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House of Representatives

The House met at 9 a.m. and was called to order by the Speaker pro tempore (Mr. NETHERCUTT).

DESIGNATION OF THE SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
April 2, 2004.

I hereby appoint the Honorable GEORGE R. NETHERCUTT, Jr. 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:

Lord God, our Redeemer and our Guide, take this country and make it truly Your own. May Your spirit animate our Nation's aspirations and bring about equal justice and a quality of the good life for all its citizens. May virtue abound in the character of the American people, and may our bonds of union be strengthened.

Bring the work of the House of Representatives to a just and blessed closure. As Members and staff begin to enjoy a spring break, we pray that You keep everyone safe and healthy.

May the religious holy days, which Jews and Christians celebrate in coming days, fortify people of faith and bring them joy, for You are the Lord our God, living and true, now and forever. 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 South Carolina (Mr. BROWN) come forward and lead the House in the Pledge of Allegiance.

Mr. BROWN of South Carolina 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.

MESSAGE FROM THE SENATE

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

H.R. 4062. An act to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958 through June 4, 2004, and for other purposes.

The message also announced that the Senate has passed a joint resolution of the following title in which the concurrence of the House is requested:

S.J. Res. 28. Joint resolution recognizing the 60th anniversary of the Allied landing at Normandy during World War II.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will receive five 1-minute speeches from each side.

IN MEMORY OF ANDREW J. COMBS

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

Mr. BROWN of South Carolina. Mr. Speaker, this week my friend, Andrew J. Combs, passed away. Andy was from my hometown, Hanahan, South Carolina, and our friendship spans many decades.

Mr. Speaker, many of my colleagues know his wife, Roberta Combs, President of the National Christian Coalition, whose work is widely known and appreciated by families across this Nation.

Andy was a great man, a World War II and Korean War veteran, a successful businessman and a Republican leader, and someone who devoted countless hours trying to make this world a better place. He triumphed in all of these areas while overcoming the ravages of polio contracted as an adult.

It is difficult to measure the impact that he has had on the many lives he touched. His commitment to serving others and to serving his community leaves a wonderful legacy.

Andy, my friend, you will be sorely missed, but we know that heaven has welcomed you with open arms.

Mr. Speaker, please join me in a moment of silence honoring this great American.

MEDICARE PRESCRIPTION DRUG AND MODERNIZATION ACT MEANS QUALITY HEALTH CARE AT LOWER PRICES

(Mrs. JOHNSON of Connecticut asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JOHNSON of Connecticut. Mr. Speaker, the Medicare Prescription Drug and Modernization Act not only modernizes the benefits seniors receive under Medicare by adding prescription drugs, but, for the first time provides seniors, with chronic illnesses, access to state-of-the-art, cutting-edge, preventive health care.

With seniors living longer, with one-third of our seniors living with five or more chronic illnesses and using 80 percent of Medicare's dollars, access to chronic disease management programs is necessary, fair, and right.

By offering such preventive care, made possible by modern technology,

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our seniors can stay healthier, out of the hospital and emergency rooms and, while living better through modern medicine, reduce Medicare spending. Add this preventive care program to the fact that under this bill, one-half of all senior women will receive their prescription drugs with no premium, no deductible, and no gap in coverage, and $1 to $5 in copayments for generics or brand-name drugs, and our seniors will be able to see that the Medicare Modernization Act we passed offers them much higher quality health care at lower personal cost.

MAKING IN ORDER CONSIDERATION OF PETRI AMENDMENT DURING FURTHER CONSIDERATION OF H.R. 3550, TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS

Mr. PETRI. Mr. Speaker, I ask unanimous consent that during further consideration of H.R. 3550, pursuant to House Resolution 593, it shall be in order to consider, prior to any other amendment, the amendment that I have placed at the desk as though printed as an amendment printed in part B of House Report 108–456, to be debatable for not to exceed 10 minutes, equally divided and controlled between myself and the gentleman from Minnesota (Mr. OBERSTAR).

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

AMENDMENT TO H.R. 3350, OFFERED BY MR. PETRI

Page 548, lines 6 and 7, strike ''Jefferson Davis Transitway (Columbia Pike to Pentagon)'' and insert 'Crystal City Potomac Yards Transit''.

Page 548, after line 7, insert the following (and redesignate subsequent paragraphs accordingly):

(99) Northern Virginia—Columbia Pike Rapid Transit Project.

In the table contained in section 3038 of the bill, in item number 25—

(1) strike ''$240,000.00'' and insert ''$912,000.00'';

(2) strike ''$247,500.00'' and insert ''$940,500.00''; and

(3) strike ''$262,500.00'' and insert ''$997,500.00''.

In the table contained in section 3038 of the bill, in item number 26—

(1) strike ''$240,000.00'' and insert ''$912,000.00'';

(2) strike ''$247,500.00'' and insert ''$940,500.00''; and

(3) strike ''$262,500.00'' and insert ''$997,500.00''.

Mr. PETRI (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

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

There was no objection.

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

There was no objection.

TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS

The SPEAKER pro tempore (Mr. BROWN of South Carolina). Pursuant to House Resolution 593 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3550.

□ 0913

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3550) to authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes, with Mr. NETHERCUTT (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Thursday, April 1, 2004, a request for a recorded vote on amendment No. 20 printed in part B of House Report 108–456 by the gentleman from New Hampshire (Mr. BRADLEY) had been postponed.

Pursuant to the order of the House of today, it is now in order to consider the amendment at the desk offered by the gentleman from Wisconsin (Mr. PETRI).

AMENDMENT OFFERED BY MR. PETRI

Mr. PETRI. Mr. Chairman, I offer an amendment.

The Chairman pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. PETRI:

Page 548, lines 6 and 7, strike ''Jefferson Davis Transitway (Columbia Pike to Pentagon)'' and insert 'Crystal City Potomac Yards Transit''.

Page 548, after line 7, insert the following (and redesignate subsequent paragraphs accordingly):

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(3) strike ''$262,500.00'' and insert ''$997,500.00''.

The CHAIRMAN pro tempore. Pursuant to the order of the House of today, the gentleman from Wisconsin (Mr. PETRI) and the gentleman from Illinois (Mr. LIPINSKI) each will control 5 minutes.

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

Mr. PETRI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I do not believe there is any objection to this technical amendment. It has been reviewed by people on both sides.

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

Mr. LIPINSKI. Mr. Chairman, I yield myself such time as I may consume.

This side has looked over the amendment. We have no problem with it whatsoever. We are happy to accept it.

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

Mr. PETRI. Mr. Chairman, I thank the gentleman from Illinois, and I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Wisconsin (Mr. PETRI).

The amendment was agreed to.

□ 0915

The CHAIRMAN pro tempore (Mr. NETHERCUTT). It is now in order to consider amendment No. 22 printed in House Report 108–456.

AMENDMENT NO. 22 OFFERED BY MR. KENNEDY OF MINNESOTA

Mr. KENNEDY of Minnesota. Mr. Chairman, I offer an amendment.

The Chairman pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 22 offered by Mr. KENNEDY of Minnesota:

Title I, amend section 1209 to read as follows (and conform the table of contents accordingly):

SEC. 1209. REPEAL.

Section 1012(b) of the Intermodal Surface Transportation Efficiency Act of 1991 (23 U.S.C. 149 note; 105 Stat. 1938) is repealed.

Title I, strike sections 1603 and 1604 and insert the following (and conform the table of contents of the bill accordingly):

SEC. 1603. FAST FEES.

(a) IN GENERAL.—Subchapter I of chapter 1 of title 23, United States Code, as amended by section 1208 of the bill, is amended by adding at the end the following:

''§ 168. FAST fees

''(a) ESTABLISHMENT.—The Secretary shall establish and implement an Interstate System FAST Lanes program under which the Secretary, notwithstanding sections 129 and 301, shall permit a State, or a public or private entity designated by a State, to collect fees to finance the expansion of a highway, for the purpose of reducing traffic congestion, by constructing 1 or more additional lanes (including bridge, support, and other structures necessary for that construction) on the Interstate System.

''(b) ELIGIBILITY.—To be eligible to participate in the program, a State shall submit to the Secretary for approval an application that contains—

''(1) an identification of the additional lanes (including any necessary bridge, support, and other structures) to be constructed on the Interstate System under the program;

''(2) in the case of 1 or more additional lanes that affect a metropolitan area, an assurance that the metropolitan planning organization established under section 134 for the area has been consulted during the planning process concerning the placement and amount of fees on the additional lanes; and

''(3) a facility management plan that includes—

''(A) a plan for implementing the imposition of fees on the additional lanes;

''(B) a schedule and finance plan for construction, operation, and maintenance of the additional lanes using revenues from fees (and, as necessary to supplement those revenues, revenues from other sources); and

''(C) a description of the public or private entities that will be responsible for implementation and administration of the program.

''(c) REQUIREMENTS.—The Secretary shall approve the application of a State for participation in the program after the Secretary determines that, in addition to meeting the requirements of subsection (b), the State has entered into an agreement with the Secretary that provides that—

''(1) fees collected from motorists using a FAST lane shall be collected only through the use of noncash electronic technology;

''(2) all revenues from fees received from operation of FAST lanes shall be used only for—

''(A) debt service relating to the investment in FAST lanes;

''(B) reasonable return on investment of any private entity financing the project, as determined by the State;

''(C) any costs necessary for the improvement, and proper operation and maintenance (including reconstruction, resurfacing, restoration, and rehabilitation), of FAST lanes and existing lanes, if the improvement—

''(i) is necessary to integrate existing lanes with the FAST lanes;

''(ii) is necessary for the construction of an interchange (including an on- or off-ramp) from the FAST lane to connect the FAST lane to—

''(I) an existing FAST lane;

''(II) the Interstate System; or

''(III) a highway; and

''(iii) is carried out before the date on which fees for use of FAST lanes cease to be collected in accordance with paragraph (6); or

''(D) the establishment by the State of a reserve account to be used only for long-term maintenance and operation of the FAST lanes;

''(3) fees may be collected only on and for the use of FAST lanes, and may not be collected on or for the use of existing lanes;

''(4) use of FAST lanes shall be voluntary;

''(5) revenues from fees received from operation of FAST lanes may not be used for any other project (except for establishment of a reserve account described in paragraph (2)(D) or as otherwise provided in this section);

''(6) on completion of the project, and on completion of the use of fees to satisfy the requirements for use of revenue described in paragraph (2), no additional fees shall be collected; and

''(7)(A) to ensure compliance with paragraphs (1) through (5), annual audits shall be conducted for each year during which fees are collected on FAST lanes; and

''(B) the results of each audit shall be submitted to the Secretary.

''(d) APPORTIONMENT.—

''(1) IN GENERAL.—Revenues collected from FAST lanes shall not be taken into account in determining the apportionments and allocations that any State or transportation district within a State shall be entitled to receive under or in accordance with this chapter.

''(2) NO EFFECT ON STATE EXPENDITURE OF FUNDS.—Nothing in this section affects the expenditure by any State of funds apportioned under this chapter.''.

(b) CONFORMING AMENDMENT.—

(1) The analysis for subchapter I of chapter 1 of title 23, United States Code, is amended by inserting after the item relating to section 167, as added by section 1208 of the bill, the following:

''168. FAST fees.''.

(2) Section 301 of title 23, United States Code, is amended by inserting after ''tunnels,'' the following: ''and except as provided in section 168,''.

SEC. 1604. TOLL FEASIBILITY.

Section 106 of title 23, United States Code, as amended by section 1605 of this bill, is further amended by adding at the end the following:

''(j) TOLL FEASIBILITY.—The Secretary shall select and conduct a study on a project under this title that is intended to increase capacity, and that has an estimated total cost of at least $50,000,000, to determine whether—

''(1) a toll facility for the project is feasible; and

''(2) privatizing the construction, operation, and maintenance of the toll facility is financially advisable (while retaining legal and administrative control of the portion of the applicable Interstate route).''.

The CHAIRMAN pro tempore. Pursuant to House Resolution 593, the gentleman from Minnesota (Mr. KENNEDY) and a Member opposed each will control 10 minutes.

The Chair recognizes the gentleman from Minnesota (Mr. KENNEDY).

Mr. KENNEDY of Minnesota. Mr. Chairman, I yield myself 2 minutes.

The amendment today addresses the big issues surrounding this year's road bill: how to expand capacity, how to do so without increasing taxes or expanding the deficit, and how do we address our overreliance on the gas tax.

The degree to which the FAST Act, introduced by myself and the gentleman from Washington (Mr. SMITH), has attracted strong bipartisan support reflects the success in addressing these issues by expanding capacity by removing an outdated prohibition again fee-based lanes on the interstate but preserving the trust of the driving public, by doing so only if the fees are charged on new lanes so we have new tar or concrete, charged electronically so there are no toll booths, the fees go away when construction and maintenance costs are provided for, and use of the lanes are optional to drivers and optional for States to use.

It has a broad base of support, and I do believe that this could add $50 billion in capacity to our roads over the road bill period.

I appreciate the chairman's efforts to reflect FAST concepts in the bill and have been very open with him about my intent to offer this amendment, but my concerns are this in TEA LU: that it limits the ability to increase capacity by limiting its FAST-like sections to only three projects; it allows tolls to be charged on existing lanes; it allows tolls to be charged indefinitely; it allows funds raised under these toll programs to be diverted to other uses.

Long term, FAST-style fee lanes can be major solutions to relieving congestion but only if we preserve the trust of the driving public. The types of provisions included in TEA LU could lead to the same distrust and resistance that has resulted in every State referendum on increases in gas tax being defeated. When used with FAST-style protections, it has been accepted by drivers, as witnessed by a recent Minneapolis Star Tribune poll that shows 69 percent in support of FAST-style provisions.

I urge my colleagues to join those that are supporting us, because this is increasing capacity, like the Associated General Contractors, the National Ready Mixed Concrete Association, and the American Association of State Highway Officials, those who are users like the American Trucking Association, Owner-Operator Individual Drivers, NFIB, Food Marketing Institute, and taxpayer groups like the National Taxpayers Union, Americans for Tax Reform, and Citizens for Sound Economy to support this amendment.

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

Mr. LIPINSKI. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN pro tempore. The gentleman from Illinois (Mr. LIPINSKI) is recognized for 10 minutes.

Mr. LIPINSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Chairman, I commend my colleague from Minnesota for advancing a concept of how we are going to increase capacity. We have deep concerns, I think all of us, that we are in an ultimate downward spiral in terms of the revenue from user fees that provide the resources we need for funding America's transportation future.

While we have refused to index these fees for inflation, we find that there are increasing demands and stresses that are being placed. Ultimately, we are going to have more fuel-efficient vehicles, and that means that we are not going to reduce at all the wear and tear on our highways, we are not going to reduce the demands of congestion, but we will over time reduce revenues.

Now, I appreciate what my colleague from Minnesota and my friend from the State of Washington are doing in terms of helping expand this window. This is an approach that we should explore. However, the approach that they bring to us today is unnecessarily narrow. It would restrict it exclusively to highway projects. That is why you have opposition from the Surface Transportation Policy Project. That is why, in January of this year, there was an extensive correspondence from APTA that was shared with our ranking members and the committee chair that deal with the problems inherent in this.

It is inconceivable that we would not want to have a balanced approach to solving transportation issues. As we have seen in State after State, people want balance.

In Phoenix, one the second highest per capita usage of automobiles in the country, they had problems with road-only initiatives. It was not until they came forward with a balanced transportation initiative that allowed use for transit as well as roads that it had the public support.

The proposal here would preclude what is going on right now in San Diego, a perfect example of how we can use tolling. In San Diego, there are currently 22,000 daily fast track automobile customers generating $2 million a year to pay for the program's operating costs, and they provide $1 million in support of commuter bus service in the I–15 corridor.

Now, I am not here to say that we do not need to expand road capacity. In many cases, we do. I am working to do that with some of the bottlenecks between our States of Oregon and Washington. But to say, as this amendment does, that if you are going to move in the area of other alternatives dealing with tolling, that you cannot use proven, successful initiatives that would add transit, that would add bus rapid transit, it is unnecessarily narrow, restrictive. It is not the best solution.

I tried to have this conversation with the gentleman and his staff, to have a comprehensive solution like we have under ISTEA, like we have under TEA LU, where communities are given the choice to design the best possible solution. I think we could move forward, but if we are going to have something that is narrow, restrictive and turning back to the past, which is actually going to reduce public support as well as reduce effectiveness, I do not think it is worthy of our support at this point. I very reluctantly oppose.

Mr. KENNEDY of Minnesota. Mr. Chairman, I yield 2 minutes to the gentleman from Washington (Mr. SMITH), my cosponsor in the FAST Act which had 73 co-sponsors and a perfect partner for bus rapid transit.

Mr. SMITH of Washington. Mr. Chairman, I want to thank the gentleman from Minnesota (Mr. KENNEDY) for bringing this issue up.

What we are trying to do is expand options to fund transportation solutions. As both gentlemen have pointed out, there are many limitations on that, and States throughout the country are struggling with their efforts to find the resources to fund the transportation solutions they want. This is one idea to basically make tolls an option for State projects so that they could receive Federal funds if they wanted to use those tolls to fund it and maintenance of that new construction. The amendment expands this to allow for whatever projects want to apply.

It is my opinion that the bill itself is actually narrower. It only allows an isolated number of projects to have these toll roads. It is not my understanding that this amendment in any way changes the current structure on mass transit. I am not certain that we currently allow Federal funds to go for tolling to fund that. But this amendment, to my understanding, and the gentleman from Minnesota (Mr. KENNEDY) can perhaps correct me, does not speak to what the gentleman from Oregon (Mr. BLUMENAUER) just talked about. It does not further restrict funds for transit. If it did, I would not be supportive of it. It expands what is available for roads.

Toll roads, by definition, are for roads. If there was some way to expand further to deal with mass transit, I would be in favor of it. It was my understanding that this amendment does not further restrict what the law already does. It targets one area and expands the opportunities, whereas the current bill only allows for an isolated number of projects to take advantage of this opportunity. As the gentleman from Minnesota (Mr. KENNEDY) pointed out, it is like three projects throughout the country that could get this, and obviously there are more than that.

So this is an opportunity to expand access to transportation opportunities, and that is why I support the amendment. My State and just about every other State I can think of desperately needs more funds for transportation. This opens up an avenue, a way for them to get those funds and build new roads and opens it up in a way that the public is likely to be supportive of. It funds specifically the road that they would be paying tolls on until it is paid for and the maintenance and care of it.

Getting public support for these issues has long been a challenge. We voted down the gas tax in the State of Washington on several occasions. This would be an opportunity to get people something that they want and expand transportation funds.

Mr. LIPINSKI. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. PETRI).

Mr. PETRI. Mr. Chairman, I reluctantly rise in opposition to the amendment. It is offered by a very valued and hard-working member of our committee. We have been working with the members of the committee on both sides of the aisle on the FAST proposal. Elements of it are contained in the bill before us. But the amendment as drafted would be disruptive to a number of aspects of the legislation that is currently on the books.

There is a three-State pilot program that would be repealed by the amendment, and there are also several new tolling proposals that are in this legislation that would be repealed by the proposal. We are not opposed to working with the Member and trying to perfect what is in the legislation as it goes forward, but as things stand at this point we oppose the amendment.

Mr. KENNEDY of Minnesota. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Chairman, I rise today in strong support of this amendment. I disagree with my good friend from Oregon. This does not restrict but expands the options to expand our highway and interstate system.

We do not have to stray very far from the Capitol here to see the congestion that plagues our Nation's roads. Try to drive out of here on a Friday afternoon, which I will, and we will see rush hour traffic that will slow and almost stop the movement of automobiles out of this city.

DOT reports that the average rush hour has increased 18 minutes between 1997 and 2000. Additionally, congestion costs our nation $65 billion annually in lost productivity and wasted motor fuel. The idle time spent in traffic increases transportation costs for U.S. businesses and robs drivers of time they could spend at home with their families.

We must find workable solutions. I believe we have one in this amendment. It is an innovative method of combating this problem. The amendment allows for voluntary collection of fees for construction of additional lanes on the interstate highway system. Specifically, the amendment will allow States to create high-speed toll lanes to be used by motorists willing to pay a toll. Under the FAST lanes provision, the fees are collected electronically; thus, no toll booths. There will be no back-up. The fees collected are then used to pay off the newly constructed lanes. When enough revenue is obtained, they pay off the cost of the expansion. The fees are eliminated.

Mr. Chairman, this amendment is a common-sense approach to dealing with our Nation's increasing congestion problems. The Kennedy amendment provides States with a voluntary means of raising revenues for expanding their highways as much as $50 billion over the 6-year life of this bill, and this approach will free up dollars for other essential transportation projects throughout our States.

Mr. Chairman, this amendment is a win-win for both States and drivers. So I urge passage of the Kennedy amendment.

Mr. LIPINSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to say that, in regards to this amendment, we have received word from the United States Department of Transportation that they have very serious concerns about this amendment; and I think that we should take that into consideration when we are weighing supporting it or opposing it.

I would also like to say at this time that in the existing legislation we have two different programs pertaining to tolling. One has to do with new toll ways; one has to do with rehabilitation.

□ 0930

A similar approach was taken 6 years ago to tolling where we had one program where three States could come into a program with tolling. We are far beyond that piece of legislation; and today, we still have no one that has involved themselves in the option of tolling underneath the old program.

So I really believe that rather than disrupt our bill and disrupt several significant sections of our bill, we should stick with what we have. There is actually an opportunity for six different

States to participate in a tolling program for new tollways, for rehabilitation, and I think that that is the way to go.

I can appreciate what the gentleman is trying to do, but I really think it is too disruptive and there will be very few takers for it.

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

Mr. KENNEDY of Minnesota. Mr. Chairman, I yield 1 minute to the gentleman from Georgia (Mr. BURNS).

Mr. BURNS. Mr. Chairman, I rise today to support the amendment offered by my colleague, the gentleman from Minnesota (Mr. KENNEDY).

This amendment is about financial accountability, projects that are funded by our tolling. Tolling can be an effective method of financing critical road improvements, but it must be done fairly. Tolling should be reasonable. They should not be allowed to go on indefinitely as a tax on road users.

This amendment allows tolls on only new, voluntary-use lanes, and ensures that revenues are dedicated specifically to new highway capacity. It will reduce construction times and cut congestion in high-density areas.

I believe in giving States and local governments the maximum flexibility in dealing with traffic problems. This amendment provides that flexibility without sticking motorists with a permanent toll or travel tax.

I urge my colleagues to support the amendment.

Mr. LIPINSKI. Mr. Chairman, how much time do I have?

