Metropolitan Area, Arizona [AZ-094-FOAa; FRL-7561-5] received September 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4296. A letter from the Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Federal Plan Requirements for Commercial and Industrial Solid Waste Incinerators Constructed on or Before November 30, 1999 [AD-FRL-7562-1] (RIN: 2060-AJ28) received

September 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4297. A letter from the Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — National Emission Standards for Hazardous Air Pollutants for Asbestos [OAR-2002-0082, FRL-7561-2] received September 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4298. A letter from the Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Protection of Stratospheric Ozone: Supplemental Rule Regarding a Recycling Standard Under Section 608 of the Clean Air Act; Correction [FRL-7560-9] (RIN: 2060-AF36) received September 16, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4299. A letter from the Senior Legal Advisor, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — FM Table of Allotment, FM Broadcast Stations, (Sonora, Texas) [MB Docket No. 03-88, RM-10464] received September 17, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4300. A letter from the Senior Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — Table of Allotments, Fm Broadcast Stations, (Port St. Joe and Eastpoint, Florida) [MB Docket No. 03-21, RM-10632; RM-10696] received September 17, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4301. A letter from the Senior Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting the Commission's final rule — Table of Allotments, Digital Television Broadcast (Anchorage, Alaska) [MM Docket No. 00-99, RM-9858] received September 17, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

4302. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a report pursuant to the Arms Export Control Act on the export of goods or technology; to the Committee on International Relations.

4303. A letter from the Assistant Secretary of Legislative Affairs, Department of State, transmitting a report strengthening certain sanctions against missile technology proliferation activities; to the Committee on International Relations.

4304. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a report to Congress on the status of consultations on the imposition of sanctions for chemical weapons; to the Committee on International Relations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TAUZIN: Committee on Energy and Commerce. H.R. 1813. A bill to amend the Torture Victims Relief Act of 1998 to authorize appropriations to provide assistance for domestic and foreign centers and programs for the treatment of victims of torture, and for other purposes (Rept. 108–261, Pt. 2). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Transportation and Infrastructure. H.R. 2572. A bill to authorize appropriations for the benefit of Amtrak for fiscal years 2004 through 2006, and for other purposes (Rept. 108–274). Referred to the Committee of the Whole House on the State of the Union.

Mr. TAUZIN: Committee on Energy and Commerce. H.R. 3038. A bill to make certain technical and conforming amendments to correct the Health Care Safety Net Amendments of 2002 (Rept. 108–275). Referred to the Committee on the Whole House of the State of the Union.

Mr. TAUZIN: Committee on Energy and Commerce. H.R. 3034. A bill to amend the Public Health Service Act to reauthorize the National Bone Marrow Donor Registery, and for other purposes; with an amendment (Rept. 108–276). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. SMITH of Texas (for himself, Mr. FORBES, Mr. KING of Iowa, Mr. FEENEY, Mr. CARTER, Mr. GALLEGLY, Mr. GOODLATTE, Mrs. BLACKBURN, Mr. BARTLETT of Maryland, Mr. JENKINS, and Ms. HART):

H.R. 3106. A bill to strengthen the law enabling the United States to expeditiously remove terrorist criminals, to add flexibility with respect to the places to which aliens may be removed, to give sufficient authority to the Secretary of Homeland Security and the Attorney General to remove aliens who pose a danger to national security, and for other purposes; to the Committee on the Judiciary.

By Mr. CLAY (for himself, Mrs. JONES of Ohio, Mr. WATT, Ms. WATERS, Ms. KILPATRICK, Mr. MEEKS of New York, Mr. FATTAH, Ms. KAPTUR, Mr. DAVIS of Alabama, Mr. DAVIS of Illinois, Mr. LANTOS, Ms. WATSON, Mr. WYNN, Mr. EMANUEL, Ms. MILLENDER-MCDONALD, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. LEWIS of Georgia, Mr. FORD, Ms. JACKSON-LEE of Texas, Mr. VAN HOLLEN, Mr. KUCINICH, Ms. SOLIS, Mr. CONYERS, Ms. MAJETTE, Mr. THOMPSON of Mississippi, Mr. JEFFERSON, Mr. CUMMINGS, Mr. PAYNE, Mr. TOWNS, Mrs. CHRISTENSEN, Ms. LEE, Mr. RANGEL, Mr. JACKSON of Illinois, Ms. CARSON of Indiana, Ms. CORRINE BROWN of Florida, and Ms. NORTON):

H.R. 3107. A bill to amend the Internal Revenue Code of 1986 to provide a tax credit for property owners who remove lead-based paint hazards; to the Committee on Ways and Means.