The CHAIRMAN pro tempore (Mr. NETHERCUTT). The gentleman from Illinois (Mr. LIPINSKI) has 3½ minutes remaining. The gentleman from Minnesota (Mr. KENNEDY) has 3 minutes remaining.

Mr. LIPINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Chairman, I appreciate the gentleman's courtesy, and I wanted to follow up on what my colleagues have said.

I agree with the sentiment of what my friend from Georgia said; but, in fact, the amendment that he was supporting does not provide that balance and that flexibility. That is why this amendment is opposed by the Surface Transportation Policy Project, by STPP, by ASSHTO, by APTA, because it does not provide maximum flexibility.

If you have a congested corridor, like we have in the Portland metropolitan area, you need a balanced approach. We are exploring, and discussing, the potential use of tolling. I think tolling is something that should be studied; but if we approve the approach of the gentleman from Minnesota, it would not permit the use of the tolling for any transit-related alternative, buses or rail.

It would not allow the use of these revenues to deal with reconstruction. In many of our areas, we have problems of congestion and mobility because there are some facilities that are falling apart; but under this amendment, the toll revenues would not be available for the reconstruction of projects, just new lanes.

It is not just a case of providing new transit lanes. Every community that is dealing with congestion knows that you have to deal with how you get on and off the connections, the interchanges, the bridges, and this amendment would not permit that. It is just those lanes.

In many cases, if you increase capacity and you do not have resources around it, I will tell my colleagues, as 10 years as a public works commissioner and having worked in over 100 communities around this country, that is a prescription for disaster.

So I strongly suggest that the concept be refined so that it can have a balanced approach, and then it would be worthy of the support of this body.

Mr. KENNEDY of Minnesota. Mr. Chairman, I yield myself the balance of my time.

I appreciate the comments from my fellow colleagues from Illinois and Oregon and just want to clear up a couple of possible misconceptions.

Our FAST Act does provide for those connections. It does provide for maintenance, and it is a perfect complement to some of the most efficient transit options that are out there in the form of bus rapid transit. If you use congestion pricing on a fast lane, which is provided for, you can make sure that everybody's going 50 miles an hour or above, make it a very attractive option for bus rapid transit. Bus rapid transit is allowed to use these lanes, paid for by the users, free. You can combine it with car pools.

So this is not something that takes away any of the funding for transit that is currently available, can be meshed with bus rapid transit in a very complementary fashion; and when we talk about capacity, six States were mentioned by my friend from Illinois, but it is only six projects in six States.

If we are concerned that this road bill does not provide enough capacity to end the congestion around the country that is keeping people stuck in their traffic too long and away from families and work, why are we not letting fully bloom the FAST Act which could be $50 billion or more if we then try to nitpick it around the six projects in six different States.

Furthermore, the tolling sections that have been put in prior bills and in this bill have so many caveats that they will likely never be allowed to be used. We need a new source of funding. This provides a new source of funding, allows projects like the Katy Freeway in Houston to get done quicker, therefore, cheaper, frees up resources from other projects where the FAST Act would not apply.

If there is a market for the road, the road can be built there. It embraces public/private partnerships. It would encourage us to address the needs that are affecting our economic competitiveness, and this is ultimately about a user choice.

Yes, this amendment would take away the ability to put fees on existing lanes. This is an amendment that does take away the ability to put tolls in existing lanes. We will lose the trust of the driving public if we do so, but it does provide a price-value relationship. You only do FAST if it is on new lanes; therefore, they are getting something in return for it. They are paid for.

If you are stuck in traffic at 10 o'clock in the morning, you should have a choice. Use crosses demographic background. It benefits everyone.

This is the pro-capacity vote. This is the pro-taxpayer vote. That is why it will be scored by the Americans for Tax Reform and the National Taxpayers Union.

I encourage my fellow Members to stand up for drivers around the country and support the Kennedy-Smith amendment.

Mr. LIPINSKI. Mr. Chairman, I yield myself the balance of my time.

In closing, I first of all want to say that the gentleman from Minnesota (Mr. OBERSTAR), the ranking member of the full committee, strongly opposes this amendment. I have a statement by him which I will insert into the RECORD when we get back into the House.

The gentleman from Minnesota (Mr. KENNEDY) mentioned that there are numerous lanes that can be funded on an existing road. According to the legislation and the way I read the legislation, it is only possible to toll new lanes. You cannot toll existing lanes and improve them, bring them up to a higher standard.

Consequently, once again, I say we have to oppose this amendment because I think in the existing piece of legislation we have very good opportunities, carefully laid out, where if people wish to toll they can do so to build a new toll highway or they can do it to rehabilitate an existing highway.

So I think that this is an amendment that we really have done a better job with in the bill than this amendment would take care of. Consequently, once again, I say we oppose this amendment, and we would like to have everyone in this body join us in opposition to it.

Mr. OBERSTAR. Mr. Chairman, I am in strong opposition to this amendment.

The Kennedy amendment proposes to allow States to charge a toll on ever Interstate Highway across the country. Under the Kennedy amendment, the word "toll" should be spelled "T–A–X." That is because, under the Kennedy amendment, American drivers are taxed twice: first when they pay at the pump and again when they pay the toll on the highway.

The Kennedy amendment proposes to eliminate three programs included in H.R. 3550, the Transportation Equity Act: A Legacy for Users (TEA–LU), that are dedicated to reducing congestion and testing the introduction of tolls on the Interstate: the Congestion Pricing Program and two tolling pilot programs.

Instead of addressing congestion in a comprehensive, multifaceted way, this amendment takes the reckless, single-minded approach of authorizing the use of Federal funds to support adding toll lanes to existing Interstate highways. Essentially, it proposes a permanent, nationwide program of imposing tolls on new Interstate lanes.

Mr. Chairman, the two pilot programs in TEA–LU take a measured, smart approach to tolling. First, TEA–LU authorizes an existing program for reconstructing and rehabilitating existing Interstates, and establishes a similar program to cover construction of new Interstate highways. Each pilot program is limited to three States, and each toll facility is to be chosen by the Secretary of Transportation. These steps will provide us with the opportunity to learn how effective Interstate tolling programs are at easing congestion and what we can do to improve their effectiveness.

Importantly, the programs in TEA–LU provide important protections against inequity and ensure that States are able to maintain their local roads adjacent to toll facilities in a condition sufficient to meet the traffic demands.

When an Interstate highway is tolled, inevitably some drivers will choose to use local, toll-free roads instead of paying the Interstate toll. When that happens, the local roads will likely see an increase in wear and tear and an increase in the number of accidents and injuries. TEA–LU would ensure that States can continue to maintain these local roads as they see fit. In contrast, the Kennedy amendment contains none of these important protections.

For these reasons, I urge a ''no'' vote on the amendment.

Mr. LIPINSKI. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Minnesota (Mr. KENNEDY).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. KENNEDY of Minnesota. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Minnesota (Mr. KENNEDY) will be postponed.

It is now in order to consider amendment No. 23 printed in House Report 108–456.

AMENDMENT NO. 23 OFFERED BY MR. ISAKSON

Mr. ISAKSON. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 23 offered by Mr. ISAKSON:

In section 1101(a) of the bill, strike paragraphs (1) through (3) and insert the following:

(1) INTERSTATE MAINTENANCE PROGRAM.—For the Interstate maintenance program under section 119 of title 23, United States Code, $4,478,227,346 for fiscal year 2004, $4,551,839,370 for fiscal year 2005, $4,644,155,590 for fiscal year, 2006, $4,742,741,342 for fiscal year 2007, $4,859,076,291 for fiscal year 2008, and $4,966,297,676 for fiscal year 2009.

(2) NATIONAL HIGHWAY SYSTEM.—For the National Highway System under section 103 of that title, $5,373,872,608 for fiscal year 2004, $5,462,206,628 for fiscal year 2005, $5,572,986,299 for fiscal year 2006, $5,691,289,610 for fiscal year 2007, $5,830,891,142 for fiscal year 2008, and $5,959,556,398 for fiscal year 2009.

(3) BRIDGE PROGRAM.—For the bridge program under section 144 of that title, $3,842,568,497 for fiscal year 2004, $3,905,731,625 for fiscal year 2005, $3,984,944,542 for fiscal year 2006, $4,069,536,089 for fiscal year 2007, $4,169,358,435 for fiscal year 2008, and $4,261,359,876 for fiscal year 2009.

In section 1101(a) of the bill, strike paragraphs (5) and (6) and insert the following:

(5) SURFACE TRANSPORTATION PROGRAM.—For the surface transportation program under section 133 of that title, $6,269,517,870 for fiscal year 2004, $6,372,574,913 for fiscal year 2005, $6,501,817,007 for fiscal year 2006, $6,639,837,878 for fiscal year 2007, $6,802,707,011 for fiscal year 2008, and $6,952,816,137 for fiscal year 2009.

(6) CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM.—For the congestion mitigation and air quality improvement program under section 149 of that title, $1,522,597,463 for fiscal year 2004, $1,547,652,365 for fiscal year 2005, $1,579,013,023 for fiscal year 2006, $1,612,531,852 for fiscal year 2007, $1,652,086,163 for fiscal year 2008, and $1,688,541,453 for fiscal year 2009.

In section 1104(a) of the bill, insert ''and'' at the end of paragraph (1).

In section 1104(a) of the bill, strike paragraph (2).

In section 1104(a)(3) of the bill, in the matter proposed to be inserted, insert ''projects of national and regional significance,'' after ''highway safety improvement,''.

In section 1104(b) of the bill, insert ''and'' at the end of paragraph (1).

In section 1104(b) of the bill, strike paragraph (2).

In section 1104(b)(3) of the bill, in the matter proposed to be inserted, insert ''projects of national and regional significance,'' after ''highway safety improvement,''.

At the end of subtitle G of title I, add the following (and conform the table of contents accordingly):

SEC. 1703. SPECIAL RULE.

For purposes of calculating the minimum guarantee allocation of a State for a fiscal year under section 105 of title 23, United States Code, the Secretary shall not include any amounts received by the State for the project numbered 911 in the table contained in section 1702 and $17,000,000 of the amount received by the State for the project numbered 1061 in such table.

The CHAIRMAN pro tempore. Pursuant to House Resolution 593, the gentleman from Georgia (Mr. ISAKSON) and a Member opposed each will control 20 minutes.

The Chair recognizes the gentleman from Georgia. (Mr. ISAKSON).

Mr. ISAKSON. Mr. Chairman, I yield myself such time as I may consume.

I want to thank the gentleman from Alaska (Mr. YOUNG), the committee chairman, and the ranking member for their cooperation in allowing this amendment to come to the floor today.

My colleagues are getting ready to hear a lot of numbers. They are getting ready to see a lot of charts; but in the end, facts are stubborn things.

The current base bill, as presented, if passing the way it does, will reduce the minimum guarantee in the States from 90.5 percent to a scope of 84 percent. The amendment presented today by me and a bipartisan group ensures that the minimum guarantee will remain at 90.5 percent of 93 percent, as it was allocated on scope under TEA 21. Those are the facts. That is what everybody needs to understand.

Do not let any chart with any separate group of assumptions lead my colleagues astray. They cannot make 90.5 percent of 84 percent more than 90.5 percent of 93 percent.

Secondly, some will say it is a donor/donee issue, and to an extent it is; but if the base bill passes as it is, it exacerbates the donor States. All the donor States are asking in this is to maintain where they were under the last highway reauthorization bill.

I hope my colleagues keep those facts in mind. Facts are stubborn things. This is about equity to our States.

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

The CHAIRMAN pro tempore. Who seeks time in opposition?

Mr. LIPINSKI. I do, Mr. Chairman.

The CHAIRMAN pro tempore. The gentleman from Illinois (Mr. LIPINSKI) is recognized for 20 minutes.

Mr. LIPINSKI. Mr. Chairman, I rise in opposition to this amendment; but for right now, I reserve the balance of my time until we get organized.

Mr. ISAKSON. Mr. Chairman, I yield 1½ minutes to the distinguished gentleman from Georgia (Mr. SCOTT).

Mr. SCOTT of Georgia. Mr. Chairman, I join the gentleman from Georgia (Mr. ISAKSON) and other colleagues in supporting this very important bipartisan amendment.

Without our amendment, highway users in Georgia and other States would lose billions of dollars. Already, right now, highway users in Georgia and other States, like California and Texas and Florida, are contributing billions of dollars to other States to help with their transportation needs. For example, in the previous transportation bill, Georgia contributed $1 billion to highway improvements to other States, at a time when we have growing unmet needs for congestion relief and access improvements of our own.

In my own district, for example, I represent five of the fastest growing counties in this country, with untold transportation needs. All of the interstate systems intersect in my district, and yet we gave $1 billion in highway improvements to other States.

We are not asking to change any of this. We do not mind helping other States. We just do not want to take a step backwards. We want to maintain the status quo, hold on to what we have, and this bipartisan amendment would do just that. It will prevent a loss of $500 million just for Georgia and similar large losses for other States.

Our amendment simply prevents a 93 percent to 84 percent reduction in scope of number of programs that fall under the minimum guarantee, the provision in the reauthorization bill that guarantees that each State receives at least 90.5 cents for every dollar its motorists send to Congress through their gas and other taxes. Governors in California and Texas and

Florida are not wrong. We must not take a step backwards.

I urge my colleagues to please pass this important bipartisan amendment.

Mr. LIPINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. LATOURETTE).

Mr. LATOURETTE. Mr. Chairman, I thank the gentleman from Illinois (Mr. LIPINSKI) for yielding me time.

I have been here 10 years, Mr. Chairman, and I want to say that the other day in our Republican Conference, where this was discussed, the most eloquent talk on behalf of a State was given by the gentleman from Georgia (Mr. ISAKSON) on behalf of the citizens of the State of Georgia, and Georgians should be proud of his representation as well as the other Members who are sponsoring this amendment.

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Having said that, I think he is wrong, however. I am glad he brought up charts because I have three charts that have been given to me over the last couple of days. One chart prepared by the gentleman from Georgia's group shows that Ohio is getting $359 million more over the life of the bill, the 6-year bill; I have a chart that was prepared by the gentleman from Illinois that shows we are getting $225,000 more; and I have a chart prepared by the U.S. Department of Transportation that shows that we are losing $128 million.

Facts are stubborn things. Charts each make different assumptions in this particular debate. That is why the committee has always had the position that, look, the problem with this bill is we need more money. We need more money so we can fix the donor/donee State problem. We need more money so we can fix the distribution problem. But it cannot be fixed with this amendment. I would respectfully ask the sponsors who come from donor States, if the assumptions made under the DOT chart are right, Florida is losing $187 million and Georgia 28. If they happen to be right at the end of the day, then this is not going to be a good thing.

I would hope that the Members that are sponsoring this amendment standing up so valiantly for their States would let us try and work this out in a conference with the other body so we do come to a fair resolution and continue the growth that we had from ISTEA to TEA 21 and make TEA LU a bill that everybody can be proud of.

Mr. ISAKSON. Mr. Chairman, I yield myself 15 seconds. The difference in the charts are the assumptions. In the chart in question, we met with FHWA this morning. They assume the same basis in allocating the charts. Therefore, the numbers change. Numbers are moving all around but 90.5 percent of 93 percent still beats the basis in TEA LU.

Mr. Chairman, I yield 1½ minutes to the distinguished gentleman from Florida (Mr. KELLER).

Mr. KELLER. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today in strong support of the Isakson amendment. It is going to benefit all States, donor States and donee states; but I am going to limit my remarks right now to the donor States. Who are the donor States? The 25 donor States are shown here in blue, the largest of which happen to be Florida, Texas, and California. If you are from any one of these 25 donor States, you would be smart to vote for the Isakson amendment.

It would be absolutely crazy for you to vote ''no'' on this amendment. I will tell you why. If you vote for this amendment, your State will do just as good as it did under the old transportation bill. If you vote ''no'' on this amendment, your State, on average, will get 10 cents on the dollar less. For example, Florida goes from 86 cents down to 76 cents.

Some of you have said to me, I am going to make up the difference by getting one of these projects of national significance. Here is the flaw. The Transportation Committee does not even have a complete list of the projects of national significance. They do not know what they are. Miss Cleo does not know what they are. Nostradamus does not know what they are. You do not know what they are.

You might get one. Well, I might win an Academy Award. I might win a gold medal. I might actually keep my New Year's resolution and lose 30 pounds. It might happen. It probably will not happen. The one thing I know for sure is if you vote for Isakson, your State is going to get more.

You came here to represent your people. You came here to fight for your State. Do the right thing and vote ''yes'' on Isakson.

Mr. LIPINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Chairman, I have great respect for the gentleman from Georgia, as well as my colleague from Florida, the gentleman who just spoke. But I think the key issue on this amendment is the uncertainty of it. They have an analysis by the Federal Highway Administration. We have seen an analysis by the Federal Highway Administration and it is unclear. The Federal Highway Administration says that this amendment is going to cut funding in this bill by $3.7 billion, which means that many States would lose money. I think because of the uncertainty of it, as the gentleman from Ohio said, let us work in conference to fix this problem. There is not enough money in this bill. I think all of us are disappointed that we could not get more money into this bill to fix the donor/donee State problem. But, as I said, the uncertainty, the numbers that I show here, a State like California is going to lose $550 million; Illinois, $346 million; Texas, $275 million over the life of this bill.

Again, I come back to the uncertainty of this. Let the committee get into conference, let us try to work out our problems, but I would urge a ''no'' vote on this bill today because of that uncertainty. We are going to pass this thing and who knows what happens.

Let us work towards getting into conference, and I believe the chairman and the conferees will make the proper adjustments on this bill.

Mr. ISAKSON. Mr. Chairman, I am very pleased to yield 1½ minutes to the gentleman from Florida (Mr. YOUNG), the distinguished chairman of the Committee on Appropriations.

Mr. YOUNG of Florida. Mr. Chairman, it is unfortunate that we have a piece of legislation here that seems to divide our States and our Representatives from those States, but frankly this really is not a fair bill to many of our States.

When we bring appropriations bills to the floor, we do our very best, and I think people on both sides would agree, we do our best to make sure that we play fair with everybody in this Chamber. I have looked at the original bill, I have looked at the proposed amendments, I have looked at the manager's amendment; and all I can see is that taxpayers and the highway users in my State of Florida are not being treated fairly.

I understand that there are some very nice incentives in this bill for Florida and for other States that are supporting the gentleman from Georgia. My vote is not going to be bought off because there are some very nice projects in this bill for Florida. I am still going to vote for the amendment offered by Mr. ISAKSON. If we cannot pass Mr. ISAKSON's amendment, I will vote against the bill because it is not a fair piece of legislation for a large part of this country.

Mr. LIPINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. BOEHLERT).

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

Mr. BOEHLERT. Mr. Chairman, some Members have argued that we should include portions of regional or national significance under minimum guarantee. These projects by definition are vital to the Nation as a whole and should not impact formula distribution to the States.

Let me give you a classic example. Whether you are on the west coast in Oregon or the east coast in the Port of New York-New Jersey, we have a problem. It is called the congestion in the hub in Chicago. You have got to do something. I want to put a lot of money in Chicago to solve that problem. Does that mean because we are dealing with a problem of national significance we should penalize Illinois and have it taken from its allocation? Of course not. This is a Nation. We are dealing as a Nation. We are not just dealing in little individual States.

When I look at this Isakson amendment, it is almost like a roll call of a who's-who of States. State after State

would lose under this. Alabama, Alaska, California, Connecticut, it goes on and on and on.

Mr. Chairman, this does not make sense. We are a national legislative body, not a State legislative body. Let me tell the gentleman from Florida about fairness. I have the highest regard for him, but New Yorkers are not treated fair in so many different categories. I could make a persuasive argument. The gentleman treats us fair, I know it; but we send more than $20 billion to Washington than we get back. Do we complain? Of course we try to jimmy and work some things out to get a better distribution of funds, but the fact of the matter is we recognize we are part of a Federal system and we look at the Federal approach. This is one of the few programs that treats us well.

Let me praise the gentleman from Alaska (Mr. YOUNG) and the gentleman from Minnesota (Mr. OBERSTAR) for the outstanding manner in which they have handled this. But when all is said and done, this amendment, while well-intended, does damage to the national system; and I urge its opposition.

Mr. ISAKSON. Mr. Chairman, I am pleased to yield 1½ minutes to the distinguished gentleman from Georgia (Mr. BURNS).

Mr. BURNS. Mr. Chairman, I thank my colleague from Georgia (Mr. ISAKSON) for bringing this amendment. When Congress passed TEA 21, the folks in Georgia and the Nation breathed a sigh of relief. We all felt we were making progress toward receiving an equitable share of highway funding and the jobs that followed. The Congress at that time adopted a minimum guarantee of 90.5 percent of Federal fuel tax dollars. Unfortunately, this guarantee was applied to only about 93 percent of available funds, making our effective return somewhere between 84 and 87 percent. Not good, but we could live with it.

Unfortunately, it now appears that we are moving in the wrong direction. The current bill will drive the effective minimum rate down substantially because the rate of return is 90.5 percent, but it only applies to about 84 percent of highway dollars. Mr. Chairman, this is unacceptable. I represent one of the most neglected States and districts in the country. We must have a reasonable return on the taxes that we pay in motor fuel tax dollars.

I commend Chairman YOUNG for working with us to achieve fairness and equity. I am sure that he will in conference continue to support fairness; but with all due respect, we cannot regress. I urge that you all vote for transportation fairness and the Isakson amendment.

Mr. LIPINSKI. Mr. Chairman, I yield myself such time as I may consume.

The committee has worked a long, long time on this bill. Everyone would like to have more money, but because of the administration, we do not have more money. This bill is a very fair bill to every single State in the Union. It is really beyond my comprehension that there allegedly are people in States that are going to support this amendment whose States would lose tremendous amounts of money. I hear that there are people in California going to do it. That State would lose over $282 million if they supported that amendment. I hear people from Florida talking about supporting this amendment. That State is going to lose $35 million if this amendment passes. My own State of Illinois, a donor State, would lose $140 million underneath this amendment passing. Iowa, $61 million; Kansas, $21 million; Louisiana, $31 million; Maine, $25 million; Maryland, $84 million; Massachusetts, $34 million; Minnesota, $36 million; Mississippi, $14 million; Missouri, $27 million; Nebraska, $25 million; Nevada, $41 million. These are hundreds of millions of dollars.

The list goes on and on: New Jersey, New York, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin. All those States would be deprived of valuable transportation and infrastructure funds if this amendment passes. Conversely, the program we have set forth here is as fair as possible considering we wanted a bill at $375 billion and thanks to the White House we could only come in at $275 billion.

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

Mr. ISAKSON. Mr. Chairman, I am pleased to yield 1½ minutes to the gentleman from Indiana (Mr. CHOCOLA).

Mr. CHOCOLA. I thank the gentleman for yielding me this time.

Mr. Chairman, this is an amendment simply about fairness. We can try to complicate this issue with all kinds of charts, all kinds of numbers, and all kinds of formulas; and we can all find a chart or a formula that is going to serve our particular opinion. But the bottom line is this: every State in the Nation sends money to the Federal gas tax trust fund and every State, for every dollar they send, they may get a little bit more or a little bit less back. But under TEA LU as it currently stands, every single State in this Union gets less of a minimum guarantee. As an example, the State of Indiana currently gets about 88 cents for every dollar we send in. Under TEA LU, we will get 76 cents back. But this is not about Indiana going backwards. This is about every single State in the Union going backwards with their minimum guarantee. There is no chart that can dispute that. There is no formula that can dispute that.

This amendment is simply about fairness, about no State going backwards and about staying where we are, so every State can get the minimum guarantee that they currently enjoy and not go backwards. That is why we need to pass this amendment, because it is about fairness for every single State in this Union.

Mr. LIPINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Chairman, I rise in opposition to this amendment. It is quite clear with the dueling charts that are going on, there are very few, if any, Members of the assembly here who will actually know the impact on their States if this amendment is passed in terms of dollars and cents. But there are things that are very clear: one is that this has the effect of pulling the rug out from underneath the broadest coalition we have ever had developing infrastructure needs in this country. That would be tragic if all of a sudden we are going to be pitting the truckers versus the Sierra Club versus the bikers and the providers of concrete and asphalt and the historic preservationists. That would be wrong and it would have long-term, serious negative consequences for people that want a comprehensive approach to infrastructure.

I find no small amount of irony that for the people who are standing up in protest, the problem is it is self-inflicted. If we had before us the bill that the Senate passed overwhelmingly, that dedicates the trust fund balances, that does not rob money from transportation to deal with international corporate issues, we would have the resources available to put $3 billion for California, $2.5 billion for Texas, $1.6 billion for New York, $1.5 billion for the State of Florida and $1.1 billion for Georgia.

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What we have done is place impossible demands on the committee leadership to parse this out in ways that are unrealistic. And approving this amendment is illusory. It is not going to make it any simpler. It is going to make it harder. They are not going to know what they end up with, and they are going to be fraying this coalition.

But if the Members are really concerned about imbalance, look at metropolitan areas most of us serve, and look at how little they get back on the dollar. It is far less than the State donor-donee. It is more serious, and our constituents back home ought to hold us accountable for that.

Mr. ISAKSON. Mr. Chairman, 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. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, my dad used to tell me life is not fair, but we almost always get out of things what we put into them. Sadly, that is not true for the highway bill, but really it has never been. But in the last highway bill, Congress actually made States like my home State of Indiana get at least 90½ cents back on every dollar we paid at the pump in gasoline taxes. But

this highway bill that we will consider today actually reduces that amount by about 10 cents on the dollar, for every State in the Union, as my friend from Indiana just said.

The Isakson amendment asks only this: Keep the 90½ cent minimum guarantee for every State in the union just the way it is. We are asking to keep the status quo. Let us keep things the way they are.

Life is not fair, but the way we use taxpayer dollars in the highway bill should be.

Mr. LIPINSKI. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. NADLER).

Mr. NADLER. Mr. Chairman, I rise in opposition to the Isakson amendment, which would include high-priority projects as well as projects of national regional Significance within the minimum guarantee program.

Supporters of the amendment claim that by including these projects, which are really Member earmarks, in the minimum guarantee program, funding to States' core programs will be increased. The amendment, however, will actually hurt many States' core programs because Member projects are earmarked and thus not available for States to use on their existing capital plans. Under the existing legislation, California, for example, without the amendment will get its apportioned funds for use in its existing core programs plus the $1 billion it currently has in earmarks. Therefore, it makes no sense for Californians, for example, to vote for this amendment.

The amendment is also dangerous because to include projects of national significance in the minimum guarantee is to negate the entire program of projects for national significance. This category was established to fund projects that have a national significance and impact and that require a significant amount of funding. Eligible projects must be at least $500 million or 75 percent of the State's entire annual highway apportionment. If a project this size were counted against a State's allocation, the State would have virtually no money for its regular core program or existing capital plan. As a practical matter, no State would seek funding under this program.

The purpose of the program is to fund projects of national significance that normally would not get funded because of their multi-State nature or their size. These projects may be necessary because of our national trade policy or to improve national security. It makes no sense to count these projects against a State's formula allocation.

The reality, of course, is that this amendment is offered because its supporters are upset about the minimum guarantee, that it does not rise from 90.5 percent immediately. This amendment will do nothing to address that concern and will in fact punish many States in the process.

I disagree with that position. I believe the minimum guarantee should stay where it is. But if they are upset that funds are allocated 90.5 percent, why would they want to put more programs under this formula? Why not allow all States to receive funds in addition to those allocated by formula? Including projects of national significance in the minimum guarantee certainly does not help them as it has nothing to do with the donor/donee issue. Under this amendment, neither the country as a whole nor any State would be able to benefit from this program, and the whole initiative which is of national significance would be rendered useless. The money would go to waste.

This amendment undercuts much of the progress made in the underlying TEA LU bill, and I urge my colleagues to vote against it.

Mr. ISAKSON. Mr. Chairman, I yield 1½ minutes to the distinguished gentleman from Florida (Mr. SHAW).

Mr. SHAW. Mr. Chairman, I thank the gentleman for yielding me this time.

There are a lot of figures that are running around this floor, but I can tell the Members that what comes to my mind is that figures do not lie, but liars can figure. I am not saying people are lying here, but I think this body is totally confused about what is going on.

Only ask yourself this one question: Is getting back 93 percent or applying the formula to 93 percent worse than applying it to 84 percent? Is 93 percent more than 84 percent? Under the Isakson amendment, every State would be guaranteed a higher level.

In Florida, we plugged these figures in. Florida will send $12 billion in Federal gas tax to Washington under this bill but receive back only $8.5 billion. That is not fair, and I can tell the Members right now, a lot of people who are listening to this debate are totally confused. But the fact is that the States of Florida, California, Georgia, Indiana, Michigan, North Carolina, Oklahoma, South Carolina, Texas, and Missouri are taking a whipping under this bill, and it is not fair.

All we are asking for is equity. We are not asking to get all our dollars back. We wish we could. We are not asking to get them all back. All we are saying is, do not hurt us more than we are already hurt under existing law.

Mr. LIPINSKI. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut (Mr. SIMMONS).

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

Mr. SIMMONS. Mr. Chairman, there has been a lot of discussion about this amendment and whether it is fair or unfair. I oppose the amendment because I believe the amendment is unfair to Connecticut.

The issue is, what do we get back from the Federal Government? If we look at the aggregate number of dollars that Connecticut gets back from the Federal Government, for every dollar submitted it is 65 cents, 65 cents. That is the second lowest return in the Nation. Florida gets a buck plus. Georgia gets a buck plus. So if we look at the aggregate dollars, there is a whole new picture here.

Why does Connecticut get more transportation dollars than some of the other States? It is very simple. Because if we look at the interstate highway system, the roads converge on New England; and if we look at Connecticut, the New England roads converge on Connecticut. It is a tiny State with six interstates. We need those dollars to support those roads. They are bumper to bumper, not just every weekend or in the summer. They are bumper to bumper every day. And that is why we get more transportation dollars.

The committee compromise is fair. It is a compromise. People do not like compromises. Nobody likes a compromise. But the committee compromise is fair. Vote against the Isakson amendment.

Mr. Chairman, I submit the following document for the RECORD.

CONEG,
Washington, DC, March 30, 2004.

Hon. J. DENNIS HASTERT,
Speaker of the House, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: As the House prepares to act on H.R. 3550, the Transportation Equity Act: A Legacy for Users (TEA–LU), the Coalition of Northeastern Governors (CONEG) urges the House to maintain its support for the proven needs-based structure of highway and transit programs that have resulted in improved conditions and safety of the nation's highways, bridges and public transit systems.

The Governors appreciate the work of the Transportation and Infrastructure Committee to provide the House with a bill that maintains the effective and proven program and funding structure of the Transportation Equity Act for the 21st Century (TEA–21). In an environment of severe fiscal constraints, the Committee faced difficult choices, and in H.R. 3550, seeks to balance the many diverse interests and demands placed upon the program and available funding. We recognize that addressing all these interests will require more robust funding for federal surface transportation programs.

As the House now takes up H.R. 3550, we urge you to:

Hold firm against any additional changes in highway formulas or transit funding that could adversely impact the core highway programs and transit funding. Additional reductions in core highway programs could undermine flexibility and impede states' efforts to maintain and improve their transportation infrastructure, address congestion and respond to the particular needs of the communities they serve. Equally important, a loss of core highway program funds could hinder a state's ability to move forward with plans and projects already underway in our states, and lessens the immediate job creation and economic development benefits of the pending transportation investment. At the same time, we strongly urge you to keep high-priority projects and projects of national and regional significance out of the ''minimum guarantee'' calculation.

Protect the transit program: We urge you to maintain the Committee's actions to protect and increase public transit funding and largely maintain the current transit program structure, including the traditional 80/

20 split of Highway Trust Fund revenues between the Highway Account and the Mass Transit Account. We welcome the increased investment you have placed in our nation's rural transit systems, and urge you to continue to invest in the grwoth of our nation's urban and most heavily used transit systems. Continued growth to support the critical, existing fixed-guideway modernization program (Rail-Mod) and the bus and bus facilities programs, as well as support for the rural, elderly and disabled transit programs are vital to providing essential mobility for individuals in communities large and small across the nation.

Maintain the firewalls and funding guarantees for highways and public transit. We appreciate the Committee's strong commitment to preserving the firewalls and General Fund guarantees for highways and public transit, and we urge the House to continue this commitment. Over the years, these mechanisms have proven successful in providing the funding predictability that all states need to meet their transportation needs. It is essential that both the firewalls and the General Fund guarantees for transit be maintained.

We stand ready to work with you to advance a surface transportation program that addresses these important programs and allows all the states to work together to address the critical transportation needs of the nation.

Sincerely,

MITT ROMNEY,
GONEG Chairman, Governor of Massachusetts.

JOHN BALDACCI,
CONEG Vice-Chairman, Governor of Maine.

Mr. ISAKSON. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Florida (Mr. MARIO DIAZ-BALART), a real leader on this amendment.

(Mr. MARIO DIAZ-BALART of Florida asked and was given permission to revise and extend his remarks.)

Mr. MARIO DIAZ-BALART of Florida. Mr. Chairman, under today's law, every State, every single State, is guaranteed 90.5 percent of 93 percent of the transportation budget. And the distinguished chairman of the Committee on Transportation and Infrastructure who, by the way, has been wonderful to work with, has said that he would like to work to improve that number, that he believes that the donor States should be a little bit improved. But the problem is that the bill that is in front of us today does not improve it. It makes it worse. It is no longer like current law that every State will get 93 percent of the transportation budget. No. Every State goes down to 90 percent of 84 percent of the entire budget.

I am not the smartest guy in the world, but nobody can tell me that 90 percent of 93 is worse than 90 percent of 84. Not even in Washington can we make those numbers make sense. So this is a reality. If we believe that the donor States are paying too much, we should not hurt them worse.

Let us be very clear about what the amendment does. The amendment does not do what all of us want it to do, make it better for the donor States. All the amendment does is keep it to current law so that every single State has exactly the same formula that we are living under today. Is that good enough? I do not think so. But, please, what makes no sense is to hurt every single donor State to provide projects that we keep hearing about of national significance that are not in the bill. It is a theory. It is not real. Those projects are not in the bill. So we do not know what we are buying, but every single donor State knows what it is losing. That is not fair.

Mr. LIPINSKI. Mr. Chairman, I yield myself 2½ minutes.

Mr. Chairman, the last speaker was talking about the current law. Just a little history for the body. Up until the Senate managed to overrule the House 6 years ago and took the Members' high-priority projects and placed them inside the formula funding, the House of Representatives, and the Senate up until last time, has always kept the Members' projects outside of the bill.

It was easy enough to accept that the last time around, because underneath the gentleman from Pennsylvania (Mr. SHUSTER) we raised the amount of money going into the Highway Trust Fund, the amount of money available for highways and transit, very significantly so those Members' projects could be included within the formula. Unfortunately, we are not in that kind of position today.

Secondly, the gentleman mentioned the projects of national significance. I know it is very true that it is not a delineation of what is going to be in there, but there has been $6.6 billion set aside for these projects.

We on the committee have talked to a number of people who have very significant projects they would like to put in there, but we decided not to make that decision until we get to conference so that in the event the Senate would like to add some additional money to the projects of national significance or if we can get the administration, along with the Senate, to increase the amount of money going into this bill, we will be able to address more needs of this Chamber.

I have been in this body for 22 years. So often discussions such as this on the floor are simply discussions of people wanting to get more into the bill because they are unhappy with the bill. But in most cases the committee position has been sustained, and I certainly hope and I believe it will be sustained today because this bill is the best bill for the country.

Mr. ISAKSON. Mr. Chairman, I yield 30 seconds to the gentleman from Arizona (Mr. FLAKE).

Mr. FLAKE. Mr. Chairman, I thank the gentleman for yielding me this time and for bringing forth this crucial amendment.

We learned overnight that more than $1 billion was added in earmarks to this project. This bill is out of control, and unless we have the Isakson amendment, there is simply no semblance of equity to this bill.

If this amendment fails, we have only one recourse and that is to ask the President, Mr. President, please veto this bill. Please veto this bill. This Congress is out of control, and it is in desperate needs of some adult supervision.

With that, I ask for support for the Isakson amendment.

□ 1015

Mr. ISAKSON. Mr. Chairman, I yield 30 seconds to the gentleman from Florida (Mr. PUTNAM).

Mr. PUTNAM. Mr. Chairman, I thank the distinguished gentleman from Georgia for yielding me time and for his leadership on this amendment.

Mr. Chairman, this amendment is an important step toward restoring equity to this process. The growth in America, the demands on our infrastructure and the demands on our roads have moved to the South and Southwest, and this formula does not reflect that.

There is $50 billion in new money in this bill for highways over the last one, and yet the growth States move backwards in funding. That is simple math that is indisputable and cannot be explained but can be corrected with the Isakson amendment.

If the projects were so nationally significant, why will you not tell us where they are? If they are so nationally significant, why are they not in the bill?

Mr. LIPINSKI. Mr. Chairman, I reserve the balance of my time.

Mr. ISAKSON. Mr. Chairman, I am pleased to yield 30 seconds to the distinguished gentleman from Michigan (Mr. EHLERS).

Mr. EHLERS. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I commend the chairman of the committee for his hard work on this bill. It is very difficult to allocate these funds. He has tried to allocate them as fairly as possible. The difficulty is the donor States such as my State want a guarantee that they will get a certain amount of money back, and that is precisely what this amendment does.

The State of Michigan over the years has contributed $1.71 billion more to the Federal highway funds than it has received back. They are 48th in the list of 50 States as to how much we get back from the Federal Government compared to the amount of money we send there. This is a very sore point in Michigan.

Mr. Chairman, this amendment will guarantee a rate of return for my State, and that is extremely important for my State, to receive that guarantee.

Mr. ISAKSON. Mr. Chairman, I am pleased to yield 30 seconds to the gentleman from Georgia (Mr. GINGREY).

Mr. GINGREY. Mr. Chairman, I rise in support of the Isakson amendment, which would seek to simply elevate the scope of the minimum guarantee from 84 percent in TEA LU up to 93 percent, the level in TEA 21. Basically, for the State of Georgia this means instead of

getting 76 cents back on every dollar, the citizens of Georgia would get 84 cents back on every dollar. That is our money, and it is only fair.

I strongly support the Isakson amendment.

Mr. LIPINSKI. Mr. Chairman, I reserve the balance of my time.

Mr. ISAKSON. Mr. Chairman, it is a privilege to yield 2 minutes to the gentleman from Florida (Mr. MICA), a distinguished member of the committee and a good friend on this issue.

Mr. MICA. Mr. Chairman, I am privileged to serve with some great people on the Committee on Transportation and Infrastructure, led by the gentleman from Alaska (Mr. YOUNG). I want to take this opportunity to thank him, the gentleman from Minnesota (Mr. OBERSTAR) and others who have worked on this bill.

Mr. Chairman, this is a very difficult issue, because this decides how we divide our transportation dollars that come to Washington.

There are certain facts in this debate, and you just heard one of them. There is a substantial increase in the amount of highway money, in fact, some 25 percent increase in this bill. We have been asked to really leave the final decision of division of the funds up to the conference.

I have great faith in the chairman, I have great faith in the ranking member, the Speaker, the majority leader and others who have expressed their commitment to resolve this fairness issue, and that is what it is, in conference. But this amendment goes to the core of the problem, and that is the distribution. Rather than to leave it to chance, this Isakson amendment does in fact guarantee a substantial and fair increase to every State.

Now I know that we need projects of national significance, but I will tell you, I come from a State that has many projects of State and community significance, and they will be left out if we do not address this from a fairness standpoint and address it in the bill now, so every State, every State, benefits.

Look at the calculations. I know figures have been floating out there, but every State will benefit by the Isakson amendment. When we go to conference, we will be in a better position to address this fairness issue.

Mr. Chairman, I know the leadership has done their best to resolve this, I know they have committed to solve it in conference, but, again, the fact is in dollars and cents to each and every State, and particularly those States that have suffered, we need to resolve this and adopt this amendment. That will do the job.

Mr. Chairman, I ask for the consideration of Members.

Mr. LIPINSKI. Mr. Chairman, I yield 30 seconds to the gentleman from Maryland (Mr. GILCHREST).

Mr. GILCHREST. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I reluctantly urge a no vote on the gentleman's amendment.

Every State in the Union gets an increase in Federal dollars in this bill. The distribution of all these Federal dollars depends on highway traffic on Federal highways. When one State says they gave $12 billion through the Federal gasoline tax and excise tax, that is true, but all that money did not come from that particular State. That money comes from people that transit all over the Nation.

The gentleman from Connecticut talked about several interstate highways intersecting in the small State of Connecticut, so their proportion needs to be dependent on the Federal highway traffic on Federal highways.

Mr. Chairman, I urge a no vote.

Mr. ISAKSON. Mr. Chairman, it is a pleasure to yield 30 seconds to the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT of New Jersey. Mr. Chairman, I just wish to address the two concerns that have been raised by those who are critical of this amendment. Those issues are time and money.

They raise the suggestion that all we need now is more time and more money. I simply remind them of the fact that this committee has had, quite honestly, literally months, over a year, to work on it. I would ask for a show of hands. Who would ever expect we would get a better bill out of committee on this? I do not think time will solve the issue.

The other portion is money. Those on the other side also object, all we need is more money. I would remind them of the fact, if we could get more money, where will that money come from? All those people who are donor States please raise your hand, because it will be coming from us, the donor States.

Time and money is not the solution.

Mr. ISAKSON. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN pro tempore (Mr. NETHERCUTT). The gentleman is recognized for 2½ minutes.

Mr. ISAKSON. Mr. Chairman, the gentleman from Alaska (Chairman YOUNG) is a good man with a difficult job, the gentleman from Minnesota (Mr. OBERSTAR) is a good man with a difficult job, and there are 433 other Members of this House who are good men and women with a difficult job. But fair is fair, and facts are facts.

The money that flows in that we are talking about spending today is a user fee based on the use of roads in each of the States. It is only right that States get back at least a semi-equitable portion of the use of their roads that generated the revenue that this Congress has dedicated.

There are no losers in the base bill or in this bill in aggregate dollars, because there is more money being spent, but there are big losers in terms of States in this country who already are donor States and are being reduced to a lower percentage.

I do not have the luxury of promising designated projects, and I do not know where ultimately they will or will not go, and I am not complaining about that. I am not a chairman, and I am not senior. But I will tell you one thing: The people of Georgia elected me, and they sent me here to represent them, and they should understand and expect a basic minimum guarantee that is at least the same as they have been used to.

Fair is fair, and facts are facts. There are a lot of loose numbers floating around, because, very frankly, we do not know where all the numbers are. But there is one irrefutable fact: 90.5 percent of 93 percent beats 90.5 percent of 84 percent, no matter whether you use new math, old math or trigonometry.

This is about equity, this is about fairness, this is about representing the people who sent us to this Congress.

I am grateful for the opportunities that have been afforded all these Members, from Indiana, Florida, Georgia, New Jersey, Arizona, all over the country. This is not a provincial issue. This is a people's issue. This is about doing what is right.

We have great leadership on our committee. They have done a good job. But this bill needs improvement. The legacy for users in America should not be an inequitable distribution of the money they sent to Washington because of the use of their roads.

Fair is fair, and facts are facts. I urge a yes vote on the Isakson amendment.

The CHAIRMAN pro tempore. The gentleman from Illinois (Mr. LIPINSKI) has 4¼ minutes remaining.

Mr. LIPINSKI. Mr. Chairman, I yield 4¼ minutes to the gentleman from Minnesota (Mr. OBERSTAR), the ranking member of the full committee.

Mr. OBERSTAR. Mr. Chairman, I thank the gentleman for yielding me time and for his management on our side. It is splendid work.

Again, I express my great appreciation and admiration for our chairman of the full committee, the gentleman from Alaska (Mr. YOUNG).

Mr. Chairman, we had a very thoughtful debate here, and it is maybe one of the better hours of this body. There has been no haranguing and no questioning of motives or of spirit, and that is good.

But last night I received this Dear Colleague from the gentleman from Georgia, which does make rather a amazing claim, that the Isakson amendment would keep the TEA LU highway program at $207 billion and adjust the formulas, with a claim that if the adjustments are made, every State would get more money.

Well, the gentleman from Alaska has produced a chart that shows that every State loses under that formulation.

I will say it again: The claim is TEA LU has $207 billion for the highway program. The Isakson amendment has $207 billion of grants and claims that every State gets more money.

Well, that is pretty slick math. I just heard a reference to trigonometry. I do not know if you go into algebraic formulations, but it does not work. Trying to make it work has resulted in an apples-to-oranges claim.

I have been at this highway transit issue for about 40 years, since I started up here as a staff person. My predecessor was one of the five coauthors of the Interstate Highway Program and the Highway Trust Fund.

Not every State gets everything back that it puts into the Highway Trust Fund. The idea is that we are a mobile society. People travel from one coast to the other, from the North to the South, as the gentleman from Maryland just referenced a little bit ago, and the idea is we all help each other.