By Mr. BOEHNER (for himself, Mr. THOMAS, Mr. GEORGE MILLER of California, Mr. RANGEL, Mr. SAM JOHNSON of Texas, and Mr. PORTMAN):

H.R. 3108. A bill to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to temporarily replace the 30-year Treasury rate with a rate based on long-term corporate bonds for certain pension plan funding requirements and other provisions, and for other purposes; to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WELLER (for himself, Ms. ROS-LEHTINEN, Mr. LINCOLN DIAZ-BALART of Florida, Mr. MARIO DIAZ-BALART of Florida, Mr. NUNES, and Mr. MENENDEZ):

H.R. 3109. A bill to require the Secretary of the Treasury to mint coins in commemoration of Celia Cruz;

to the Committee on Financial Services.

By Mr. BONILLA:

H.R. 3110. A bill to specify locations where certain citizens and nationals of Mexico may be removed from the United States into Mexico; to the Committee on the Judiciary.

By Mr. BURR (for himself, Ms. ESHOO, Mr. UPTON, Ms. DEGETTE, Ms. SLAUGHTER, Mr. RUSH, Mr. INSLEE, Mr. ABERCROMBIE, Mr. SIMMONS, Mr. DEUTSCH, Mr. CASE, Mr. SHAYS, Mr. JACKSON of Illinois, Mr. LEWIS of Georgia, Mr. LINDER, Mr. NORWOOD, and Mr. EHLERS):

H.R. 3111. A bill to facilitate nationwide availability of 2–1–1 telephone service for information and referral on human services, and for other purposes; to the Committee on Energy and Commerce.

By Mr. EHLERS:

H.R. 3112. A bill to amend title 23, United States Code, to establish programs to facilitate international and interstate trade; to the Committee on Transportation and Infrastructure.

By Mr. FLAKE:

H.R. 3113. A bill to empower States with authority for most taxing and spending for highway programs and mass transit programs, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FOLEY:

H.R. 3114. A bill to provide that adjustments in rates of pay for Members of Congress may not exceed any cost-of-living increases in benefits under title II of the Social Security Act; to the Committee on House Administration, and in addition to the Committee on Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FOSSELLA:

H.R. 3115. A bill to prevent a State or unit of local government from using Federal funds to assist prosecutors unless the State or unit provides information to the Department of Homeland Security on individuals convicted of crimes for use by the Department in identifying immigration violations by such individuals, and for other purposes; to the Committee on the Judiciary.

By Mr. FOSSELLA:

H.R. 3116. A bill to amend the September 11th Victim Compensation Fund of 2001 to extend the deadline for filing a claim to December 31, 2004; to the Committee on the Judiciary.

By Mr. FOSSELLA:

H.R. 3117. A bill to amend certain provisions of title 5, United States Code, relating to disability annuities for law enforcement officers, firefighters, and members of the Capitol Police; to the Committee on Government Reform, and in addition to the Committee on House Administration, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HAYES (for himself, Mr. LATOURETTE, Mr. BURR, Mr. TURNER of Ohio, Mr. COBLE, Mr. ISAKSON, Mr. OBERSTAR, Mr. TAYLOR of North Carolina, Mr. MCINTYRE, Mr. BALLANCE, Mr. HOBSON, Mr. HOLDEN, Mr. PEARCE, Mr. BEAUPREZ, and Mrs. MYRICK):

H.R. 3118. A bill to designate the Orville Wright Federal Building and the Wilbur Wright Federal Building in Washington, District of Columbia; to the Committee on Transportation and Infrastructure.

By Mr. HULSHOF (for himself, Mr. POMEROY, Mr. NUSSLE, Mr. YOUNG of Alaska, Mr. OBERSTAR, Mr. STENHOLM, Mrs. EMERSON, Mr. GRAVES, Mr. SKELTON, Mr. AKIN, and Mr. BOEHNER):

H.R. 3119. A bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for biodiesel used as a fuel; to the Committee on Ways and Means.