The problem with the Dear Colleague and with the claim of benefiting everybody is that it does not credit the States with any portion of the $6.6 billion mega-project program, and that is not right. Mega-project funding will go to the States. We are not specifying which States, who will get it, how it goes out. That will be done under a distribution that will be made by a fair and equitable process to determine net regional and net national benefits from projects that unlock congestion knots in this country. So when you add the $6 billion, every State gets more.

Now, who gets what? Under the highway funding of TEA LU, Florida gets $751,632,870 more. Georgia gets $450,800,700 more. Texas gets $1,728,467,545 more. Every State gets more under TEA LU. Every State would get vastly more if we had this bill at the $375 billion level which we introduced.

□ 1030

The issue is not percentages; do not tinker around with that. Look at the net national benefits.

Mr. Chairman, I just want to say, our national motto, e pluribus unum, ''out of many, one,'' it is not e pluribus pluribus, ''out of many, many.'' We are a Nation, an inclusive Nation. Those dollars that Georgia and Florida claim make them donor States come from States all along the eastern seaboard and from the Midwest. That is what we are about, one Nation, benefiting everybody. Vote for TEA LU, vote down Isakson.

Mr. BILIRAKIS. Mr. Chairman, I rise today to express my support for the Isakson amendment because it attempts to maintain the status quo for all the donor States by including earmarks and Projects of National and Regional Significance in the SCOPE of programs covered in the Minimum Guarantee program.

In TEA–21, 93 percent of the programs were included in the Minimum Guarantee, including the High Priority Projects. In TEA–LU, as written, the SCOPE is reduced to 84 percent of the programs. For Florida, that means $860 million in lost guaranteed funds over 6 years. This would be a huge step backwards.

Mr. Chairman, it's simple math. H.R. 3550 keeps the equity guarantee at 90.5 percent, but reduces the coverage of the guarantee to a smaller piece of the total pie. This will cause Florida and other States to lose hundreds of millions of dollars.

The Isakson amendment requires no additional funding. This amendment simply asks that we keep things the way they were in TEA–21. I urge my donor States colleagues to support this amendment, for the sake of their State.

Mr. NORWOOD. Mr. Chairman, I rise today in strong support of the amendments offered by my good friend Mr. ISAKSON to address the backwards slide in minimum guarantee that this transportation reauthorization bill would impose on a number of States—including my home State of Georgia.

Simply put, previous transportation bills have asked the hard-working folks in Northeast Georgia's 9th District to send more money to Washington . . . and see less money find its way back.

But this bill (H.R. 3550, TEA–LU), asks those same hard-working folks to send even more money to Washington . . . and see even fewer of their tax dollars make their way back to Northeast Georgia to improve the roads and conduct essential transportation improvements . . . and that's just as wrong as the day is long.

Consider the numbers. Under current law, every State is guaranteed a 90.5 percent return on each dollar of gas taxes it submits to the Federal government. And when the 1998 TEA–21 language became the law of the land, 93 percent of programs were included in the minimum guarantee, including high priority projects and projects of national and regional significance that are important to Georgians and others from States who pay so much more than ever comes back.

But under this bill, under TEA–LU, States' core funding programs would be decreased from a 90.5 percent share to only 84 percent of the programs. Don't forget, this includes ''High Priority Projects and Projects of Regional Significance.''

For the average State, this reduction in scope will result in the loss of $300 million over the lifespan of the six-year legislation. In fact, the State of Georgia could stand to lose between $500 and $600 million.

Mr. Chairman, I have stood on this floor time and time again to preach the need for this Congress, and this Federal government, to exercise fiscal responsibility and live within our means—much like Georgians and all Americans do every single day. I also clearly recognize the need to meet this Nation's critical transportation infrastructure funding needs. Taking money from Peter to pay Paul, accomplishes neither objective . . . and in fact, only seriously jeopardizes the future infrastructure needs for millions of Americans.

Mr. Chairman, it is absolutely imperative to include high priority projects as well as projects of regional and national significance in the Scope formula for H.R. 3550. Make no mistake, we can do better . . . but by at least returning to a 90.5 percent minimum guarantee on 93 percent of the programs addressed in the Transportation Reauthorization Act, this Congress rights a major wrong contained in TEA–LU.

I urge my colleagues to do just that by supporting the Isakson amendment.

The CHAIRMAN pro tempore (Mr. NETHERCUTT). All time has expired.

The question is on the amendment offered by the gentleman from Georgia (Mr. ISAKSON).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. ISAKSON. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Georgia will be postponed.

Mr. YOUNG of Alaska. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. SHAW) having assumed the chair, Mr. NETHERCUTT, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3550) to authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes, had come to no resolution thereon.

MAKING IN ORDER BEFORE CONCLUSION OF AMENDMENTS PERIOD OF FURTHER GENERAL DEBATE IN COMMITTEE OF THE WHOLE DURING FURTHER CONSIDERATION OF H.R. 3550, TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS

Mr. YOUNG of Alaska. Mr. Speaker, I ask unanimous consent that during further consideration of H.R. 3550 in the Committee of the Whole, a period of further general debate contemplated in a previous order of the House of March 30, 2004, may be in order before the conclusion of the consideration of the bill for amendment.

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

Mr. OBERSTAR. Mr. Speaker, reserving the right to object, is that the full extent of the agreement, just general debate on each side?

Mr. YOUNG of Alaska. Mr. Speaker, if the gentleman will yield, yes, that is correct.

Mr. OBERSTAR. Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS

The SPEAKER pro tempore (Mr. SHAW). Pursuant to House Resolution 593 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3550.

□ 1033

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the

further consideration of the bill (H.R. 3550) to authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes, with Mr. NETHERCUTT (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose earlier today, a request for a recorded vote on amendment No. 23 by the gentleman from Georgia. (Mr. ISAKSON) had been postponed.

Pursuant to the order of the House of today, it is now in order for a period of final debate on the bill. The gentleman from Alaska (Mr. YOUNG) and the gentleman from Minnesota (Mr. OBERSTAR) each will control 5 minutes.

The Chair recognizes the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Chairman, I yield myself such time as I may consume.

I hope everybody that is standing around will listen for a few moments as a matter of courtesy, because I have to refer back to one of the former speakers from New Jersey who said we had plenty of time on this bill, and we should have done better. I can tell my colleagues, we have done everything we could possibly do, because we had to really write three different bills, which is very difficult to do, because the numbers kept changing and kept floating. But every time we had to change, the staffs on both sides, on this side and that side, majority and minority, had to go back and rewrite most of the legislation each time.

So at this time I would like to acknowledge not just the work of the gentleman from Minnesota (Mr. OBERSTAR) and the gentleman from Illinois (Mr. LIPINSKI) and the gentleman from Wisconsin (Mr. PETRI), but those who really did the work: Levon Boyagian, Graham Hill, Jim Tyman, Joyce Rose, Mike Lamm, Sharon Barkeloo, Melissa Theriault, and Ryan Young. He is not my son, either; he is no relation.

Also, Debbie Gephardt, not the daughter of the gentleman from Missouri (Mr. GEPHARDT), either; Patrick Mullane on the gentleman from Wisconsin's (Mr. PETRI) staff. They were the real behind-the-organization workers.

Also my chief of staff, Lloyd Jones; Liz Megginson; Charlie Ziegler; Mark Zachares; and Fraser Verrusio, Debbie Callis and John Bressler.

I would also like to thank the minority staff. I can tell my colleagues with sincerity that the minority staff, because the majority staff would come to me and say, the minority staff is not working with us; and the minority would say the majority staff is not working with us but, in the long run, we all got together and solved, I think, a lot of very serious, contentious problems and philosophies and where this bill was headed.

I also want to thank David Heymsfeld, Ward McCarrager, Clyde Woodall, Ken House, Katherine Donnelly, and Art Chan. On the staff of the gentleman from Illinois (Mr. LIPINSKI), Jason Tai.

There are many others, and would I like to thank all of the members of this committee that worked with me and have stood by me; and those that object to provisions in this bill, they have my assurance that I am going to try to make sure that we solve those problems in conference. I have been one that does not weaken very easily when it comes to working with the other body. And if we stand shoulder to shoulder, I think we can solve those problems that have been brought to the floor. We hope to do so. I am confident we can.

Again, I am extremely grateful for those who put all the time in, 4 o'clock in the morning, 5 o'clock in the morning, and back here, like today, at 9 o'clock in the morning. This is a large legislative package, and we could not have done it without the hard work and dedication of professional people, I want to stress that, professional people; and for that, I extend my sincerest thanks.

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

Mr. OBERSTAR. Mr. Chairman, I yield myself 1 minute to join with the chairman in complimenting the staff on both sides and expressing deep gratitude. As a former staff member myself, I am well sensitive to the long hours that staff put in.

On our side, Davis Heymsfeld, Ward McCarrager, Kathie Donnelly, Clyde Woodle, Ken House, Art Chan, John Upchurch, Eric Van Scandle, and Jason Tai, all have worked those long hours the chairman talked about. While we were recharging our batteries, they were running theirs sometimes on practically empty. But we also must express our appreciation to the legislative counsels from the House Legislative Counsel's Office who have provided such skilled draftsmanship for both sides, to David Mendelsohn, Curt Haensel, and Rosemary Gallagher.

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

Mr. YOUNG of Alaska. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. PETRI), the chairman of the subcommittee, who has done an outstanding job traveling across this country explaining our bill.

Mr. PETRI. Mr. Chairman, I would just like to concur in the commendation that our chairman extended to the working staff on both sides of the aisle, and to say to my colleagues that this is a work in progress.

This is an important milestone, but this is not the end of the process by any means. We will be working on this and voting on it over the coming months, and then we will be back under the terms of this bill in about 18 months to readdress the needs of our Nation in the transportation area.

So this is not a one-time snapshot that is set. This is a work in progress; and I hope that, as we continue with this work in progress, we will work together to meet the transportation needs of our country, which are enormous.

Mr. OBERSTAR. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Chairman, while we are decompressing for a moment and in a congratulatory mode, I would add my congratulations as well, but I would have just one little footnote.

Before we are through today, there will be an opportunity for Members of this Chamber to make a vote towards the level that was crafted by our distinguished chairman and ranking member. We are not going to get the $375 billion yet; some day we will, but we will have a motion by the gentleman from Tennessee (Mr. DAVIS) that will permit us to at least vote on the $318 billion that was approved by the other body. It has no new user fees or taxes on gas; it is fully paid for, and it includes money that Americans are already paying for transportation.

I sincerely hope that we will be able to have an ''aye'' vote for this motion to recommit to keep faith with the broadest coalition that we have seen supporting American transportation, allow not just an empty gesture, but a House standing up for the future of America's communities.

Mr. YOUNG of Alaska. Mr. Chairman, I reserve the balance of my time.

Mr. OBERSTAR. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. LIPINSKI), the ranking member of the Subcommittee on Surface Transportation.

Mr. LIPINSKI. Mr. Chairman, I want to take this opportunity to thank the gentleman from Wisconsin (Mr. PETRI), the gentleman from Minnesota (Mr. OBERSTAR), and the gentleman from Alaska (Mr. YOUNG) for involving me in this process very thoroughly, very completely. This truly has been a bipartisan effort. I have been astonished by the willingness of the gentleman from Alaska (Chairman YOUNG) to involve this side of the aisle in the deliberations, the planning, the execution of what we have in this bill.

This is a bill that was approved unanimously by the very large Committee on Transportation and Infrastructure. Not one single negative vote was cast against this bill in committee. And that is a testament to the leadership of the gentleman from Alaska (Mr. YOUNG) of involving everyone. But it was not only the big four that was involved in this bill; every single member of this committee, every single Member of this House had the opportunity to participate in this bill. That is a tribute to the gentleman from Alaska (Chairman YOUNG), and I thank him for it.

Mr. YOUNG of Alaska. Mr. Chairman, I yield myself such time as I may consume.

Again, we are about to close this very long 2 days. We will have a series

of three votes: the Bradley amendment vote, the Kennedy amendment vote, the Isakson amendment vote, and motion to recommit, and then final passage. Again, I can suggest to most of the Members of this House that this has been a long, trying time, but one which I take great pride in.

Regardless of what my colleagues read in the two rag sheets in this body, and they are constantly reporting and trying to divide this House, to try to pit one against the other in different fashions, we have overcome that and I think have come out with a very good piece of bipartisan legislation.

Yes, there are some that do not agree with it, and I understand that. But overall, if we believe in the national transportation system, and I want to stress, the national transportation system, H.R. 3550, the $275 billion does not completely do the job, but it is the nearest thing we can do at this time.

I will say right up front, a motion to recommit is very attractive, but it should not be done because it does break the budget against the budget resolution that passed the House; and it does, in fact, send a message to the Senate, but it does not accomplish the goals that I am trying to achieve, and that is to pass legislation so we can make a step forward, a step forward to the progress that is necessary to get our country moving, to keep this country moving, to make sure our people and our products move.

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

Mr. OBERSTAR. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, we will soon be voting on one amendment held over from last night. I want to remind Members that that is a heavy-trucks amendment. The position of our committee is no on heavy trucks. Vote ''no'' on the Bradley amendment. Vote ''no'' on this misguided Kennedy amendment dealing with tolls on existing highways, expanding that authority, and vote ''no'' on the Isakson amendment.

Let me restate, under TEA LU, every State gains. Look at your revenues, not at some arcane formula, a percentage of this and a percentage of that, and some percentage that is missing, like missing matter from the universe. There is no missing money; it is all there. It all goes to the States, and all States grow in their revenues under this bill.

Let me just point out, however, that under the introduced bill of last year, which the gentleman from Alaska and I and all, virtually all of the other, all but one other member of the committee supported, we have vastly increased funding. That is the direction we need to go. That is where we ought to be making the investment. That bill will put 475,000 jobs on the work sites of America by Labor Day. We would have $80 billion of additional economic activity in the workplace by Labor Day. We would have an economy rising instead of one that is stagnating. But we are not there.

□ 1045

We have done a fair job with this legislation, taking every State from the level of 90.5 percent return of their contribution of the trust fund to 95 percent over the 6 years of this bill. That was the goal. That is where we started. Everybody wanted to do that. We checked with Members on both sides of the aisle. That is what we do with this bill.

Let us not get bogged down into ''I get a little more percentage of this and my State gets a little more percentage of that.'' Remember, we are one Nation, one highway system, one sense of mobility. Let us move America together ahead with TEA LU, not backwards with these destructive amendments.

Mr. MICHAUD. Mr. Chairman, it is vitally important that we continue our efforts to fund the Nation's highway and transit systems, and that we find new ways to invest in these systems. I think we are seeing a consensus within the transportation committee, and an impressive unity in our committee's fine leaders, on the need to increase the level of highway and transit investments.

These are extremely worthwhile investments. According to the Federal Highway Administration, each $1 billion of Federal funds invested in infrastructure creates approximately 47,500 jobs and $6.1 billion in economic activity.

Today, America finds itself in a struggling economy. Maine is suffering as badly as anyone, with unemployment in my hometown soaring. People are looking for answers. Well—here is an answer, loud and clear. We need new investment, we need new jobs, and we need the highway and transit program to reach new levels of funding.

Many transportation committee members, including myself, had supported a bill with even more robust funding, and we will be voting during today for a version of the bill with an additional $100 billion in funding over 6 years. The fact that this is not the version that will be on the floor is disappointing.

Despite wide-ranging support from construction, engineering, trade, and labor groups for its job-creating impact, this $375 billion version of the bill has been blocked by a veto threat from the administration. This leads me to ask—what is it about jobs and economic growth that they object to?

Still, while today's bill is less than we would want, it does represent the best we could do given the constraints, and it is a testament to bipartisan cooperation and commitment to moving our economy forward. Many would have preferred a bill with greater investment in transportation, because this country needs jobs, and transportation investment is the best way to do it. But given the choice of stalling the process or supporting a bill with lower investment levels, I suspect the most members will vote in favor of the bill today, because of all the good things it does achieve. It increases overall funding, creates vital new programs to improve walking and biking routes, fund projects of regional and national security, and increase border safety. It is good for the country, and it is great for Maine.

I am particularly pleased with some of the project funding that will be included in this bill for Maine. Among the most important is the ''Wood Composite Materials Demonstration Project'' that is aimed at the University of Maine and its Advanced Wood Composites Laboratory. This vital funding to demonstrate the durability and effectiveness of wood composite materials in multimodal transportation facilities promises to increase the efficiency and value of our transportation infrastructure and find valuable new uses for our natural resources.

I believe that we will all work together in the coming months to make the good start we are getting today into an even better final bill.

Mr. SMITH of Michigan. Mr. Chairman, this bill has several problems. The people of Michigan get even less money for their dollar than they did before. Currently, Michigan taxpayers get 88 cents back for every gas tax dollar that we pay to Washington for highway funding. Under this new bill, that falls to 79 cents. That's unacceptable. Today, people in Michigan pay 18.4 cents in federal gas taxes and 20 cents in state gas taxes. All of the state gas taxes stay in Michigan, but only 79 percent of the federal gas taxes will be returned to Michigan.

President Bush's budget requested $256 billion over 6 years for a transportation bill. H.R. 3550 has been estimated to cost $284 billion. That's a 30 percent increase above the previous transportation bill of $218 billion. And the reopener provision is going to force us to increase spending in the future.

Much of this money is not even spent on transportation projects. There is $3 million for a park in Alabama and $1.5 million for ''streetscape improvements'' in Long Beach, California. There are $1.2 billion for bike paths and more set asides for hiking trails, nature centers, obesity programs for children and battlefield preservation. There are 2,800 earmarks in this bill, 1,000 more than in the last transportation bill. And the Manager's amendment added $1 billion in projects to encourage people to support the bill.

Mr. ISTOOK. Mr. Chairman, I oppose the TEA–LU highway authorization bill today, which will significantly reduce Oklahoma and many other states' share of highway funds over the next 6 years.

For years, I've been fighting to reverse Oklahoma's donor state status. Instead of helping, this bill will cause Oklahoma to slide backwards, becoming more of a donor state than we already are.

Under the formula adopted by TEA–LU, Oklahoma will receive $2.8 billion over the next 6 years—which is about $250 million less than it would have under the formula provided in the TEA–21 6-year authorization that it replaces. People should not be confused by talk that this bill ''preserves'' any state at a 90.5 percent funding guarantee. It applies that guarantee against a significantly-lowered base number, which has now been set at 90.5 percent of 84 percent, rather than 90.5 percent of 93 percent of highway funding provided in TEA–21.

The House of Representatives had a chance today to ensure fairness for all states in this bill when my good friend JOHNNY ISAKSON of Georgia introduced his amendment that would restore the base number to the 93 percent level. I strongly supported that amendment and encouraged others, especially in the Oklahoma delegation, to do so as well. Unfortunately, it was not the will of the House to support Mr. ISAKSON's amendment and provide the funding fairness that mine, and other states, deserve.

Consequently, I cannot support a bill that takes one step forward and two steps back. I worked to make sure the bill funds important projects for my district, like $34 million for the Oklahoma City Crosstown Expressway. But I also worked toward fair treatment for all of Oklahoma. In the long run this bill hurts Oklahoma more than it helps us by changing the formula and costing Oklahoma hundreds of millions over the next 6 years.

Mr. YOUNG of Alaska. Mr. Chairman, I want to assure my colleagues from Hawaii that pertaining to section 1812, I continue to be willing to work with them to find an alternative resolution of the issues addressed in that section.

We worked on legislative language last fall that would have transferred the dry-dock back to the Federal Government and compensated TDX for its costs and that would have ended all lawsuits. I am still interested in this framework for a legislative solution to these debilitating lawsuits.

Once again, I remain committed to working out a mutually acceptable solution to this problem with my friends from Hawaii and others, in conference or elsewhere.

Mr. LEVIN. Mr. Chairman, it is unfortunate that the House does not have a better transportation bill before it today. As it is currently written, the bill has a number of genuine shortcomings which are inequitable to my home state of Michigan and a large number of other donor states. Let me make it clear that these shortcomings will have to be addressed.

I also want to underscore that this transportation reauthorization is seriously behind schedule. Renewal of the highway bill was supposed to be completed last year. The states need Congress to complete our work and pass a long-term transportation bill in order to plan and implement their road and transit projects. The inability of the House to effectively deal with this legislation is negatively affecting the economy and jobs.

The House is in this unenviable position because the Republican Leadership and the White House cannot agree on the size and shape of the highway bill. The White House has indicated the President may well veto the bill that the Majority has brought to the Floor today. The President's ''my way or the highway'' approach to this bill is the single largest obstacle to providing equity to donor states in this legislation.

But we simply cannot keep putting this off and passing short-term extensions. We have got to break the impasse. Our country's roads and transit are too important to maintain the status quo. It is time to approve a multi-year reauthorization, move it to conference with the Senate, and have all parties sit down and work through the difficult issues that need to be addressed.

Primary among those issues is the need to address donor state equity. By maintaining the current 90.5 percent minimum guaranteed return on Federal highway dollars, this bill does nothing to improve the status of donor states like Michigan. I worked with other concerned Members in each of the past few highway funding reauthorization bills to increase Michigan's rate of return. Along with so many of my colleagues, I have cosponsored legislation in this session of Congress to increase this return once more by requiring a minimum return of 95 percent. The House Leadership has agreed to address this concern when this bill goes to conference.

The bill before the House today simply does not provide an adequate level of funding to meet the needs of our states' transportation infrastructure. The Senate has approved legislation providing $318 billion over 6 years, while we are considering a $275 billion measure. I very much support the Senate-passed funding level, which would provide $1.65 billion more for Michigan. I hope that we can move closer to the Senate-passed funding level in conference.

I will vote for this legislation today to get the bill to conference so that these shortcomings can be negotiated and addressed. Let me be clear: My vote on the final version of this legislation will depend on how these matters are addressed by the conferees.

Mr. STUPAK. Mr. Chairman, I have decided to vote in support for H.R. 3550 or the TEA–LU highway/transit reauthorization bill, but with reservations and with the hope that it will be addressed during the House-Senate conference.

I am pleased that this highway and transit reauthorization contains my requests on the may critically needed transportation projects for the First District.

However, this $275 billion bill still shortchanges Michigan in overall funding. It fails to include enough funding to ensure my state receives its fair share of highway funding.

Under the current highway authorization law, TEA–21, Michigan is a ''donor'' state. That means for every dollar Michigan taxpayers pay into the federal highway/transit fund—the state gets back only 90.5 cents in federal highway funding. The new reauthorization bill, TEA–LU, does not narrow this gap. Instead, it actually makes it worse by making the pot of money where this formula applies even smaller.

The $318 billion Senate bill, however, would gradually increase Michigan's rate of return on the dollar up to 95 cents by the end of FY 2009. That would be a vast improvement from the House version and I urge the joint House-Senate conference committee to accept the Senate version.

Congress needs to address this inequity to ensure Michigan receives a more equitable share of funding so it can better address and upgrade its highway and transit system as well as create much needed jobs in Michigan. For every $1 billion in highway and transit funding, that creates 47,500 new jobs and $6.2 billion in economic activity, according to the House Budget Committee Minority Office.

Mr. CARSON of Oklahoma. Mr. Chairman, as a member of the Transportation and Infrastructure Committee, I would like to thank the Chairman and the Ranking Member for their leadership and tireless efforts to bring this important bill to the House floor today.

This bill makes significant improvements over the previous legislation and I strongly support it. Though there is much work behind us, there is still more that can be done to continue to improve our nation's transportation systems. As a representative of the state that leads the nation in the highest percentage of bridges considered structurally deficient, we must recognize the importance of investing in our nation's infrastructure both for our economic well being, as well as public safety.

This bill makes valuable improvements in programs of importance to many Oklahomans. The Indian Reservation Roads program has a significant impact in Oklahoma and allows tribal governments to partner with local communities to improve roads for all Oklahomans. Bridge improvement money will hopefully take Oklahoma out of the top position in this perilous category by providing funds for the state to improve our many deficient bridges. These improvements and repairs will then allow commerce, such as our state's wheat harvest, to again use the most direct routes to get their products to market. There are transit programs, which take rural Oklahomans to jobs and healthcare, that they would otherwise have no access to without this legislation. This bill is truly good government at work.

This legislation will put Americans to work like no other legislation brought to the floor during my time in Congress. For every $1 billion invested in federal highway and transit programs, 47,500 jobs are created here in the United States. These are jobs in small businesses, in rural communities and cities alike. Investing in our Nation's infrastructure is one of the best investments we can make, both for the economic benefits as well as our transportation safety on roads and transit systems all Americans use everyday.

Again I thank the Chairman and Ranking Member, as well as Mr. PETRI and Mr. LIPINSKI for their dedication to this legislation. I urge my colleagues to support this important bill.

Mr. BACA. Mr. Chairman. I rise in opposition to the Graves amendment to H.R. 3550. Don't be fooled by this amendment. This amendment is bad for my district and bad for California.

My State is a destination State. Tourists come to visit and see the sights and cities of Southern California. Sometimes these tourists rent cars. And sometimes they get into accidents. California passed a vicarious liability law that protects innocent bystanders from rental car companies that rent to uninsured drivers. When people get hurt by these uninsured drivers, there is no place to turn for compensation. This law allows those that get hurt to ask for compensation from the rental car companies. The State saw a need for such a law, so they passed one.

The Graves amendment attempts to tell California what type of law it needs. It will cancel California's law and hurt their citizens. What makes Washington Congressmen think they know what's best for my district and for California? California, 14 other States and the District of Columbia know that vicarious liability laws are good for their citizens. They know that when push comes to shove this will help keep their citizens safe. That is why I oppose the Graves amendment and support California's right to determine what best serves the interests of its citizens.

Mr. RUSH. Mr. Chairman, I am pleased that we are voting on H.R. 3550, ''The Transportation Equity Act: A Legacy For Users'' (TEA–LU), a much needed legislation that will fund our Nation's critical transportation infrastructure. H.R. 3550 would not only repair our roads and alleviate traffic congestion but it would also create and sustain 1.7 million new jobs throughout all 50 states over the next 6 years. This bill addresses many problems that plague our Nation's transportation infrastructure. For example, TEA–LU creates a congestion relief program which requires states to focus on the congestion resources that affect their roadways. TEA–LU provides 28 percent increase in funding for NHTSA highway safety formula grants that supports state safety programs. This is extremely important because it

is well known that 42,000 Americans are killed and 3.3 million die from our Nation's highways due to substandard road conditions and roadside hazards. More importantly, H.R. 3550 recognizes that transportation in the 21st century cannot exist without adequate resources for public transportation. I am also pleased that TEA–LU provides $51 billion for public transportation infrastructure programs. However, I am disappointed that the funding level for this bill is well below the Senate highway bill. Originally, this bill was to be funded at $318 billion but because of pressures from the White House it was scaled back to $275 billion. This is quite unfortunate. H.R. 3550 may be the only job creating measure considered by Congress this year, as every $1 billion invested in federal highway and transit creates 47,500 jobs. These well paying jobs would go a long way in my district.

Mr. RODRIGUEZ. Mr. Chairman, I rise in support of H.R. 3550, the Transportation Equity Act: A Legacy for Users. Today, we have a historic opportunity to reinvest in our Nation's infrastructure and promote sound economic development policy.

Highways make traveling the distances of our great State of Texas feasible and affordable. These roads traverse our lands, connect people together, and allow them to travel quickly and efficiently. They facilitate the transfer of commerce and enable the delivery of goods across state lines, and the construction and maintenance of these roads are an important source of employment for Texas residents.

While highways perform valuable services, they are merely an afterthought for the average person. However without timely maintenance and construction, highways may become unsafe and overly congested. Current economic problems have delayed critical maintenance and expansion projects causing increased congestion, air pollution, and accidents. The U.S. Department of Transportation reports that $375 billion is needed for highway and transit improvements.

NAFTA has brought numerous new economic and trade benefits to South Texas and the Nation; however, this increased trade is straining our current transportation infrastructure and causing an increase in air pollution and chemical runoff. Funds for transportation projects are urgently needed to offset and improve the many longstanding transportation and infrastructure needs of San Antonio and South Texas. I firmly believe that South Texas should not have to bear the burden of increased international trade traffic alone. If we do not invest in the region now, the flow of international trade will be negatively impacted in the future.

Last April, I had the opportunity to speak before the House Transportation and Infrastructure Committee and testified on the pressing transportation needs in South Texas. I would like to take a moment to thank the Chairman and Ranking Member and their staff for their leadership and understanding of the complexity of our Nation's transportation problems. As I mentioned a moment ago, South Texas has many outstanding needs that will impact the Nation if not addressed in the very near future.

I am pleased that the Committee included six projects for which I had submitted requests. The legislation authorizes $4 million for Mission Trails Packages 4 and 5, which would complete a project that is vital to the revitalization of the South Side of San Antonio. The Mission Trails project is a transportation enhancement project that upon completion will be approximately 12 miles of picturesque, tree lined hike and bike trails, improved well-lit roadways, and rest areas for people to enjoy.

An additional $4 million authorization level was included for the Anzalduas Bridge Connector Road in Hidalgo County and $3 million for the Hidalgo County Loop. These projects are integral towards improving our Nation's gateway to trade and alleviating congestion in the Lower Rio Grande Valley. I would like to thank Congressman LLOYD DOGGETT for his steadfast support and work on these projects.

A $6 million authorization level was also included for construction of KellyUSA's 36th Street Extension Road. I would like to thank Congressman CHARLIE GONZALEZ for his role in supporting this project. The 36th Street Extension Road is a critical component of the KellyUSA base conversion plan which includes new gateways and an expanded road access system. As a former military base, Kelly was originally built as a closed access facility. The 36th Street Extension Road will provide a new southern access point and expand community and commercial truck access to the facility.

I am pleased that the bill contained a $4 million authorization level for planning, design and engineering along the I–35 corridor in central Texas. These funds will support an ongoing multi-modal transportation project to improve the Austin-San Antonio corridor.

Lastly, I would like to thank the Committee for including language to authorize $4.5 million for the Arkansas Avenue railroad grade separation project in Laredo to improve public safety and overall mobility by connecting north and south Laredo. The project will also alleviate congestion along major trade corridors and allow traffic to flow in the event of an emergency or evacuation.

I also strongly support critical funding for the VIA Metropolitan Transit Authority that was championed by Congressman GONZALEZ. A $7 million authorization level was included for VIA to purchase new buses to replace the aging bus fleet and paratransit vans as well as upgrade their bus maintenance facility. VIA provides critical services to the greater San Antonio area and I thank them for all that they do.

As you know, funding for the Transportation Equity Act for the 21st Century (TEA–21) expired in 2003. I fully supported the House Transportation Committee's original reauthorization bill, which authorized a $375 billion level, and I'm disappointed that the President's veto threat of this jobs bill ultimately reduced the amount to $275 billion. I hope that Americans understand that this means fewer jobs in an already stagnant job market. For every $1 billion invested in federal highway and transit spending, 47,500 jobs—over half of which are in the construction industry—are created or sustained. This is a jobs bill—it is about investment in our communities and our economy.

Mr. Chairman, while I believe we should continue to push for additional funds, we must also face the harsh economic reality that recent tax cuts and a skyrocketing deficit have left us with less money to invest in our infrastructure. This bill that we have before us today is a start, and I urge my colleagues to vote in favor of H.R. 3550. Let's start reinvesting in our Nation.

Mr. KIND. Mr. Chairman, I rise in support of H.R. 3550, the Transportation Equity Act. I want to acknowledge the work of the Transportation Committee on this complex bill and especially thank my friend and colleague from Wisconsin, Mr. PETRI, for his leadership on the legislation; the Wisconsin delegation is lucky to have such a strong advocate for our citizens.

We all know that transportation bills are job bills, and now is certainly the time that we need more jobs throughout the country. Over 8 million Americans are looking for jobs, and last month only 21,000 new jobs were created, none of which was a private-sector job. I consistently hear from constituents who are searching for work; who have sent out dozens of resumes and updated their skills but remain unemployed. Each billion dollars spent on highway funding creates not only safer and better roads: It also creates an estimated 47,500 new jobs. An investment in highway funding is an investment for steady work for those in Wisconsin and around the Nation.

Furthermore, I am pleased that the bill recognizes the importance of funding crucial highways, transit centers, and bridges in Wisconsin's Third Congressional District. Specifically, the inclusion of funding for the Stillwater Bridge, which connects Houlton, Wisconsin and Stillwater, Minnesota is great news for those of us who have been working on this project for years. The bridge is only one example of an important project that will provide the Nation with safer roads, shorter commutes, and better jobs. I urge my colleagues to support the bill.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore (Mr. NETHERCUTT). Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed in the following order:

Amendment number 20 by Mr. BRADLEY of New Hampshire, amendment number 22 by Mr. KENNEDY of Minnesota, amendment number 23 by Mr. ISAKSON of Georgia.

The first electronic vote will be conducted as a 15-minute vote. Remaining electronic votes will be conducted as 5-minute votes.

AMENDMENT NO. 20 OFFERED BY MR. BRADLEY OF NEW HAMPSHIRE

The CHAIRMAN pro tempore. The unfinished business is the demand for a recorded vote on the amendment offered by the gentleman from New Hampshire (Mr. BRADLEY) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The text of the amendment is as follows:

Amendment No. 20 offered by Mr. BRADLEY of New Hampshire:

Add at the end the following new section:

SECTION . VEHICLE WEIGHT LIMITATIONS.

(a) The next to the last sentence of section 127(a) of title 23, United States Code, is amended by striking ''Interstate Route 95'' and inserting ''Interstate Routes 89, 93, and 95''.

(b)(1) IN GENERAL.—In consultation with the Secretary of Transportation, the State of

New Hampshire shall conduct a study analyzing the economic, safety, and infrastructure impacts of the exemption provided by the amendment made by subsection (a), including the impact of not having such an exemption. In preparing the study, the State shall provide adequate opportunity for public comment.

(2) FUNDING.—There is authorized to be appropriated from the Highway Trust Fund (other than the Mass Transit Account) $250,000 for fiscal year 2004 to carry out the study.

(3) APPLICABILITY OF TITLE 23, UNITED STATES CODE.—Funds authorized by this section shall be available for obligation in the same manner as if such funds were apportioned under chapter 1 of title 23, United States Code; except that such funds shall remain available until expended.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 90, noes 334, not voting 10, as follows:

[Roll No. 110]

AYES—90

Aderholt
Akin
Allen
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bradley (NH)
Burns
Burr
Buyer
Calvert
Cannon
Cantor
Castle
Chocola
Cox
Deal (GA)
DeLay
Diaz-Balart, M.
Dreier
Everett
Feeney
Flake
Fossella
Franks (AZ)
Frelinghuysen
Garrett (NJ)
Gingrey
Goode
Granger
Greenwood
Hall
Harris
Hastert
Hayes
Hayworth
Hensarling
Herger
Hostettler
Houghton
Hunter
Johnson (CT)
Keller
Kennedy (MN)
King (IA)
Kline
Latham
Lewis (KY)
Manzullo
McIntyre
Michaud
Miller (FL)
Musgrave
Myrick
Nethercutt
Neugebauer
Norwood
Nunes
Paul
Pearce
Pence
Pitts
Pryce (OH)
Rehberg
Rogers (AL)
Ryun (KS)
Sessions
Shadegg
Sherwood
Shimkus
Simmons
Simpson
Smith (MI)
Souder
Stenholm
Sweeney
Tancredo
Taylor (NC)
Terry
Thornberry
Walsh
Whitfield
Wilson (SC)

NOES—334

Abercrombie
Ackerman
Alexander
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballance
Ballenger
Barton (TX)
Becerra
Bell
Bereuter
Berkley
Berman
Berry
Biggert
Bishop (GA)
Bishop (NY)
Blumenauer
Boehlert
Bonilla
Bono
Boozman
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burton (IN)
Camp
Capito
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Carter
Case
Chabot
Chandler
Clay
Clyburn
Coble
Cole
Collins
Conyers
Cooper
Costello
Cramer
Crane
Crenshaw
Crowley
Cubin
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart, L.
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Farr
Fattah
Ferguson
Filner
Foley
Forbes
Ford
Frank (MA)
Frost
Gallegly
Gerlach
Gibbons
Gilchrest
Gillmor
Gonzalez
Goodlatte
Gordon
Goss
Graves
Green (TX)
Green (WI)
Grijalva
Gutierrez
Gutknecht
Harman
Hart
Hastings (FL)
Hastings (WA)
Hefley
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hoyer
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (NY)
Kingston
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McDermott
McGovern
McHugh
McInnis
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, Gary
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Nadler
Napolitano
Neal (MA)
Ney
Northup
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Renzi
Reynolds
Rodriguez
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Shaw
Shays
Sherman
Shuster
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Spratt
Stark
Stearns
Strickland
Stupak
Sullivan
Tauscher
Taylor (MS)
Thomas
Thompson (CA)
Thompson (MS)
Tiahrt
Tiberi
Tierney
Toomey
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Vitter
Walden (OR)
Wamp
Waters
Watson
Watt
Weiner
Weldon (PA)
Weller
Wexler
Wicker
Wilson (NM)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—10

Culberson
DeMint
Gephardt
Hulshof
Miller, George
Reyes
Tanner
Tauzin
Waxman
Weldon (FL)

□ 1109

Ms. CARSON of Indiana, and Messrs. GERLACH, LUCAS of Kentucky, MCHUGH, DICKS, HILL, VITTER, LEVIN and MATSUI changed their vote from ''aye'' to ''no.''

Mr. PENCE and Mrs. MYRICK changed their vote from ''no'' to ''aye.''

So the amendment was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. NETHERCUTT). Pursuant to clause 6 of rule XVIII, the remaining votes in this series will be conducted as 5-minute votes.

AMENDMENT NO. 22 OFFERED BY MR. KENNEDY OF MINNESOTA

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Minnesota (Mr. KENNEDY) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 231, noes 193, not voting 10, as follows:

[Roll No. 111]

AYES—231

Aderholt
Akin
Alexander
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Bass
Beauprez
Bereuter
Berkley
Bilirakis
Bishop (GA)
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonner
Bono
Boozman
Boyd
Bradley (NH)
Brady (TX)
Brown (OH)
Brown (SC)
Brown-Waite, Ginny
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Cardin
Cardoza
Carter
Chabot
Chocola
Coble
Cole
Collins
Cox
Crane
Crenshaw
Cubin
Cunningham
Davis (TN)
Davis, Tom
Deal (GA)
DeLay
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Doggett
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
Engel
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Graves
Green (TX)
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hinchey
Hinojosa
Hobson
Hoekstra
Hostettler
Houghton
Hunter
Hyde
Isakson
Issa
Istook
Jenkins
John
Johnson (IL)
Johnson, Sam
Jones (NC)
Jones (OH)
Keller
Kelly
Kennedy (MN)
Kind
King (IA)
King (NY)
Kingston
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Leach
Lewis (GA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Manzullo
McCotter
McHugh
McInnis
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moore
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Obey
Ortiz
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (PA)
Pickering
Pitts

Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Royce
Ryan (WI)
Ryun (KS)
Sandlin
Saxton
Schrock
Scott (GA)
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shuster
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Stearns
Stenholm
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Turner (TX)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)

NOES—193

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Barton (TX)
Becerra
Bell
Berman
Berry
Biggert
Bishop (NY)
Blumenauer
Bonilla
Boswell
Boucher
Brady (PA)
Brown, Corrine
Burgess
Capps
Capuano
Carson (IN)
Carson (OK)
Case
Castle
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Dooley (CA)
Doyle
Edwards
Emanuel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Goodlatte
Gordon
Goss
Granger
Greenwood
Grijalva
Gutierrez
Harman
Hastings (FL)
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kirk
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (CA)
Lipinski
Lofgren
Lowey
Lucas (OK)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McInnis
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Mollohan
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Olver
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Petri
Pomeroy
Price (NC)
Rahall
Rangel
Rodriguez
Rohrabacher
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Scott (VA)
Serrano
Shays
Sherman
Simmons
Skelton
Slaughter
Snyder
Solis
Spratt
Stark
Tauscher
Taylor (MS)
Thomas
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Waters
Watson
Watt
Weiner
Wexler
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—10

Culberson
DeMint
Gephardt
Hulshof
Miller, George
Reyes
Tanner
Tauzin
Waxman
Weldon (FL)

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 1118

Ms. BERKLEY changed her vote from ''no'' to ''aye.''

Mr. MEEKS of New York and Mr. FORD changed their vote from ''aye'' to ''no.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT NO. 23 OFFERED BY MR. ISAKSON

The CHAIRMAN pro tempore (Mr. NETHERCUTT). The pending business is the demand for a recorded vote on amendment No. 23 offered by the gentleman from Georgia (Mr. ISAKSON) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 170, noes 254, not voting 9, as follows:

[Roll No. 112]

AYES—170

Akin
Bachus
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Beauprez
Bell
Bilirakis
Bishop (GA)
Blackburn
Blunt
Boehner
Bonilla
Boyd
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Camp
Cantor
Carson (IN)
Carson (OK)
Carter
Chabot
Chandler
Chocola
Coble
Cole
Collins
Conyers
Crenshaw
Cunningham
Davis (AL)
Davis (FL)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeGette
DeLay
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dingell
Doggett
Duncan
Edwards
Ehlers
Emerson
Etheridge
Feeney
Ferguson
Flake
Foley
Forbes
Franks (AZ)
Frelinghuysen
Frost
Garrett (NJ)
Gingrey
Gonzalez
Goode
Goodlatte
Goss
Granger
Green (TX)
Gutknecht
Hall
Harris
Hastings (FL)
Hayes
Hayworth
Hefley
Hensarling
Hill
Hoekstra
Hunter
Isakson
Istook
Jackson-Lee (TX)
Jefferson
Jenkins
Johnson, E. B.
Johnson, Sam
Jones (NC)
Keller
Kennedy (MN)
Kildee
Kilpatrick
King (IA)
Kingston
Kline
Knollenberg
Kolbe
Lampson
Leach
Levin
Lewis (GA)
Lewis (KY)
Linder
Lucas (KY)
Lucas (OK)
Majette
Marshall
McCotter
McInnis
McIntyre
Meek (FL)
Mica
Miller (FL)
Miller (MI)
Miller (NC)
Musgrave
Myrick
Neugebauer
Northup
Norwood
Nussle
Otter
Paul
Pence
Portman
Price (NC)
Putnam
Ramstad
Renzi
Rodriguez
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Sandlin
Schrock
Scott (GA)
Scott (VA)
Sessions
Shadegg
Shaw
Simpson
Smith (MI)
Smith (TX)
Souder
Spratt
Stearns
Stenholm
Strickland
Stupak
Sullivan
Tancredo
Taylor (NC)
Terry
Thornberry
Tiahrt
Tiberi
Turner (TX)
Udall (CO)
Upton
Visclosky
Wamp
Watt
Weldon (FL)
Wexler
Whitfield
Wilson (SC)
Wolf
Young (FL)

NOES—254

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Baird
Baker
Baldwin
Bass
Becerra
Bereuter
Berkley
Berman
Berry
Biggert
Bishop (NY)
Bishop (UT)
Blumenauer
Boehlert
Bonner
Bono
Boozman
Boswell
Boucher
Bradley (NH)
Brady (PA)
Brown (OH)
Brown, Corrine
Calvert
Cannon
Capito
Capps
Capuano
Cardin
Cardoza
Case
Castle
Clay
Clyburn
Cooper
Costello
Cox
Cramer
Crane
Crowley
Cubin
Cummings
Davis (CA)
Davis (IL)
Davis (TN)
DeFazio
Delahunt
DeLauro
Dicks
Dooley (CA)
Doolittle
Doyle
Dreier
Dunn
Emanuel
Engel
English
Eshoo
Evans
Everett
Farr
Fattah
Filner
Ford
Fossella
Frank (MA)
Gallegly
Gerlach
Gibbons
Gilchrest
Gillmor
Gordon
Graves
Green (WI)
Greenwood
Grijalva
Gutierrez
Harman
Hart
Hastings (WA)
Herger
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hyde
Inslee
Israel
Issa
Jackson (IL)
John
Johnson (CT)
Johnson (IL)
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy (RI)
Kind
King (NY)
Kirk
Kleczka
Kucinich
LaHood
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Lee
Lewis (CA)
Lipinski
LoBiondo
Lofgren
Lowey
Lynch
Maloney
Manzullo
Markey
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McKeon
McNulty
Meehan
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller, Gary
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Nadler
Napolitano
Neal (MA)
Nethercutt
Ney
Nunes
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Pryce (OH)
Quinn
Radanovich
Rahall
Rangel
Regula
Rehberg
Reynolds
Rogers (AL)
Rohrabacher
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Saxton
Schakowsky
Schiff
Sensenbrenner
Serrano
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Skelton
Slaughter
Smith (NJ)
Smith (WA)
Snyder
Solis
Stark
Sweeney
Tauscher
Taylor (MS)
Thomas
Thompson (CA)
Thompson (MS)
Tierney
Toomey
Towns
Turner (OH)
Udall (NM)
Van Hollen
Velázquez
Vitter
Walden (OR)
Walsh
Waters
Watson
Weiner
Weldon (PA)
Weller
Wicker
Wilson (NM)
Woolsey
Wu
Wynn
Young (AK)

NOT VOTING—9

Culberson
DeMint
Gephardt
Hulshof
Miller, George
Reyes
Tanner
Tauzin
Waxman

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 1126

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. THORNBERRY) having assumed the chair, Mr. NETHERCUTT, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3550) to authorize funds for Federal-aid highways, highway safety programs, and transit programs, and for other purposes, pursuant to House Resolution 593, he reported the bill, as amended pursuant to that rule, back to the House with further sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The committee amendment in the nature of a substitute, modified by the amendments printed in part A of House Report 108–456, is adopted.