By Ms. LEE:

H.R. 3120. A bill to provide for the dissemination of information on irradiated foods used in the school lunch programs and to ensure that school districts, parents, and students retain the option of traditional, non-irradiated foods through such programs; to the Committee on Education and the Workforce.

By Mr. MCINNIS:

H.R. 3121. A bill to override the income tax treaty with Barbados; to the Committee on Ways and Means.

By Mrs. MILLER of Michigan:

H.R. 3122. A bill to amend the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 to direct the Secretary of the department in which the Coast Guard is operating to issue a regulation prohibiting a vessel with a ballast water tank from entering the Great Lakes if more than 5 percent of the capacity of the tank contains ballast water; to the Committee on Transportation and Infrastructure.

By Mr. NADLER (for himself, Ms. JACKSON-LEE of Texas, Mr. RODRIGUEZ, Mr. SERRANO, Mr. DOOLEY of California, Mr. CASE, Ms. SCHAKOWSKY, Mr. FRANK of Massachusetts, Mr. DELAHUNT, Mr. GREEN of Texas, Ms. MCCOLLUM, Mr. BERMAN, Mr. TIERNEY, Mr. WEINER, and Mr. ENGEL):

H.R. 3123. A bill to amend the Immigration and Nationality Act to exempt certain elderly persons from demonstrating an understanding of the English language and the history, principles, and form of government of the United States as a requirement for naturalization, and to permit certain other elderly persons to take the history and government examination in a language of their choice; to the Committee on the Judiciary.

By Mr. OTTER:

H.R. 3124. A bill to designate the facility of the United States Geological Survey and the United States Bureau of Reclamation located at 230 Collins Road, Boise, Idaho, as the ''F.H. Newell Building''; to the Committee on Transportation and Infrastructure.

By Mr. PAUL (for himself, Mr. BARRETT of South Carolina, Mr. BARTLETT of Maryland, Mr. DUNCAN, Mr. GOODE, Mr. FRANKS of Arizona, Mr. SESSIONS, Mr. FEENEY, Mr. MILLER of Florida, Mr. OTTER, and Mr. NORWOOD):

H.R. 3125. A bill to protect the Second Amendment to the United States Constitution; to the Committee on International Relations.

By Mr. PEARCE:

H.R. 3126. A bill to provide that no court or judge shall dismiss any part of the Constitution or Bill of Rights as a legal defense in court; to the Committee on the Judiciary.

By Ms. PRYCE of Ohio (for herself and Mr. MURTHA):

H.R. 3127. A bill to improve the palliative and end-of-life care provided to children with life-threatening conditions, and for other purposes; to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. RODRIGUEZ:

H.R. 3128. A bill to amend title 49, United States Code, to ensure that States do not use certain information to suspend or revoke a commercial driver's license of an individual; to the Committee on Transportation and Infrastructure.

By Mr. SCHIFF:

H.R. 3129. A bill to permit States to require insurance companies to disclose Holocaust-era insurance information; to the Committee on Financial Services.

By Mr. SULLIVAN (for himself, Mr. PITTS, Mr. DEMINT, Mrs. MUSGRAVE, and Mr. BURGESS):

H.R. 3130. A bill to amend the Head Start Act to require parental consent for non-emergency intrusive physical examinations; to the Committee on Education and the Workforce.

By Mrs. TAUSCHER (for herself and Mr. BELL):

H.R. 3131. A bill to require a report on reconstruction efforts in Iraq; to the Committee on International Relations, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. THOMPSON of California (for himself and Mr. HILL):

H.R. 3132. A bill to require amounts appropriated under any Act making emergency supplemental appropriations for the reconstruction of Iraq and Afghanistan and the war on terrorism for fiscal year 2004 to be made available in allotments and in accordance with certain reporting requirements; to the Committee on International Relations, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. UDALL of Colorado (for himself and Mr. SHAYS):

H.R. 3133. A bill to preserve the ability of States, Indian tribes, municipalities, and air pollution control agencies to protect the public health and the environment by affording them discretion as to whether or not to implement new source review revisions promulgated by the Environmental Protection Agency on August 27, 2003; to the Committee on Energy and Commerce.