Is a separate vote demanded on any further amendment reported from the Committee of the Whole? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. 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. DAVIS OF TENNESSEE

Mr. DAVIS of Tennessee. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. DAVIS of Tennessee. Yes, in its present form, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DAVIS of Tennessee moves to recommit the bill H.R. 3550 to the Committee on Transportation and Infrastructure with instructions to report the same back to the House forthwith with the following amendments:

In section 1101(a)(1) of the bill, strike ''$4,323,076,000'' and all that follows through ''$4,891,164,000'' and insert ''$5,076,187,293 for fiscal year 2004, $4,953,445,477 for fiscal year 2005, $5,171,212,959 for fiscal year 2006, $5,263,571,478 for fiscal year 2007, $5,556,536,840 for fiscal year 2008, and $6,654,739,293''.

In section 1101(a)(2) of the bill, strike ''$5,187,691,000'' and all that follows through ''$5,869,396,000'' and insert ''$6,091,424,517 for fiscal year 2004, $5,944,133,902 for fiscal year 2005, $6,205,455,095 for fiscal year 2006, $6,316,285,773 for fiscal year 2007, $6,667,843,743 for fiscal year 2008, and $7,985,686,064''.

In section 1101(a)(3) of the bill, strike ''$3,709,440,000'' and all that follows through ''$4,196,891,000'' and insert ''$4,355,651,438 for fiscal year 2004, $4,250,332,027 for fiscal year 2005, $4,437,189,163 for fiscal year 2006, $4,516,437,339 for fiscal year 2007, $4,767,818,482 for fiscal year 2008, and $5,710,136,779''.

In section 1101(a)(5) of the bill, strike ''$6,052,306,000'' and all that follows through ''$6,847,629,000'' and insert ''$7,106,661,741 for fiscal year 2004, $6,934,823,445 for fiscal year 2005, $7,239,697,231 for fiscal year 2006, $7,369,000,069 for fiscal year 2007, $7,779,151,809 for fiscal year 2008, and $9,316,634,194''.

In section 1101(a)(6) of the bill, strike ''$1,469,846,000'' and all that follows through ''$1,662,996,000'' and insert ''$1,725,903,868 for fiscal year 2004, $1,684,171,440 for fiscal year 2005, $1,758,212,543 for fiscal year 2006, $1,789,614,076 for fiscal year 2007, $1,889,222,762 for fiscal year 2008, and $2,262,611,686''.

In section 1102(a) of the bill, strike paragraphs (2) through (6) and insert the following:

(2) $37,900,000,000 for fiscal year 2005;
(3) $39,100,000,000 for fiscal year 2006;
(4) $39,100,000,000 for fiscal year 2007;
(5) $39,400,000,000 for fiscal year 2008; and
(6) $44,400,000,000 for fiscal year 2009.

In the matter proposed to be inserted as section 5338(a)(2)(A) of title 49, United States Code, by section 3034 of the bill, strike clauses (i) through (vi) and insert the following:

''(i) $5,081,125,000 for fiscal year 2005;
''(ii) $5,283,418,000 for fiscal year 2006;
''(iii) $5,550,420,000 for fiscal year 2007;
''(iv) $6,176,172,500 for fiscal year 2008; and
''(v) $6,834,667,500 for fiscal year 2009.

In section 3043 of the bill, strike paragraphs (2) through (6) and insert the following:

(2) $8,650,000,000 for fiscal year 2005;
(3) $9,085,123,000 for fiscal year 2006;
(4) $9,600,000,000 for fiscal year 2007;
(5) $10,490,000,000 for fiscal year 2008; and
(6) $11,430,000,000 for fiscal year 2009.

Add at the end the following new title:

TITLE IX—HIGHWAY REAUTHORIZATION AND EXCISE TAX SIMPLIFICATION

SEC. 9000. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This title may be cited as the ''Highway reauthorization and excise tax simplification Act of 2004''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title 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.

Subtitle A—Trust Fund Reauthorization

SEC. 9001. EXTENSION OF HIGHWAY TRUST FUND AND AQUATIC RESOURCES TRUST FUND EXPENDITURE AUTHORITY AND RELATED TAXES.

(a) HIGHWAY TRUST FUND EXPENDITURE AUTHORITY.—

(1) HIGHWAY ACCOUNT.—Paragraph (1) of section 9503(c) (relating to transfers from Highway Trust Fund for certain repayments and credits) is amended—

(A) in the matter before subparagraph (A), by striking ''May 1, 2004'' and inserting ''October 1, 2009'',

(B) by striking ''or'' at the end of subparagraph (F),

(C) by striking the period at the end of subparagraph (G) and inserting '', or'',

(D) by inserting after subparagraph (G), the following new subparagraph:

''(H) authorized to be paid out of the Highway Trust Fund under the Highway reauthorization and excise tax simplification Act of 2004.'', and

(E) in the matter after subparagraph (G), as added by subparagraph (D), by striking ''Surface Transportation Extension Act of 2004'' and inserting ''Highway reauthorization and excise tax simplification Act of 2004''.

(2) MASS TRANSIT ACCOUNT.—Paragraph (3) of section 9503(e) (relating to establishment of Mass Transit Account) is amended—

(A) in the matter before subparagraph (A), by striking ''May 1, 2004'' and inserting ''October 1, 2009'',

(B) by striking ''or'' at the end of subparagraph (D),

(C) by striking the period at the end of subparagraph (E) and inserting '', or'',

(D) by inserting after subparagraph (E), the following new subparagraph:

''(F) the Highway reauthorization and excise tax simplification Act of 2004,'', and

(E) in the matter after subparagraph (E), as added by subparagraph (D), by striking ''Surface Transportation Extension Act of 2004'' and inserting ''Highway reauthorization and excise tax simplification Act of 2004''.

(3) EXCEPTION TO LIMITATION ON TRANSFERS.—Subparagraph (B) of section 9503(b)(5) (relating to limitation on transfers to Highway Trust Fund) is amended by striking ''May 1, 2004'' and inserting ''October 1, 2009''.

(b) AQUATIC RESOURCES TRUST FUND EXPENDITURE AUTHORITY.—

(1) SPORT FISH RESTORATION ACCOUNT.—Paragraph (2) of section 9504(b) (relating to Sport Fish Restoration Account) is amended by striking ''Surface Transportation Extension Act of 2004'' each place it appears and inserting ''Highway reauthorization and excise tax simplification Act of 2004''.

(2) BOAT SAFETY ACCOUNT.—Section 9504(c) (relating to expenditures from Boat Safety Account) is amended—

(A) by striking ''May 1, 2004'' and inserting ''October 1, 2009'', and

(B) by striking ''Surface Transportation Extension Act of 2004'' and inserting ''Highway reauthorization and excise tax simplification Act of 2004''.

(3) EXCEPTION TO LIMITATION ON TRANSFERS.—Paragraph (2) of section 9504(d) (relating to limitation on transfers to Aquatic Resources Trust Fund) is amended by striking ''May 1, 2004'' and inserting ''October 1, 2009''.

(4) TECHNICAL CORRECTION.—The last sentence of paragraph (2) of section 9504(b) is amended by striking ''subparagraph (B)'', and inserting ''subparagraph (C)''.

(c) EXTENSION OF TAXES.—

(1) IN GENERAL.—The following provisions are each amended by striking ''2005'' each place it appears and inserting ''2009'':

(A) Section 4041(a)(1)(C)(iii)(I) (relating to rate of tax on certain buses).

(B) Section 4041(a)(2)(B) (relating to rate of tax on special motor fuels).

(C) Section 4041(m)(1)(A) (relating to certain alcohol fuels produced from natural gas).

(D) Section 4051(c) (relating to termination of tax on heavy trucks and trailers).

(E) Section 4071(d) (relating to termination of tax on tires).

(F) Section 4081(d)(1) (relating to termination of tax on gasoline, diesel fuel, and kerosene).

(G) Section 4481(e) (relating to period tax in effect).

(H) Section 4482(c)(4) (relating to taxable period).

(I) Section 4482(d) (relating to special rule for taxable period in which termination date occurs).

(2) FLOOR STOCKS REFUNDS.—Section 6412(a)(1) (relating to floor stocks refunds) is amended—

(A) by striking ''2005'' each place it appears and inserting ''2009'', and

(B) by striking ''2006'' each place it appears and inserting ''2010''.

(d) EXTENSION OF CERTAIN EXEMPTIONS.—The following provisions are each amended by striking ''2005'' and inserting ''2009'':

(1) Section 4221(a) (relating to certain tax-free sales).

(2) Section 4483(g) (relating to termination of exemptions for highway use tax).

(e) EXTENSION OF DEPOSITS INTO, AND CERTAIN TRANSFERS FROM, TRUST FUND.—

(1) IN GENERAL.—Subsections (b), (c)(2), (c)(3), (c)(4)(A)(i), and (c)(5)(A) of section 9503 (relating to the Highway Trust Fund) are amended—

(A) by striking ''2005'' each place it appears and inserting ''2009'', and

(B) by striking ''2006'' each place it appears and inserting ''2010''.

(2) CONFORMING AMENDMENTS TO LAND AND WATER CONSERVATION FUND.—Section 201(b) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–11(b)) is amended—

(A) by striking ''2003'' and inserting ''2007'', and

(B) by striking ''2004'' each place it appears and inserting ''2008''.

(f) EXTENSION OF TAX BENEFITS FOR QUALIFIED METHANOL AND ETHANOL FUEL PRODUCED FROM COAL.—Section 4041(b)(2) (relating to qualified methanol and ethanol fuel) is amended—

(1) by striking ''2007'' in subparagraph (C)(ii) and inserting ''2010'', and

(2) by striking ''October 1, 2007'' in subparagraph (D) and inserting ''January 1, 2011''.

(g) PROHIBITION ON USE OF HIGHWAY ACCOUNT FOR RAIL PROJECTS.—Section 9503(c) (relating to transfers from Highway Trust Fund for certain repayments and credits) is amended by adding at the end the following new paragraph:

''(6) PROHIBITION ON USE OF HIGHWAY ACCOUNT FOR CERTAIN RAIL PROJECTS.—With respect to rail projects beginning after the date of the enactment of this paragraph, no amount shall be available from the Highway Account (as defined in subsection (e)(5)(B)) for any rail project, except for any rail project involving publicly owned rail facilities or any rail project yielding a public benefit.''.

(h) HIGHWAY TRUST FUND EXPENDITURES FOR HIGHWAY USE TAX EVASION PROJECTS.—Section 9503(c), as amended by subsection (g), is amended to add at the end the following new paragraph:

''(7) HIGHWAY USE TAX EVASION PROJECTS.—From amounts available in the Highway Trust Fund, there is authorized to be expended—

''(A) for each fiscal year after 2003 to the Internal Revenue Service—

''(i) $30,000,000 for enforcement of fuel tax compliance, including the per-certification of tax-exempt users,

''(ii) $10,000,000 for Xstars, and

''(iii) $10,000,000 for xfirs, and

''(B) for each fiscal year after 2003 to the Federal Highway Administration, $50,000,000 to be allocated $1,000,000 to each State to combat fuel tax evasion on the State level.''.

(i) EFFECTIVE DATE.—The amendments made by and provisions of this section shall take effect on the date of the enactment of this Act.

SEC. 9002. FULL ACCOUNTING OF FUNDS RECEIVED BY THE HIGHWAY TRUST FUND.

(a) IN GENERAL.—Section 9503(c) (relating to transfers from Highway Trust Fund for certain repayments and credits), as amended by section 9001 of this Act, is amended by striking paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7) as paragraphs (2), (3), (4), (5), and (6), respectively.

(b) INTEREST ON UNEXPENDED BALANCES CREDITED TO TRUST FUND.—Section 9503 (relating to the Highway Trust Fund) is amended by striking subsection (f).

(c) CONFORMING AMENDMENTS.—

(1) Section 9503(b)(4)(D) is amended by striking ''paragraph (4)(D) or (5)(B)'' and inserting ''paragraph (3)(D) or (4)(B)''.

(2) Paragraph (2) of section 9503(c) (as redesignated by subsection (a)) is amended by adding at the end the following new sentence: ''The amounts payable from the Highway Trust Fund under this paragraph shall be determined by taking into account only the portion of the taxes which are deposited into the Highway Trust Fund.''.

(3) Section 9504(a)(2) is amended by striking ''section 9503(c)(4), section 9503(c)(5)'' and inserting ''section 9503(c)(3), section 9503(c)(4)''.

(4) Paragraph (2) of section 9504(b), as amended by section 9001 of this Act, is amended by striking ''section 9503(c)(5)'' and inserting ''section 9503(c)(4)''.

(5) Section 9504(e) is amended by striking ''section 9503(c)(4)'' and inserting ''section 9503(c)(3)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to amounts paid for which no transfer from the Highway Trust Fund has been made before April 1, 2004.

(2) INTEREST CREDITED.—The amendment made by subsection (b) shall take effect on the date of the enactment of this Act.

SEC. 9003. MODIFICATION OF ADJUSTMENTS OF APPORTIONMENTS.

(a) IN GENERAL.—Section 9503(d) (relating to adjustments for apportionments) is amended—

(1) by striking ''24-month'' in paragraph (1)(B) and inserting ''48-month'', and

(2) by striking ''2 years''' in the heading for paragraph (3) and inserting ''4 years''.

(b) MEASUREMENT OF NET HIGHWAY RECEIPTS.—Section 9503(d) is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

''(6) MEASUREMENT OF NET HIGHWAY RECEIPTS.—For purposes of making any estimate under paragraph (1) of net highway receipts for periods ending after the date specified in subsection (b)(1), the Secretary shall treat—

''(A) each expiring provision of subsection (b) which is related to appropriations or transfers to the Highway Trust Fund to have been extended through the end of the 48-month period referred to in paragraph (1)(B), and

''(B) with respect to each tax imposed under the sections referred to in subsection (b)(1), the rate of such tax during the 48-month period referred to in paragraph (1)(B) to be the same as the rate of such tax as in effect on the date of such estimate.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Volumetric Ethanol Excise Tax Credit

SEC. 9101. SHORT TITLE.

This subtitle may be cited as the ''Volumetric Ethanol Excise Tax Credit (VEETC) Act of 2004''.

SEC. 9102. ALCOHOL AND BIODIESEL EXCISE TAX CREDIT AND EXTENSION OF ALCOHOL FUELS INCOME TAX CREDIT.

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application) is amended by inserting after section 6425 the following new section:

''SEC. 6426. CREDIT FOR ALCOHOL FUEL AND BIODIESEL MIXTURES.

''(a) ALLOWANCE OF CREDITS.—There shall be allowed as a credit against the tax imposed by section 4081 an amount equal to the sum of—

''(1) the alcohol fuel mixture credit, plus

''(2) the biodiesel mixture credit.

''(b) ALCOHOL FUEL MIXTURE CREDIT.—

''(1) IN GENERAL.—For purposes of this section, the alcohol fuel mixture credit is the product of the applicable amount and the number of gallons of alcohol used by the taxpayer in producing any alcohol fuel mixture for sale or use in a trade or business of the taxpayer.

''(2) APPLICABLE AMOUNT.—For purposes of this subsection—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the applicable amount is 52 cents (51 cents in the case of any sale or use after 2004).

''(B) MIXTURES NOT CONTAINING ETHANOL.—In the case of an alcohol fuel mixture in which none of the alcohol consists of ethanol, the applicable amount is 60 cents.

''(3) ALCOHOL FUEL MIXTURE.—For purposes of this subsection, the term 'alcohol fuel mixture' means a mixture of alcohol and a taxable fuel which—

''(A) is sold by the taxpayer producing such mixture to any person for use as a fuel,

''(B) is used as a fuel by the taxpayer producing such mixture, or

''(C) is removed from the refinery by a person producing such mixture.

''(4) OTHER DEFINITIONS.—For purposes of this subsection—

''(A) ALCOHOL.—The term 'alcohol' includes methanol and ethanol but does not include—

''(i) alcohol produced from petroleum, natural gas, or coal (including peat), or

''(ii) alcohol with a proof of less than 190 (determined without regard to any added denaturants).

Such term also includes an alcohol gallon equivalent of ethyl tertiary butyl ether or other ethers produced from such alcohol.

''(B) TAXABLE FUEL.—The term 'taxable fuel' has the meaning given such term by section 4083(a)(1).

''(5) TERMINATION.—This subsection shall not apply to any sale, use, or removal for any period after December 31, 2010.

''(c) BIODIESEL MIXTURE CREDIT.—

''(1) IN GENERAL.—For purposes of this section, the biodiesel mixture credit is the product of the applicable amount and the number of gallons of biodiesel used by the taxpayer in producing any biodiesel mixture for sale or use in a trade or business of the taxpayer.

''(2) APPLICABLE AMOUNT.—For purposes of this subsection—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the applicable amount is 50 cents.

''(B) AMOUNT FOR AGRI-BIODIESEL.—In the case of any biodiesel which is agri-biodiesel, the applicable amount is $1.00.

''(3) BIODIESEL MIXTURE.—For purposes of this section, the term 'biodiesel mixture' means a mixture of biodiesel and diesel fuel (as defined in section 4083(a)(3)), determined without regard to any use of kerosene, which—

''(A) is sold by the taxpayer producing such mixture to any person for use as a fuel,

''(B) is used as a fuel by the taxpayer producing such mixture, or

''(C) is removed from the refinery by a person producing such mixture.

''(4) CERTIFICATION FOR BIODIESEL.—No credit shall be allowed under this section unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of the biodiesel which identifies the product produced and the percentage of biodiesel and agri-biodiesel in the product.

''(5) OTHER DEFINITIONS.—Any term used in this subsection which is also used in section 40A shall have the meaning given such term by section 40A.

''(6) TERMINATION.—This subsection shall not apply to any sale, use, or removal for any period after December 31, 2006.

''(d) MIXTURE NOT USED AS A FUEL, ETC.—

''(1) IMPOSITION OF TAX.—If—

''(A) any credit was determined under this section with respect to alcohol or biodiesel used in the production of any alcohol fuel mixture or biodiesel mixture, respectively, and

''(B) any person—

''(i) separates the alcohol or biodiesel from the mixture, or

''(ii) without separation, uses the mixture other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the applicable amount and the number of gallons of such alcohol or biodiesel.

''(2) APPLICABLE LAWS.—All provisions of law, including penalties, shall, insofar as applicable and not inconsistent with this section, apply in respect of any tax imposed under paragraph (1) as if such tax were imposed by section 4081 and not by this section.

''(e) COORDINATION WITH EXEMPTION FROM EXCISE TAX.—Rules similar to the rules under section 40(c) shall apply for purposes of this section.''.

(b) REGISTRATION REQUIREMENT.—Section 4101(a)(1) (relating to registration), as amended by sections 9211 and 9242 of this Act, is amended by inserting ''and every person producing or importing biodiesel (as defined in section 40A(d)(1)) or alcohol (as defined in section 6426(b)(4)(A))'' after ''4081''.

(c) ADDITIONAL AMENDMENTS.—

(1) Section 40(c) is amended by striking ''subsection (b)(2), (k), or (m) of section 4041, section 4081(c), or section 4091(c)'' and inserting ''section 4041(b)(2), section 6426, or section 6427(e)''.

(2) Paragraph (4) of section 40(d) is amended to read as follows:

''(4) VOLUME OF ALCOHOL.—For purposes of determining under subsection (a) the number of gallons of alcohol with respect to which a credit is allowable under subsection (a), the volume of alcohol shall include the volume of any denaturant (including gasoline) which is added under any formulas approved by the Secretary to the extent that such denaturants do not exceed 5 percent of the volume of such alcohol (including denaturants).''.

(3) Section 40(e)(1) is amended—

(A) by striking ''2007'' in subparagraph (A) and inserting ''2010'', and

(B) by striking ''2008'' in subparagraph (B) and inserting ''2011''.

(4) Section 40(h) is amended—

(A) by striking ''2007'' in paragraph (1) and inserting ''2010'', and

(B) by striking '', 2006, or 2007'' in the table contained in paragraph (2) and inserting ''through 2010''.

(5) Section 4041(b)(2)(B) is amended by striking ''a substance other than petroleum or natural gas'' and inserting ''coal (including peat)''.

(6) Section 4041 is amended by striking subsection (k).

(7) Section 4081 is amended by striking subsection (c).

(8) Paragraph (2) of section 4083(a) is amended to read as follows:

''(2) GASOLINE.—The term 'gasoline'—

''(A) includes any gasoline blend, other than qualified methanol or ethanol fuel (as defined in section 4041(b)(2)(B)), partially exempt methanol or ethanol fuel (as defined in section 4041(m)(2)), or a denatured alcohol, and

''(B) includes, to the extent prescribed in regulations—

''(i) any gasoline blend stock, and

''(ii) any product commonly used as an additive in gasoline (other than alcohol).

For purposes of subparagraph (B)(i), the term 'gasoline blend stock' means any petroleum product component of gasoline.''.

(9) Section 6427 is amended by inserting after subsection (d) the following new subsection:

''(e) ALCOHOL OR BIODIESEL USED TO PRODUCE ALCOHOL FUEL AND BIODIESEL MIXTURES OR USED AS FUELS.—Except as provided in subsection (k)—

''(1) USED TO PRODUCE A MIXTURE.—If any person produces a mixture described in section 6426 in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the alcohol fuel mixture credit or the biodiesel mixture credit with respect to such mixture.

''(2) USED AS FUEL.—If alcohol (as defined in section 40(d)(1)) or biodiesel (as defined in section 40A(d)(1)) or agri-biodiesel (as defined in section 40A(d)(2)) which is not in a mixture described in section 6426—

''(A) is used by any person as a fuel in a trade or business, or

''(B) is sold by any person at retail to another person and placed in the fuel tank of such person's vehicle,

the Secretary shall pay (without interest) to such person an amount equal to the alcohol credit (as determined under section 40(b)(2)) or the biodiesel credit (as determined under section 40A(b)(2)) with respect to such fuel.