By Mr. WALSH (for himself, Mr. JONES of North Carolina, Mr. LIPINSKI, Mr. GILLMOR, Mr. LATOURETTE, Mr. UPTON, Mr. QUINN, Mr. GOODE, Ms. KAPTUR, and Mr. CARSON of Oklahoma):

H.R. 3134. A bill to amend title 10, United States Code, and title III of the Federal Property and Administrative Services Act to require certain prospective government contractors to employ at least 50 percent of their employees in the United States; to the Committee on Government Reform, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WEINER:

H.R. 3135. A bill to amend the Truth in Lending Act to require a store in which a consumer may apply to open a credit or charge card account to display a sign, at each location where the application may be made, containing the same information required by such Act to be prominently placed in a tabular format on the application; to the Committee on Financial Services.

By Mr. WEINER (for himself and Mr. RANGEL):

H.R. 3136. A bill to amend the Immigration and Nationality Act to reduce the annual income level at which a person petitioning for a family-sponsored immigrant's admission must agree to provide support in a case where a United States employer has agreed to employ the immigrant for a period of not less than one year after admission or where the sponsored alien is under the age of 18; to the Committee on the Judiciary.

By Mr. WEINER:

H.R. 3137. A bill to prohibit assistance or reparations to Cuba, Libya, North Korea, Iran, Saudi Arabia, and Syria; to the Committee on International Relations, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MURTHA:

H.J. Res. 68. A joint resolution proposing an amendment to the Constitution of the United States relating to school prayer; to the Committee on the Judiciary.

By Mr. MANZULLO (for himself, Mr. STENHOLM, Mr. ROGERS of Michigan, Mr. HILL, Mr. GREEN of Wisconsin, and Mr. HINOJOSA):

H. Con. Res. 285. Concurrent resolution expressing the concern of the Congress regarding the detrimental impact on the United States economy of the manipulation by foreign governments of their currencies; to the Committee on Ways and Means.

By Mr. BARTLETT of Maryland:

H. Con. Res. 286. Concurrent resolution congratulating Fort Detrick on 60 years of service to the United States; to the Committee on Armed Services.

By Mr. LANTOS (for himself, Mr. HYDE, Mr. BEREUTER, and Mr. WEXLER):

H. Res. 372. A resolution expressing the condolences of the House of Representatives in response to the murder of Swedish Foreign Minister Anna Lindh; to the Committee on International Relations.

By Ms. SLAUGHTER (for herself and Mrs. CAPITO):

H. Res. 373. A resolution expressing the sense of Congress with respect to the Women's United Soccer Association; to the Committee on Government Reform.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 31: Mr. BARTLETT of Maryland, Mr. BURGESS, and Mr. OTTER.

H.R. 290: Mr. SANDERS, Mr. CANTOR, and Mr. ROSS.

H.R. 299: Mr. HINCHEY.

H.R. 303: Mr. LATHAM.

H.R. 331: Mrs. CAPITO.

H.R. 339: Ms. PRYCE of Ohio, Mr. SAXTON, Mr. TOWNS, Mr. HENSARLING, Mrs. MUSGRAVE, Mrs. NORTHUP, Mr. SIMMONS, Mr. RYAN of Wisconsin, Mr. PETRI, Mr. KNOLLENBERG, Mr. MCINNIS, Mr. SHAW, and Mrs. EMERSON.

H.R. 369: Ms. PRYCE of Ohio and Mr. COSTELLO.

H.R. 371: Mr. ROGERS of Alabama and Mr. GOODE.

H.R. 391: Ms. GINNY BROWN-WAITE of Florida.

H.R. 490: Mr. DEFAZIO.

H.R. 548: Mr. SMITH of Texas and Mr. RUPPERSBERGER.

H.R. 571: Mrs. MUSGRAVE, Mrs. NORTHUP, Ms. JACKSON-LEE of Texas, and Mr. GALLEGLY.

H.R. 673: Mr. JENKINS.

H.R. 677: Ms. LINDA T. SANCHEZ of California, and Mr. MATSUI.

H.R. 687: Mr. LATHAM, Mr. SHIMKUS, and Mr. TURNER of Ohio.

H.R. 728: Mr. MCINNIS.

H.R. 742: Mr. CRAMER, and Mr. HOSTETTLER.

H.R. 745: Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 785: Mr. CASE, Mrs. MUSGRAVE, Mr. PRICE of North Carolina, Mr. MARSHALL, Mr. BISHOP of New York, Mr. SCOTT of Virginia, and Mr. GOODE.

H.R. 791: Mr. MCCRERY, Mr. FOLEY, Mr. DOOLITTLE, and Mr. VITTER.