''(3) COORDINATION WITH OTHER REPAYMENT PROVISIONS.—No amount shall be payable under paragraph (1) with respect to any mixture with respect to which an amount is allowed as a credit under section 6426.

''(4) TERMINATION.—This subsection shall not apply with respect to—

''(A) any alcohol fuel mixture (as defined in section 6426(b)(3)) or alcohol (as so defined) sold or used after December 31, 2010, and

''(B) any biodiesel mixture (as defined in section 6426(c)(3)) or biodiesel (as so defined) or agri-biodiesel (as so defined) sold or used after December 31, 2006.''.

(10) Section 6427(i)(3) is amended—

(A) by striking ''subsection (f)'' both places it appears in subparagraph (A) and inserting ''subsection (e)(1)'',

(B) by striking ''gasoline, diesel fuel, or kerosene used to produce a qualified alcohol mixture (as defined in section 4081(c)(3))'' in subparagraph (A) and inserting ''a mixture described in section 6426'',

(C) by adding at the end of subparagraph (A) the following new flush sentence: ''In the case of an electronic claim, this subparagraph shall be applied without regard to clause (i).'',

(D) by striking ''subsection (f)(1)'' in subparagraph (B) and inserting ''subsection (e)(1)'',

(E) by striking ''20 days of the date of the filing of such claim'' in subparagraph (B) and inserting ''45 days of the date of the filing of such claim (20 days in the case of an electronic claim)'', and

(F) by striking ''alcohol mixture'' in the heading and inserting ''alcohol fuel and biodiesel mixture''.

(11) Section 9503(b)(1) is amended by adding at the end the following new flush sentence: ''For purposes of this paragraph, taxes received under sections 4041 and 4081 shall be determined without reduction for credits under section 6426.''.

(12) Section 9503(b)(4), as amended by section 9101 of this Act, is amended—

(A) by adding ''or'' at the end of subparagraph (C),

(B) by striking the comma at the end of subparagraph (D)(iii) and inserting a period, and

(C) by striking subparagraphs (E) and (F).

(13) The table of sections for subchapter B of chapter 65 is amended by inserting after the item relating to section 6425 the following new item:

''Sec. 6426. Credit for alcohol fuel and biodiesel mixtures.''.

(14) TARIFF SCHEDULE.—Headings 9901.00.50 and 9901.00.52 of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007) are each amended in the effective period column by striking ''10/1/2007'' each place it appears and inserting ''1/1/2011''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to fuel sold or used after September 30, 2004.

(2) REGISTRATION REQUIREMENT.—The amendment made by subsection (b) shall take effect on April 1, 2005.

(3) EXTENSION OF ALCOHOL FUELS CREDIT.—The amendments made by paragraphs (3), (4), and (14) of subsection (c) shall take effect on the date of the enactment of this Act.

(4) REPEAL OF GENERAL FUND RETENTION OF CERTAIN ALCOHOL FUELS TAXES.—The amendments made by subsection (c)(12) shall apply to fuel sold or used after September 30, 2003.

(e) FORMAT FOR FILING.—The Secretary of the Treasury shall describe the electronic format for filing claims described in section 6427(i)(3)(B) of the Internal Revenue Code of 1986 (as amended by subsection (c)(10)(C)) not later than September 30, 2004.

SEC. 9103. BIODIESEL INCOME TAX CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by inserting after section 40 the following new section:

''SEC. 40A. BIODIESEL USED AS FUEL.

''(a) GENERAL RULE.—For purposes of section 38, the biodiesel fuels credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) the biodiesel mixture credit, plus

''(2) the biodiesel credit.

''(b) DEFINITION OF BIODIESEL MIXTURE CREDIT AND BIODIESEL CREDIT.—For purposes of this section—

''(1) BIODIESEL MIXTURE CREDIT.—

''(A) IN GENERAL.—The biodiesel mixture credit of any taxpayer for any taxable year is 50 cents for each gallon of biodiesel used by the taxpayer in the production of a qualified biodiesel mixture.

''(B) QUALIFIED BIODIESEL MIXTURE.—The term 'qualified biodiesel mixture' means a mixture of biodiesel and diesel fuel (as defined in section 4083(a)(3)), determined without regard to any use of kerosene, which—

''(i) is sold by the taxpayer producing such mixture to any person for use as a fuel, or

''(ii) is used as a fuel by the taxpayer producing such mixture.

''(C) SALE OR USE MUST BE IN TRADE OR BUSINESS, ETC.—Biodiesel used in the production of a qualified biodiesel mixture shall be taken into account—

''(i) only if the sale or use described in subparagraph (B) is in a trade or business of the taxpayer, and

''(ii) for the taxable year in which such sale or use occurs.

''(D) CASUAL OFF-FARM PRODUCTION NOT ELIGIBLE.—No credit shall be allowed under this section with respect to any casual off-farm production of a qualified biodiesel mixture.

''(2) BIODIESEL CREDIT.—

''(A) IN GENERAL.—The biodiesel credit of any taxpayer for any taxable year is 50 cents for each gallon of biodiesel which is not in a mixture with diesel fuel and which during the taxable year—

''(i) is used by the taxpayer as a fuel in a trade or business, or

''(ii) is sold by the taxpayer at retail to a person and placed in the fuel tank of such person's vehicle.

''(B) USER CREDIT NOT TO APPLY TO BIODIESEL SOLD AT RETAIL.—No credit shall be

allowed under subparagraph (A)(i) with respect to any biodiesel which was sold in a retail sale described in subparagraph (A)(ii).

''(3) CREDIT FOR AGRI-BIODIESEL.—In the case of any biodiesel which is agri-biodiesel, paragraphs (1)(A) and (2)(A) shall be applied by substituting '$1.00' for '50 cents'.

''(4) CERTIFICATION FOR BIODIESEL.—No credit shall be allowed under this section unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer or importer of the biodiesel which identifies the product produced and the percentage of biodiesel and agri-biodiesel in the product.

''(c) COORDINATION WITH CREDIT AGAINST EXCISE TAX.—The amount of the credit determined under this section with respect to any biodiesel shall be properly reduced to take into account any benefit provided with respect to such biodiesel solely by reason of the application of section 6426 or 6427(e).

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) BIODIESEL.—The term 'biodiesel' means the monoalkyl esters of long chain fatty acids derived from plant or animal matter which meet—

''(A) the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act (42 U.S.C. 7545), and

''(B) the requirements of the American Society of Testing and Materials D6751.

''(2) AGRI-BIODIESEL.—The term 'agri-biodiesel' means biodiesel derived solely from virgin oils, including esters derived from virgin vegetable oils from corn, soybeans, sunflower seeds, cottonseeds, canola, crambe, rapeseeds, safflowers, flaxseeds, rice bran, and mustard seeds, and from animal fats.

''(3) MIXTURE OR BIODIESEL NOT USED AS A FUEL, ETC.—

''(A) MIXTURES.—If—

''(i) any credit was determined under this section with respect to biodiesel used in the production of any qualified biodiesel mixture, and

''(ii) any person—

''(I) separates the biodiesel from the mixture, or

''(II) without separation, uses the mixture other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the rate applicable under subsection (b)(1)(A) and the number of gallons of such biodiesel in such mixture.

''(B) BIODIESEL.—If—

''(i) any credit was determined under this section with respect to the retail sale of any biodiesel, and

''(ii) any person mixes such biodiesel or uses such biodiesel other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the rate applicable under subsection (b)(2)(A) and the number of gallons of such biodiesel.

''(C) APPLICABLE LAWS.—All provisions of law, including penalties, shall, insofar as applicable and not inconsistent with this section, apply in respect of any tax imposed under subparagraph (A) or (B) as if such tax were imposed by section 4081 and not by this chapter.

''(4) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(e) TERMINATION.—This section shall not apply to any sale or use after December 31, 2006.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit) is amended by striking ''plus'' at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting '', plus'', and by adding at the end the following new paragraph:

''(16) the biodiesel fuels credit determined under section 40A(a).''.

(c) CONFORMING AMENDMENTS.—

(1) Section 39(d) is amended by adding at the end the following new paragraph:

''(11) NO CARRYBACK OF BIODIESEL FUELS CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the biodiesel fuels credit determined under section 40A may be carried back to a taxable year ending on or before September 30, 2004.''.

(2)(A) Section 87 is amended to read as follows:

''SEC. 87. ALCOHOL AND BIODIESEL FUELS CREDITS.

''Gross income includes—

''(1) the amount of the alcohol fuels credit determined with respect to the taxpayer for the taxable year under section 40(a), and

''(2) the biodiesel fuels credit determined with respect to the taxpayer for the taxable year under section 40A(a).''.

(B) The item relating to section 87 in the table of sections for part II of subchapter B of chapter 1 is amended by striking ''fuel credit'' and inserting ''and biodiesel fuels credits''.

(3) Section 196(c) is amended by striking ''and'' at the end of paragraph (9), by striking the period at the end of paragraph (10) and inserting '', and'', and by adding at the end the following new paragraph:

''(11) the biodiesel fuels credit determined under section 40A(a).''.

(4) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding after the item relating to section 40 the following new item:

''Sec. 40A. Biodiesel used as fuel.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced, and sold or used, after September 30, 2004, in taxable years ending after such date.

Subtitle C—Fuel Fraud Prevention

SEC. 9200. SHORT TITLE.

This subtitle may be cited as the ''Fuel Fraud Prevention Act of 2004''.

PART I—AVIATION JET FUEL

SEC. 9211. TAXATION OF AVIATION-GRADE KEROSENE.

(a) RATE OF TAX.—

(1) IN GENERAL.—Subparagraph (A) of section 4081(a)(2) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) in the case of aviation-grade kerosene, 21.8 cents per gallon.''.

(2) COMMERCIAL AVIATION.—Paragraph (2) of section 4081(a) is amended by adding at the end the following new subparagraph:

''(C) TAXES IMPOSED ON FUEL USED IN COMMERCIAL AVIATION.—In the case of aviation-grade kerosene which is removed from any refinery or terminal directly into the fuel tank of an aircraft for use in commercial aviation, the rate of tax under subparagraph (A)(iv) shall be 4.3 cents per gallon.''.

(3) NONTAXABLE USES.—

(A) IN GENERAL.—Section 4082 is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

''(e) AVIATION-GRADE KEROSENE.—In the case of aviation-grade kerosene which is exempt from the tax imposed by section 4041(c) (other than by reason of a prior imposition of tax) and which is removed from any refinery or terminal directly into the fuel tank of an aircraft, the rate of tax under section 4081(a)(2)(A)(iv) shall be zero.''.

(B) CONFORMING AMENDMENTS.—

(i) Subsection (b) of section 4082 is amended by adding at the end the following new flush sentence: ''The term 'nontaxable use' does not include the use of aviation-grade kerosene in an aircraft.''.

(ii) Section 4082(d) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(4) NONAIRCRAFT USE OF AVIATION-GRADE KEROSENE.—

(A) IN GENERAL.—Subparagraph (B) of section 4041(a)(1) is amended by adding at the end the following new sentence: ''This subparagraph shall not apply to aviation-grade kerosene.''.

(B) CONFORMING AMENDMENT.—The heading for paragraph (1) of section 4041(a) is amended by inserting ''and kerosene'' after ''diesel fuel''.

(b) COMMERCIAL AVIATION.—Section 4083 is amended redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

''(b) COMMERCIAL AVIATION.—For purposes of this subpart, the term 'commercial aviation' means any use of an aircraft in a business of transporting persons or property for compensation or hire by air, unless properly allocable to any transportation exempt from the taxes imposed by section 4261 and 4271 by reason of section 4281 or 4282 or by reason of section 4261(h).''.

(c) REFUNDS.—

(1) IN GENERAL.—Paragraph (4) of section 6427(l) is amended to read as follows:

''(4) REFUNDS FOR AVIATION-GRADE KEROSENE.—

''(A) NO REFUND OF CERTAIN TAXES ON FUEL USED IN COMMERCIAL AVIATION.—In the case of aviation-grade kerosene used in commercial aviation (as defined in section 4083(b)) (other than supplies for vessels or aircraft within the meaning of section 4221(d)(3)), paragraph (1) shall not apply to so much of the tax imposed by section 4081 as is attributable to—

''(i) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

''(ii) so much of the rate of tax specified in section 4081(a)(2)(A)(iv) as does not exceed 4.3 cents per gallon.

''(B) PAYMENT TO ULTIMATE, REGISTERED VENDOR.—With respect to aviation-grade kerosene, if the ultimate purchaser of such kerosene waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

''(i) is registered under section 4101, and

''(ii) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).''.

(2) TIME FOR FILING CLAIMS.—Paragraph (4) of section 6427(i) is amended by striking ''subsection (l)(5)'' and inserting ''paragraph (4)(B) or (5) of subsection (l)''.

(3) CONFORMING AMENDMENT.—Subparagraph (B) of section 6427(l)(2) is amended to read as follows:

''(B) in the case of aviation-grade kerosene—

''(i) any use which is exempt from the tax imposed by section 4041(c) other than by reason of a prior imposition of tax, or

''(ii) any use in commercial aviation (within the meaning of section 4083(b)).''.

(d) REPEAL OF PRIOR TAXATION OF AVIATION FUEL.—

(1) IN GENERAL.—Part III of subchapter A of chapter 32 is amended by striking subpart B and by redesignating subpart C as subpart B.

(2) CONFORMING AMENDMENTS.—

(A) Section 4041(c) is amended to read as follows:

''(c) AVIATION-GRADE KEROSENE.—

''(1) IN GENERAL.—There is hereby imposed a tax upon aviation-grade kerosene—

''(A) sold by any person to an owner, lessee, or other operator of an aircraft for use in such aircraft, or

''(B) used by any person in an aircraft unless there was a taxable sale of such fuel under subparagraph (A).

''(2) EXEMPTION FOR PREVIOUSLY TAXED FUEL.—No tax shall be imposed by this subsection on the sale or use of any aviation-grade kerosene if tax was imposed on such liquid under section 4081 and the tax thereon was not credited or refunded.

''(3) RATE OF TAX.—The rate of tax imposed by this subsection shall be the rate of tax specified in section 4081(a)(2)(A)(iv) which is in effect at the time of such sale or use.''.

(B) Section 4041(d)(2) is amended by striking ''section 4091'' and inserting ''section 4081''.

(C) Section 4041 is amended by striking subsection (e).

(D) Section 4041 is amended by striking subsection (i).

(E) Section 4041(m)(1) is amended to read as follows:

''(1) IN GENERAL.—In the case of the sale or use of any partially exempt methanol or ethanol fuel, the rate of the tax imposed by subsection (a)(2) shall be—

''(A) after September 30, 1997, and before September 30, 2009—

''(i) in the case of fuel none of the alcohol in which consists of ethanol, 9.15 cents per gallon, and

''(ii) in any other case, 11.3 cents per gallon, and

''(B) after September 30, 2009—

''(i) in the case of fuel none of the alcohol in which consists of ethanol, 2.15 cents per gallon, and

''(ii) in any other case, 4.3 cents per gallon.''.

(F) Sections 4101(a), 4103, 4221(a), and 6206 are each amended by striking '', 4081, or 4091'' and inserting ''or 4081''.

(G) Section 6416(b)(2) is amended by striking ''4091 or''.

(H) Section 6416(b)(3) is amended by striking ''or 4091'' each place it appears.

(I) Section 6416(d) is amended by striking ''or to the tax imposed by section 4091 in the case of refunds described in section 4091(d)''.

(J) Section 6427 is amended by striking subsection (f).

(K) Section 6427(j)(1) is amended by striking '', 4081, and 4091'' and inserting ''and 4081''.

(L)(i) Section 6427(l)(1) is amended to read as follows:

''(1) IN GENERAL.—Except as otherwise provided in this subsection and in subsection (k), if any diesel fuel or kerosene on which tax has been imposed by section 4041 or 4081 is used by any person in a nontaxable use, the Secretary shall pay (without interest) to the ultimate purchaser of such fuel an amount equal to the aggregate amount of tax imposed on such fuel under section 4041 or 4081, as the case may be, reduced by any refund paid to the ultimate vendor under paragraph (4)(B).''.

(ii) Paragraph (5)(B) of section 6427(l) is amended by striking ''Paragraph (1)(A) shall not apply to kerosene'' and inserting ''Paragraph (1) shall not apply to kerosene (other than aviation-grade kerosene)''.

(M) Subparagraph (B) of section 6724(d)(1) is amended by striking clause (xv) and by redesignating the succeeding clauses accordingly.

(N) Paragraph (2) of section 6724(d) is amended by striking subparagraph (W) and by redesignating the succeeding subparagraphs accordingly.

(O) Paragraph (1) of section 9502(b) is amended by adding ''and'' at the end of subparagraph (B) and by striking subparagraphs (C) and (D) and inserting the following new subparagraph:

''(C) section 4081 with respect to aviation gasoline and aviation-grade kerosene, and''.

(P) The last sentence of section 9502(b) is amended to read as follows: ''There shall not be taken into account under paragraph (1) so much of the taxes imposed by section 4081 as are determined at the rate specified in section 4081(a)(2)(B).''.

(Q) Subsection (b) of section 9508 is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(R) Section 9508(c)(2)(A) is amended by striking ''sections 4081 and 4091'' and inserting ''section 4081''.

(S) The table of subparts for part III of subchapter A of chapter 32 is amended to read as follows:

''SUBPART A. MOTOR AND AVIATION FUELS
''SUBPART B. SPECIAL PROVISIONS APPLICABLE TO FUELS TAX''.

(T) The heading for subpart A of part III of subchapter A of chapter 32 is amended to read as follows:

''Subpart A—Motor and Aviation Fuels''.

(U) The heading for subpart B of part III of subchapter A of chapter 32 is amended to read as follows:

''Subpart B—Special Provisions Applicable to Fuels Tax''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to aviation-grade kerosene removed, entered, or sold after September 30, 2004.

(f) FLOOR STOCKS TAX.—

(1) IN GENERAL.—There is hereby imposed on aviation-grade kerosene held on October 1, 2004, by any person a tax equal to—

(A) the tax which would have been imposed before such date on such kerosene had the amendments made by this section been in effect at all times before such date, reduced by

(B) the tax imposed before such date under section 4091 of the Internal Revenue Code of 1986, as in effect on the day before the date of the enactment of this Act.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—The person holding the kerosene on October 1, 2004, to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD AND TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid at such time and in such manner as the Secretary of the Treasury shall prescribe, including the nonapplication of such tax on de minimis amounts of kerosene.

(3) TRANSFER OF FLOOR STOCK TAX REVENUES TO TRUST FUNDS.—For purposes of determining the amount transferred to any trust fund, the tax imposed by this subsection shall be treated as imposed by section 4081 of the Internal Revenue Code of 1986—

(A) at the Leaking Underground Storage Tank Trust Fund financing rate under such section to the extent of 0.1 cents per gallon, and

(B) at the rate under section 4081(a)(2)(A)(iv) to the extent of the remainder.

(4) HELD BY A PERSON.—For purposes of this section, kerosene shall be considered as held by a person if title thereto has passed to such person (whether or not delivery to the person has been made).

(5) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the tax imposed by section 4081 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply with respect to the floor stock tax imposed by paragraph (1) to the same extent as if such tax were imposed by such section.

SEC. 9212. TRANSFER OF CERTAIN AMOUNTS FROM THE AIRPORT AND AIRWAY TRUST FUND TO THE HIGHWAY TRUST FUND TO REFLECT HIGHWAY USE OF JET FUEL.

(a) IN GENERAL.—Section 9502(d) is amended by adding at the end the following new paragraph:

''(7) TRANSFERS FROM THE TRUST FUND TO THE HIGHWAY TRUST FUND.—

''(A) IN GENERAL.—The Secretary shall pay annually from the Airport and Airway Trust Fund into the Highway Trust Fund an amount (as determined by him) equivalent to amounts received in the Airport and Airway Trust Fund which are attributable to fuel that is used primarily for highway transportation purposes.

''(B) AMOUNTS TRANSFERRED TO MASS TRANSIT ACCOUNT.—The Secretary shall transfer 11 percent of the amounts paid into the Highway Trust Fund under subparagraph (A) to the Mass Transit Account established under section 9503(e).''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 9503 is amended—

(A) by striking ''appropriated or credited'' and inserting ''paid, appropriated, or credited'', and

(B) by striking ''or section 9602(b)'' and inserting '', section 9502(d)(7), or section 9602(b)''.

(2) Subsection (e)(1) of section 9503 is amended by striking ''or section 9602(b)'' and inserting '', section 9502(d)(7), or section 9602(b)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

PART II—DYED FUEL

SEC. 9221. DYE INJECTION EQUIPMENT.

(a) IN GENERAL.—Section 4082(a)(2) (relating to exemptions for diesel fuel and kerosene) is amended by inserting ''by mechanical injection'' after ''indelibly dyed''.

(b) DYE INJECTOR SECURITY.—Not later than June 30, 2004, the Secretary of the Treasury shall issue regulations regarding mechanical dye injection systems described in the amendment made by subsection (a), and such regulations shall include standards for making such systems tamper resistant.

(c) PENALTY FOR TAMPERING WITH OR FAILING TO MAINTAIN SECURITY REQUIREMENTS FOR MECHANICAL DYE INJECTION SYSTEMS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by adding after section 6715 the following new section:

''SEC. 6715A. TAMPERING WITH OR FAILING TO MAINTAIN SECURITY REQUIREMENTS FOR MECHANICAL DYE INJECTION SYSTEMS.

''(a) IMPOSITION OF PENALTY.—

''(1) TAMPERING.—If any person tampers with a mechanical dye injection system used to indelibly dye fuel for purposes of section 4082, then such person shall pay a penalty in addition to the tax (if any).

''(2) FAILURE TO MAINTAIN SECURITY REQUIREMENTS.—If any operator of a mechanical dye injection system used to indelibly dye fuel for purposes of section 4082 fails to maintain the security standards for such system as established by the Secretary, then such operator shall pay a penalty.

''(b) AMOUNT OF PENALTY.—The amount of the penalty under subsection (a) shall be—

''(1) for each violation described in paragraph (1), the greater of—

''(A) $25,000, or

''(B) $10 for each gallon of fuel involved, and

''(2) for each—

''(A) failure to maintain security standards described in paragraph (2), $1,000, and

''(B) failure to correct a violation described in paragraph (2), $1,000 per day for each day after which such violation was discovered or such person should have reasonably known of such violation.

''(c) JOINT AND SEVERAL LIABILITY.—

''(1) IN GENERAL.—If a penalty is imposed under this section on any business entity, each officer, employee, or agent of such entity or other contracting party who willfully participated in any act giving rise to such penalty shall be jointly and severally liable with such entity for such penalty.