H.R. 819: Mr. CALVERT.

H.R. 833: Mr. PLATTS and Mr. BOYD.

H.R. 834: Mrs. CAPITO and Mr. CLAY.

H.R. 837: Mr. NUSSLE.

H.R. 839: Mr. MENENDEZ and Mr. STENHOLM.

H.R. 844: Mr. DOGGETT and Mr. ISRAEL.

H.R. 870: Mr. UPTON, Mr. BLUNT, Mr. MICA, and Mr. BISHOP of Georgia.

H.R. 872: Mr. COLLINS and Mr. TAYLOR of North Carolina.

H.R. 876: Mr. BARTON of Texas, Mr. MATHESON, Mr. NUSSLE, Mr. KING of Iowa, and Mrs. TAUSCHER.

H.R. 969: Mr. FROST.

H.R. 1005: Mr. MATHESON.

H.R. 1078: Ms. SLAUGHTER.

H.R. 1093: Mr. SCHIFF.

H.R. 1102: Mr. TURNER of Texas.

H.R. 1105: Mr. KLECZKA and Mr. BRADY of Pennsylvania.

H.R. 1108: Mr. STARK.

H.R. 1117: Mr. MCCOTTER.

H.R. 1151: Mr. BLUMENAUER.

H.R. 1155: Mr. BACHUS and Mr. GERLACH.

H.R. 1162: Mr. LANTOS.

H.R. 1205: Mr. SANDERS.

H.R. 1207: Mr. MCNULTY.

H.R. 1306: Mr. ISRAEL.

H.R. 1359: Mr. GUTIERREZ.

H.R. 1421: Ms. SLAUGHTER.

H.R. 1422: Ms. BERKLEY.

H.R. 1430: Ms. KILPATRICK, Ms. BERKLEY, and Mr. MATSUI.

H.R. 1448: Mr. GUTIERREZ.

H.R. 1472: Mr. HOEFFEL.

H.R. 1478: Mr. UDALL of Colorado.

H.R. 1500: Mr. NETHERCUTT.

H.R. 1501: Ms. MCCOLLUM, Mr. HONDA, Mr. LANTOS, Mrs. TAUSCHER, and Mr. STARK.

H.R. 1508: Mr. WEINER and Mr. PASTOR.

H.R. 1513: Mr. MICHAUD.

H.R. 1551: Mrs. LOWEY.

H.R. 1626: Mr. JENKINS.

H.R. 1634: Mr. UDALL of New Mexico and Mr. MILLER of North Carolina.

H.R. 1689: Mr. MEEKS of New York.

H.R. 1708: Mr. HALL, Mr. STENHOLM, and Mr. HONDA.

H.R. 1726: Mr. ACKERMAN, Mr. CALVERT, and Mr. MCGOVERN.

H.R. 1738: Mr. RAHALL.

H.R. 1752: Mr. SANDERS.

H.R. 1760: Mr. ANDREWS, Mr. FALEOMAVAEGA, Mr. MCGOVERN, Ms. LINDA T. SANCHEZ of California, Mr. WEXLER, Mr. MORAN of Virginia, Ms. ROYBAL-ALLARD, Mr. STARK, and Mrs. JONES of Ohio.

H.R. 1784: Mr. SOUDER and Mr. DOGGETT.

H.R. 1828: Mr. CHABOT, Mr. ROYCE, and Mr. CUMMINGS.

H.R. 1892: Ms. EDDIE BERNICE JOHNSON of Texas and Mr. WEXLER.

H.R. 1900: Mr. HINCHEY, Mr. MILLER of North Carolina, Mr. KIRK, Mr. ALLEN, Mr. CROWLEY, Mr. DOGGETT, Mr. ENGEL, Mr. FOSSELLA, Mr. HAYWORTH, Mr. KLECZKA, Mr. LYNCH, Mr. ROGERS of Kentucky, Mr. QUINN, Mr. STARK, Mr. WALSH, Mr. GONZALEZ, Ms. PELOSI, Mr. PASTOR, Mr. HINOJOSA, Ms. SOLIS, Mr. ORTIZ, Mr. DEUTSCH, Mr. BAKER, Mrs. NAPOLITANO, Mr. MENENDEZ, Mr. CHABOT, Mr. REYES, Mr. SHIMKUS, Mr. BOSWELL, Mr. JOHN, Mr. MOLLOHAN, Mr. TAYLOR of Mississippi, Mr. BASS, Mr. EDWARDS, Mr. FOLEY, Mr. HOEFFEL, Ms. KAPTUR, Mr. MURTHA, Mr. HONDA, Mr. HULSHOF, Mr. VAN HOLLEN, Mr. WELDON of Pennsylvania, Mr. CAMP, Mr. COLLINS, Mr. KILDEE, Mr. SAM JOHNSON of Texas, Mr. SAXTON, Mr. SESSIONS, Mr. STUPAK, Mr. BRADY of Texas, Mr. BURNS, Mr. OSBORNE, Mr. SULLIVAN, Mr. KLINE, Mr. DOOLITTLE, Mr. KING of Iowa, Mr. BOOZMAN, Mr. NETHERCUTT, Mr. BONILLA, Mr. SIMMONS, Mr. BOEHNER, Mrs. MILLER of Michigan, Mr. SHUSTER, Ms. HARRIS, Mr. ROGERS of Michigan, Mr. CANTOR, Mr. PORTER, Mr. ROGERS of Alabama, Mr. GERLACH, Mr. BARRETT of South Carolina, and Mr. INSLEE.

H.R. 1914: Mr. MCKEON, Mr. HOEKSTRA, Mr. LATOURETTE, Mr. REHBERG, Ms. ROS-LEHTINEN, Mr. SHUSTER, Mr. TIBERI, Mr. OSBORNE, Mr. PORTER, Mr. THORNBERRY, Mr. TIAHRT, Mr. CUNNINGHAM, Ms. GINNY BROWN-WAITE of Florida, Mr. BOOZMAN, Mr. GINGREY, Mr. KENNEDY of Minnesota, and Mr. LINDER.

H.R. 1934: Mr. VAN HOLLEN.

H.R. 1943: Mr. TOOMEY, Mr. SHUSTER, Mr. WELDON of Pennsylvania, Mr. MURPHY, Mr. GREENWOOD, Mr. KIND, Ms. HOOLEY of Oregon, Mr. BLUMENAUER, and Mr. ADERHOLT.

H.R. 1951: Mr. UDALL of New Mexico and Mr. VAN HOLLEN.

H.R. 1958: Mr. CAPUANO.

H.R. 2034: Mr. SAXTON, Mr. TOWNS, Ms. BERKLEY, Mr. SIMMONS, and Mr. GALLEGLY.

H.R. 2094: Mr. GALLEGLY.

H.R. 2118: Mr. SANDLIN, Mrs. BIGGERT, Mr. COLLINS, Mr. BERRY, Ms. DUNN, and Mr. LEWIS of Georgia.

H.R. 2178: Mr. HAYWORTH.

H.R. 2182: Ms. LINDA T. SANCHEZ of California and Mr. GREEN of Texas.

H.R. 2246: Mr. MOORE and Mr. BISHOP of New York.

H.R. 2256: Mr. HOLT.

H.R. 2295: Mr. HOLDEN.

H.R. 2314: Mr. SERRANO, Mr. GEORGE MILLER of California, Mr. PAYNE, and Mr. FROST.

H.R. 2321: Mr. GRIJALVA.

H.R. 2329: Mr. FILNER.

H.R. 2371: Mr. KUCINICH, Mr. MICHAUD, Mr. GEORGE MILLER of California, Mr. STARK, Ms. NORTON, Mr. LANTOS, and Mr. GRIJALVA.

H.R. 2385: Mr. BISHOP of Utah.

H.R. 2394: Ms. CORRINE BROWN of Florida, Mr. FORD, Ms. LINDA T. SANCHEZ of California, Mr. UDALL of New Mexico, and Mr. COOPER.

H.R. 2418: Mr. RANGEL and Mr. KUCINICH.

H.R. 2470: Mr. CUMMINGS and Mr. ANDREWS.

H.R. 2494: Mr. CLYBURN.

H.R. 2510: Mr. GEORGE MILLER of California, Mr. WAXMAN, Mr. BECERRA, Mr. LANTOS, Ms. MILLENDER-MCDONALD, Mrs. TAUSCHER, Mr. MATSUI, Mr. BERMAN, Mr. CARDOZA, Mr. POMBO, Ms. HARMAN, Ms. LORETTA SANCHEZ of California, Mr. FILNER, Mr. STARK, Ms. LOFGREN, Ms. ESHOO, Ms. WATSON, Ms. SOLIS, Mr. FARR, Mrs. CAPPS, Mr. HONDA, Ms. ROYBAL-ALLARD, Mr. BACA, Mr. THOMPSON of California, Mr. SCHIFF, Mr. DOOLEY of California, Mr. DREIER, Mrs. NAPOLITANO, Ms. LINDA T. SANCHEZ of California, Ms. WOOLSEY, Mr. SHERMAN, Mrs. DAVIS of California, Ms. PELOSI, Mr. DOOLITTLE, and Ms. WATERS.

H.R. 2553: Mr. RUPPERSBERGER and Ms. LINDA T. SANCHEZ of California.

H.R. 2577: Mr. BONILLA.

H.R. 2579: Mr. HULSHOF, Mr. JENKINS, Ms. SLAUGHTER, and Mr. FILNER.

H.R. 2632: Mr. FORD and Mr. PASCRELL.

H.R. 2665: Mr. HOLDEN.

H.R. 2670: Mr. HINCHEY.

H.R. 2702: Mr. WEXLER and Ms. WOOLSEY.

H.R. 2703: Mr. GREENWOOD, Mr. PLATTS, and Mr. HOEFFEL.

H.R. 2704: Mr. GREENWOOD, Mr. PLATTS, and Mr. HOEFFEL.

H.R. 2705: Mr. BOUCHER.

H.R. 2719: Mr. JEFFERSON, Mr. BONNER, Ms. KAPTUR, Mr. GREEN of Texas, Mr. HOLDEN, Mr. BALLENGER, Mr. THOMPSON of California, Mr. GEORGE MILLER of California, Mrs. JONES of Ohio, Ms. LOFGREN, Mr. BAIRD, and Mr. SMITH of New Jersey.

H.R. 2720: Ms. KAPTUR, Mr. GUTIERREZ, and Mr. DOGGETT.

H.R. 2722: Ms. HART.

H.R. 2724: Mr. GRIJALVA and Ms. NORTON.

H.R. 2759: Mr. HOLDEN, Mr. KENNEDY of Rhode Island, Mr. DOOLEY of California, and Ms. CORRINE BROWN of Florida.

H.R. 2768: Mrs. LOWEY, Mr. NADLER, Mr. LYNCH, Mrs. CUBIN, Ms. VELAZQUEZ, and Mr. UDALL of New Mexico.

H.R. 2830: Mr. MCHUGH and Mr. QUINN.

H.R. 2839: Mr. ENGLISH.

H.R. 2843: Mr. HASTINGS of Florida.

H.R. 2850: Mr. SCHIFF.

H.R. 2871: Mr. PLATTS.

H.R. 2885: Mr. KINGSTON, Mr. PLATTS, and Mr. BEAUPREZ.

H.R. 2898: Mrs. WILSON of New Mexico.

H.R. 2902: Mr. BEAUPREZ, Mr. HEFLEY, and Mr. KIND.

H.R. 2903: Mr. BEAUPREZ, Mr. HEFLEY, and Mr. KIND.

H.R. 2906: Mr. BISHOP of Utah.

H.R. 2924: Mr. PETERSON of Minnesota.

H.R. 2928: Mr. DEFAZIO, Mrs. KELLY, Mr. SHUSTER, and Mr. ACKERMAN.

H.R. 2978: Mr. GRAVES, Mr. SANDLIN, Mr. MCHUGH, Mr. REHBERG, Mr. PAUL, and Mr. SCOTT of Georgia.

H.R. 2998: Mr. EMANUEL, Mr. LIPINSKI, Mr. BROWN of Ohio, Mr. STRICKLAND, Mr. SNYDER, Mr. FRANKS of Arizona, Mrs. JOHNSON of Connecticut, Mr. NEY, Mrs. LOWEY, Ms. WOOLSEY, Mr. OSBORNE, Mr. GEORGE MILLER of California, and Mr. BAKER.

H.R. 3002: Mr. ISAKSON.

H.R. 3004: Ms. DELAURO.

H.R. 3011: Mr. DOOLITTLE, Mr. MATSUI, Mr. HONDA, Ms. LOFGREN, Mr. DREIER, Mrs. NAPOLITANO, Ms. LINDA T. SANCHEZ of California, Mrs. BONO, Mr. GEORGE MILLER of California, Mr. NUNES, Mr. RADANOVICH, Mrs. DAVIS of California, Mr. FARR, Mr. FILNER, Mr. DOOLEY of California, Ms. LORETTA SANCHEZ of California, Mr. ISSA, Mr. COX, Mr. GARY G. MILLER of California, Mr. SHERMAN, Mr. ROHRABACHER, Mrs. TAUSCHER, and Mr. ROYCE.

H.R. 3015: Mr. RAMSTAD, Mr. JEFFERSON, Mr. WEXLER, Mr. SANDLIN, Mr. NETHERCUTT, Mr. VITTER, Mrs. NAPOLITANO, Mr. WELDON of Florida, and Mr. KILDEE.

H.R. 3042: Mr. ENGLISH.

H.R. 3054: Ms. NORTON and Mr. SCHIFF.

H.R. 3061: Mr. DEUTSCH and Mr. WEXLER.

H.R. 3078: Mr. BERMAN, Mr. NADLER, Mr. DAVIS of Illinois, Mr. BROWN of Ohio, Mr. BACA, Mr. STARK, and Mr. RODRIGUEZ.

H.R. 3079: Mr. CANTOR, Mr. FOLEY, and Mr. FEENEY.

H.R. 3083: Mrs. CUBIN.

H.R. 3099: Mr. DELAHUNT, Mr. LANTOS, Mr. GRIJALVA, Mr. MARSHALL, and Mr. HASTINGS of Florida.

H.J. Res. 46: Mr. COLE, Mr. ENGLISH, and Mr. LUCAS of Oklahoma.

H.J. Res. 62: Mr. ROTHMAN.

H. Con. Res. 56: Mr. FROST and Mr. KIND.

H. Con. Res. 155: Ms. LINDA T. SANCHEZ of California.

H. Con. Res. 165: Ms. LINDA T. SANCHEZ of California, Mr. STARK, and Mr. FRANK of Massachusetts.

H. Con. Res. 176: Ms. LOFGREN.

H. Con. Res. 194: Ms. ESHOO and Mr. SCHIFF.

H. Con. Res. 196: Mr. STARK and Ms. SLAUGHTER.

H. Con. Res. 240: Mr. ENGEL, Mr. OWENS, and Mrs. TAUSCHER.

H. Con. Res. 254: Mr. LIPINSKI and Mr. KLECZKA.

H. Con. Res. 267: Mr. BROWN of Ohio.

H. Con. Res. 269: Ms. SCHAKOWSKY, Ms. LEE, Mr. KUCINICH, Mr. PAYNE, Mr. SANDERS, and Mr. CROWLEY.

H. Con. Res. 280: Mr. BAKER, Mr. QUINN, Mr. SIMMONS, Mr. GARY G. MILLER of California, and Mr. BROWN of South Carolina.

H. Res. 60: Mrs. BIGGERT and Mr. SMITH of Washington.

H. Res. 157: Mr. STARK and Mr. FARR.

H. Res. 300: Mr. HALL and Mr. BEAUPREZ.

H. Res. 355: Mr. ISAKSON.

H. Res. 357: Mrs. MILLER of Michigan, Mr. CALVERT, Mr. CARSON of Oklahoma, Mr. LEWIS of California, Mr. WICKER, Mr. HAYWORTH, Mr. SCHROCK, Mr. WAXMAN, Mr. COSTELLO, Mrs. MUSGRAVE, Mr. WELDON of Pennsylvania, and Ms. GRANGER.

H. Res. 362: Mr. ETHRIDGE, Mr. OTTER, Mr. PUTNAM, Mr. GILCHREST, Mr. BOUCHER, Mr. GORDON, Mr. TIBERI, Mr. STRICKLAND, Mr. BARTLETT of Maryland, Mr. OBERSTAR, Mr. TERRY, Mr. QUINN, Mr. COBLE, Mr. BOYD, Mr. WELLER, Mr. UPTON, Mr. GREEN of Wisconsin, Mr. ABERCROMBIE, Mr. HOLDEN, Mr. BISHOP of Georgia, and Mr. BURNS.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 1078: Mr. AKIN and Mrs. MUSGRAVE.

H. Res. 367: Mr. WALSH.