''(2) AFFILIATED GROUPS.—If a business entity described in paragraph (1) is part of an affiliated group (as defined in section 1504(a)), the parent corporation of such entity shall be jointly and severally liable with such entity for the penalty imposed under this section.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by adding after the item related to section 6715 the following new item:

''Sec. 6715A. Tampering with or failing to maintain security requirements for mechanical dye injection systems.''.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (c) shall take effect 180 days after the date on which the Secretary issues the regulations described in subsection (b).

SEC. 9222. ELIMINATION OF ADMINISTRATIVE REVIEW FOR TAXABLE USE OF DYED FUEL.

(a) IN GENERAL.—Section 6715 is amended by inserting at the end the following new subsection:

''(e) NO ADMINISTRATIVE APPEAL FOR THIRD AND SUBSEQUENT VIOLATIONS.—In the case of any person who is found to be subject to the penalty under this section after a chemical analysis of such fuel and who has been penalized under this section at least twice after the date of the enactment of this subsection, no administrative appeal or review shall be allowed with respect to such finding except in the case of a claim regarding—

''(1) fraud or mistake in the chemical analysis, or

''(2) mathematical calculation of the amount of the penalty.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to penalties assessed after the date of the enactment of this Act.

SEC. 9223. PENALTY ON UNTAXED CHEMICALLY ALTERED DYED FUEL MIXTURES.

(a) IN GENERAL.—Section 6715(a) (relating to dyed fuel sold for use or used in taxable use, etc.) is amended by striking ''or'' in paragraph (2), by inserting ''or'' at the end of paragraph (3), and by inserting after paragraph (3) the following new paragraph:

''(4) any person who has knowledge that a dyed fuel which has been altered as described in paragraph (3) sells or holds for sale such fuel for any use which the person knows or has reason to know is not a nontaxable use of such fuel,''.

(b) CONFORMING AMENDMENT.—Section 6715(a)(3) is amended by striking ''alters, or attempts to alter,'' and inserting ''alters, chemically or otherwise, or attempts to so alter,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9224. TERMINATION OF DYED DIESEL USE BY INTERCITY BUSES.

(a) IN GENERAL.—Paragraph (3) of section 4082(b) (relating to nontaxable use) is amended to read as follows:

''(3) any use described in section 4041(a)(1)(C)(iii)(II).''.

(b) ULTIMATE VENDOR REFUND.—Subsection (b) of section 6427 is amended by adding at the end the following new paragraph:

''(4) REFUNDS FOR USE OF DIESEL FUEL IN CERTAIN INTERCITY BUSES.—

''(A) IN GENERAL.—With respect to any fuel to which paragraph (2)(A) applies, if the ultimate purchaser of such fuel waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

''(i) is registered under section 4101, and

''(ii) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).

''(B) CREDIT CARDS.—For purposes of this paragraph, if the sale of such fuel is made by means of a credit card, the person extending credit to the ultimate purchaser shall be deemed to be the ultimate vendor.''.

(c) PAYMENT OF REFUNDS.—Subparagraph (A) of section 6427(i)(4), as amended by section 9211 of this Act, is amended by inserting ''subsections (b)(4) and'' after ''filed under''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold after September 30, 2004.

PART III—MODIFICATION OF INSPECTION OF RECORDS PROVISIONS

SEC. 9231. AUTHORITY TO INSPECT ON-SITE RECORDS.

(a) IN GENERAL.—Section 4083(d)(1)(A) (relating to administrative authority), as amended by section 9211 of this Act, is amended by striking ''and'' at the end of clause (i) and by inserting after clause (ii) the following new clause:

''(iii) inspecting any books and records and any shipping papers pertaining to such fuel, and''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9232. ASSESSABLE PENALTY FOR REFUSAL OF ENTRY.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties), as amended by section 9221 of this Act, is amended by adding at the end the following new section:

''SEC. 6717. REFUSAL OF ENTRY.

''(a) IN GENERAL.—In addition to any other penalty provided by law, any person who refuses to admit entry or refuses to permit any other action by the Secretary authorized by section 4083(d)(1) shall pay a penalty of $1,000 for such refusal.

''(b) JOINT AND SEVERAL LIABILITY.—

''(1) IN GENERAL.—If a penalty is imposed under this section on any business entity, each officer, employee, or agent of such entity or other contracting party who willfully participated in any act giving rise to such penalty shall be jointly and severally liable with such entity for such penalty.

''(2) AFFILIATED GROUPS.—If a business entity described in paragraph (1) is part of an affiliated group (as defined in section 1504(a)), the parent corporation of such entity shall be jointly and severally liable with such entity for the penalty imposed under this section.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 4083(d)(3), as amended by section 9211 of this Act, is amended—

(A) by striking ''ENTRY.—The penalty'' and inserting: ''ENTRY.—

''(A) FORFEITURE.—The penalty'', and

(B) by adding at the end the following new subparagraph:

''(B) ASSESSABLE PENALTY.—For additional assessable penalty for the refusal to admit entry or other refusal to permit an action by the Secretary authorized by paragraph (1), see section 6717.''.

(2) The table of sections for part I of subchapter B of chapter 68, as amended by section 9221 of this Act, is amended by adding at the end the following new item:

''Sec. 6717. Refusal of entry.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

PART IV—REGISTRATION AND REPORTING REQUIREMENTS

SEC. 9241. REGISTRATION OF PIPELINE OR VESSEL OPERATORS REQUIRED FOR EXEMPTION OF BULK TRANSFERS TO REGISTERED TERMINALS OR REFINERIES.

(a) IN GENERAL.—Section 4081(a)(1)(B) (relating to exemption for bulk transfers to registered terminals or refineries) is amended—

(1) by inserting ''by pipeline or vessel'' after ''transferred in bulk'', and

(2) by inserting '', the operator of such pipeline or vessel,'' after ''the taxable fuel''.

(b) CIVIL PENALTY FOR CARRYING TAXABLE FUELS BY NONREGISTERED PIPELINES OR VESSELS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties), as amended by section 9232 of this Act, is amended by adding at the end the following new section:

''SEC. 6718. CARRYING TAXABLE FUELS BY NONREGISTERED PIPELINES OR VESSELS.

''(a) IMPOSITION OF PENALTY.—If any person knowingly transfers any taxable fuel (as defined in section 4083(a)(1)) in bulk pursuant to section 4081(a)(1)(B) to an unregistered, such person shall pay a penalty in addition to the tax (if any).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the penalty under subsection (a) on each act shall be an amount equal to the greater of—

''(A) $10,000, or

''(B) $1 per gallon.

''(2) MULTIPLE VIOLATIONS.—In determining the penalty under subsection (a) on any person, paragraph (1) shall be applied by increasing the amount in paragraph (1) by the product of such amount and the number of prior penalties (if any) imposed by this section on such person (or a related person or any predecessor of such person or related person).

''(c) JOINT AND SEVERAL LIABILITY.—

''(1) IN GENERAL.—If a penalty is imposed under this section on any business entity, each officer, employee, or agent of such entity or other contracting party who willfully participated in any act giving rise to such penalty shall be jointly and severally liable with such entity for such penalty.

''(2) AFFILIATED GROUPS.—If a business entity described in paragraph (1) is part of an affiliated group (as defined in section 1504(a)), the parent corporation of such entity shall be jointly and severally liable with such entity for the penalty imposed under this section.

''(d) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter

68, as amended by section 9232 of this Act, is amended by adding at the end the following new item:

''Sec. 6718. Carrying taxable fuels by nonregistered pipelines or vessels.''.

(c) PUBLICATION OF REGISTERED PERSONS.—Not later than June 30, 2004, the Secretary of the Treasury shall publish a list of persons required to be registered under section 4101 of the Internal Revenue Code of 1986.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on October 1, 2004.

SEC. 9242. DISPLAY OF REGISTRATION.

(a) IN GENERAL.—Subsection (a) of section 4101 (relating to registration) is amended—

(1) by striking ''Every'' and inserting the following:

''(1) IN GENERAL.—Every'', and

(2) by adding at the end the following new paragraph:

''(2) DISPLAY OF REGISTRATION.—Every operator of a vessel required by the Secretary to register under this section shall display proof of registration through an electronic identification device prescribed by the Secretary on each vessel used by such operator to transport any taxable fuel.''.

(b) CIVIL PENALTY FOR FAILURE TO DISPLAY REGISTRATION.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties), as amended by section 9241 of this Act, is amended by adding at the end the following new section:

''SEC. 6719. FAILURE TO DISPLAY REGISTRATION OF VESSEL.

''(a) FAILURE TO DISPLAY REGISTRATION.—Every operator of a vessel who fails to display proof of registration pursuant to section 4101(a)(2) shall pay a penalty of $500 for each such failure. With respect to any vessel, only one penalty shall be imposed by this section during any calendar month.

''(b) MULTIPLE VIOLATIONS.—In determining the penalty under subsection (a) on any person, subsection (a) shall be applied by increasing the amount in subsection (a) by the product of such amount and the number of prior penalties (if any) imposed by this section on such person (or a related person or any predecessor of such person or related person).

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68, as amended by section 9241 of this Act, is amended by adding at the end the following new item:

''Sec. 6719. Failure to display registration of vessel.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 9243. REGISTRATION OF PERSONS WITHIN FOREIGN TRADE ZONES, ETC.

(a) IN GENERAL.—Section 4101(a), as amended by section 9242 of this Act, is amended by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

''(2) REGISTRATION OF PERSONS WITHIN FOREIGN TRADE ZONES, ETC.—The Secretary shall require registration by any person which—

''(A) operates a terminal or refinery within a foreign trade zone or within a customs bonded storage facility, or

''(B) holds an inventory position with respect to a taxable fuel in such a terminal.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 9244. PENALTIES FOR FAILURE TO REGISTER AND FAILURE TO REPORT.

(a) INCREASED PENALTY.—Subsection (a) of section 7272 (relating to penalty for failure to register) is amended by inserting ''($10,000 in the case of a failure to register under section 4101)'' after ''$50''.

(b) INCREASED CRIMINAL PENALTY.—Section 7232 (relating to failure to register under section 4101, false representations of registration status, etc.) is amended by striking ''$5,000'' and inserting ''$10,000''.

(c) ASSESSABLE PENALTY FOR FAILURE TO REGISTER.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties), as amended by section 9242 of this Act, is amended by adding at the end the following new section:

''SEC. 6720. FAILURE TO REGISTER.

''(a) FAILURE TO REGISTER.—Every person who is required to register under section 4101 and fails to do so shall pay a penalty in addition to the tax (if any).

''(b) AMOUNT OF PENALTY.—The amount of the penalty under subsection (a) shall be—

''(1) $10,000 for each initial failure to register, and

''(2) $1,000 for each day thereafter such person fails to register.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68, as amended by section 9242 of this Act, is amended by adding at the end the following new item:

''Sec. 6720. Failure to register.''.

(d) ASSESSABLE PENALTY FOR FAILURE TO REPORT.—

(1) IN GENERAL.—Part II of subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end the following new section:

''SEC. 6725. FAILURE TO REPORT INFORMATION UNDER SECTION 4101.

''(a) IN GENERAL.—In the case of each failure described in subsection (b) by any person with respect to a vessel or facility, such person shall pay a penalty of $10,000 in addition to the tax (if any).

''(b) FAILURES SUBJECT TO PENALTY.—For purposes of subsection (a), the failures described in this subsection are—

''(1) any failure to make a report under section 4101(d) on or before the date prescribed therefor, and

''(2) any failure to include all of the information required to be shown on such report or the inclusion of incorrect information.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(2) CLERICAL AMENDMENT.—The table of sections for part II of subchapter B of chapter 68 is amended by adding at the end the following new item:

''Sec. 6725. Failure to report information under section 4101.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to failures pending or occurring after September 30, 2004.

SEC. 9245. INFORMATION REPORTING FOR PERSONS CLAIMING CERTAIN TAX BENEFITS.

(a) IN GENERAL.—Subpart C of part III of subchapter A of chapter 32 is amended by adding at the end the following new section:

''SEC. 4104. INFORMATION REPORTING FOR PERSONS CLAIMING CERTAIN TAX BENEFITS.

''(a) IN GENERAL.—The Secretary shall require any person claiming tax benefits—

''(1) under the provisions of section 34, 40, and 40A to file a return at the time such person claims such benefits (in such manner as the Secretary may prescribe), and

''(2) under the provisions of section 4041(b)(2), 6426, or 6427(e) to file a monthly return (in such manner as the Secretary may prescribe).

''(b) CONTENTS OF RETURN.—Any return filed under this section shall provide such information relating to such benefits and the coordination of such benefits as the Secretary may require to ensure the proper administration and use of such benefits.

''(c) ENFORCEMENT.—With respect to any person described in subsection (a) and subject to registration requirements under this title, rules similar to rules of section 4222(c) shall apply with respect to any requirement under this section.''.

(b) CONFORMING AMENDMENT.—The table of sections for subpart C of part III of subchapter A of chapter 32 is amended by adding at the end the following new item:

''Sec. 4104. Information reporting for persons claiming certain tax benefits.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 9246. ELECTRONIC REPORTING.

(a) IN GENERAL.—Section 4101(d), as amended by section 9273 of this Act, is amended by adding at the end the following new sentence: ''Any person who is required to report under this subsection and who has 25 or more reportable transactions in a month shall file such report in electronic format.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply on October 1, 2004.

PART V—IMPORTS

SEC. 9251. TAX AT POINT OF ENTRY WHERE IMPORTER NOT REGISTERED.

(a) TAX AT POINT OF ENTRY WHERE IMPORTER NOT REGISTERED.—

(1) IN GENERAL.—Subpart C of part III of subchapter A of chapter 31, as amended by section 9245 of this Act, is amended by adding at the end the following new section:

''SEC. 4105. TAX AT ENTRY WHERE IMPORTER NOT REGISTERED.

''(a) IN GENERAL.—Any tax imposed under this part on any person not registered under section 4101 for the entry of a fuel into the United States shall be imposed at the time and point of entry.

''(b) ENFORCEMENT OF ASSESSMENT.—If any person liable for any tax described under subsection (a) has not paid the tax or posted a bond, the Secretary may—

''(1) seize the fuel on which the tax is due, or

''(2) detain any vehicle transporting such fuel,

until such tax is paid or such bond is filed.

''(c) LEVY OF FUEL.—If no tax has been paid or no bond has been filed within 5 days from the date the Secretary seized fuel pursuant to subsection (b), the Secretary may sell such fuel as provided under section 6336.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart C of part III of subchapter A of chapter 31 of the Internal Revenue Code of 1986, as amended by section 9245 of this Act, is amended by adding after the last item the following new item:

''Sec. 4105. Tax at entry where importer not registered.''.

(b) DENIAL OF ENTRY WHERE TAX NOT PAID.—The Secretary of Homeland Security is authorized to deny entry into the United States of any shipment of a fuel which is taxable under section 4081 of the Internal Revenue Code of 1986 if the person entering such shipment fails to pay the tax imposed

under such section or post a bond in accordance with the provisions of section 4105 of such Code.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9252. RECONCILIATION OF ON-LOADED CARGO TO ENTERED CARGO.

(a) IN GENERAL.—Subsection (a) of section 343 of the Trade Act of 2002 is amended by inserting at the end the following new paragraph:

''(4) IN GENERAL.—Subject to paragraphs (2) and (3), not later than 1 year after the enactment of this paragraph, the Secretary of Homeland Security, together with the Secretary of the Treasury, shall promulgate regulations providing for the transmission to the Internal Revenue Service, through an electronic data interchange system, of information pertaining to cargo of taxable fuels (as defined in section 4083 of the Internal Revenue Code of 1986) destined for importation into the United States prior to such importation.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

PART VI—MISCELLANEOUS PROVISIONS

SEC. 9261. TAX ON SALE OF DIESEL FUEL WHETHER SUITABLE FOR USE OR NOT IN A DIESEL-POWERED VEHICLE OR TRAIN.

(a) IN GENERAL.—Section 4083(a)(3) is amended—

(1) by striking ''The term'' and inserting the following:

''(A) IN GENERAL.—The term'', and

(2) by inserting at the end the following new subparagraph:

''(B) LIQUID SOLD AS DIESEL FUEL.—The term 'diesel fuel' includes any liquid which is sold as or offered for sale as a fuel in a diesel-powered highway vehicle or a diesel-powered train.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 40A(b)(1)(B), as amended by section 9103 of this Act, is amended by striking ''4083(a)(3)'' and inserting ''4083(a)(3)(A)''.

(2) Section 6426(c)(3), as added by section 5102 of this Act, is amended by striking ''4083(a)(3)'' and inserting ''4083(a)(3)(A)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9262. MODIFICATION OF ULTIMATE VENDOR REFUND CLAIMS WITH RESPECT TO FARMING.

(a) IN GENERAL.—

(1) REFUNDS.—Section 6427(l) is amended by adding at the end the following new paragraph:

''(6) REGISTERED VENDORS PERMITTED TO ADMINISTER CERTAIN CLAIMS FOR REFUND OF DIESEL FUEL AND KEROSENE SOLD TO FARMERS.—

''(A) IN GENERAL.—In the case of diesel fuel or kerosene used on a farm for farming purposes (within the meaning of section 6420(c)), paragraph (1) shall not apply to the aggregate amount of such diesel fuel or kerosene if such amount does not exceed 500 gallons (as determined under subsection (i)(5)(A)(iii)).

''(B) PAYMENT TO ULTIMATE VENDOR.—The amount which would (but for subparagraph (A)) have been paid under paragraph (1) with respect to any fuel shall be paid to the ultimate vendor of such fuel, if such vendor—

''(i) is registered under section 4101, and

''(ii) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).''.

(2) FILING OF CLAIMS.—Section 6427(i) is amended by inserting at the end the following new paragraph:

''(5) SPECIAL RULE FOR VENDOR REFUNDS WITH RESPECT TO FARMERS.—

''(A) IN GENERAL.—A claim may be filed under subsection (l)(6) by any person with respect to fuel sold by such person for any period—

''(i) for which $200 or more ($100 or more in the case of kerosene) is payable under subsection (l)(6),

''(ii) which is not less than 1 week, and

''(iii) which is for not more than 500 gallons for each farmer for which there is a claim.

Notwithstanding subsection (l)(1), paragraph (3)(B) shall apply to claims filed under the preceding sentence.

''(B) TIME FOR FILING CLAIM.—No claim filed under this paragraph shall be allowed unless filed on or before the last day of the first quarter following the earliest quarter included in the claim.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 6427(l)(5)(A) is amended to read as follows:

''(A) IN GENERAL.—Paragraph (1) shall not apply to diesel fuel or kerosene used by a State or local government.''.

(B) The heading for section 6427(l)(5) is amended by striking ''farmers and''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to fuels sold for nontaxable use after the date of the enactment of this Act.

SEC. 9263. TAXABLE FUEL REFUNDS FOR CERTAIN ULTIMATE VENDORS.

(a) IN GENERAL.—Paragraph (4) of section 6416(a) (relating to abatements, credits, and refunds) is amended to read as follows:

''(4) REGISTERED ULTIMATE VENDOR TO ADMINISTER CREDITS AND REFUNDS OF GASOLINE TAX.—

''(A) IN GENERAL.—For purposes of this subsection, if an ultimate vendor purchases any gasoline on which tax imposed by section 4081 has been paid and sells such gasoline to an ultimate purchaser described in subparagraph (C) or (D) of subsection (b)(2) (and such gasoline is for a use described in such subparagraph), such ultimate vendor shall be treated as the person (and the only person) who paid such tax, but only if such ultimate vendor is registered under section 4101. For purposes of this subparagraph, if the sale of gasoline is made by means of a credit card, the person extending the credit to the ultimate purchaser shall be deemed to be the ultimate vendor.

''(B) TIMING OF CLAIMS.—The procedure and timing of any claim under subparagraph (A) shall be the same as for claims under section 6427(i)(4), except that the rules of section 6427(i)(3)(B) regarding electronic claims shall not apply unless the ultimate vendor has certified to the Secretary for the most recent quarter of the taxable year that all ultimate purchasers of the vendor are certified and entitled to a refund under subparagraph (C) or (D) of subsection (b)(2).''.

(b) CREDIT CARD PURCHASES OF DIESEL FUEL OR KEROSENE BY STATE AND LOCAL GOVERNMENTS.—Section 6427(l)(5)(C) (relating to nontaxable uses of diesel fuel, kerosene, and aviation fuel), as amended by section 9252 of this Act, is amended by adding at the end the following new sentence: ''For purposes of this subparagraph, if the sale of diesel fuel or kerosene is made by means of a credit card, the person extending the credit to the ultimate purchaser shall be deemed to be the ultimate vendor.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 9264. TWO-PARTY EXCHANGES.

(a) IN GENERAL.—Subpart C of part III of subchapter A of chapter 32, as amended by section 9251 of this Act, is amended by adding at the end the following new section:

''SEC. 4106. TWO-PARTY EXCHANGES.

''(a) IN GENERAL.—In a two-party exchange, the delivering person shall not be liable for the tax imposed under of section 4081(a)(1)(A)(ii).

''(b) TWO-PARTY EXCHANGE.—The term 'two-party exchange' means a transaction, other than a sale, in which taxable fuel is transferred from a delivering person registered under section 4101 as a taxable fuel registrant to a receiving person who is so registered where all of the following occur:

''(1) The transaction includes a transfer from the delivering person, who holds the inventory position for taxable fuel in the terminal as reflected in the records of the terminal operator.

''(2) The exchange transaction occurs before or contemporaneous with completion of removal across the rack from the terminal by the receiving person.

''(3) The terminal operator in its books and records treats the receiving person as the person that removes the product across the terminal rack for purposes of reporting the transaction to the Secretary.

''(4) The transaction is the subject of a written contract.''.

(b) CONFORMING AMENDMENT.—The table of sections for subpart C of part III of subchapter A of chapter 32, as amended by section 9251 of this Act, is amended by adding after the last item the following new item:

''Sec. 4106. Two-party exchanges.''.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 9265. MODIFICATIONS OF TAX ON USE OF CERTAIN VEHICLES.

(a) NO PRORATION OF TAX UNLESS VEHICLE IS DESTROYED OR STOLEN.—

(1) IN GENERAL.—Section 4481(c) (relating to proration of tax) is amended to read as follows:

''(c) PRORATION OF TAX WHERE VEHICLE SOLD, DESTROYED, OR STOLEN.—

''(1) IN GENERAL.—If in any taxable period a highway motor vehicle is sold, destroyed, or stolen before the first day of the last month in such period and not subsequently used during such taxable period, the tax shall be reckoned proportionately from the first day of the month in such period in which the first use of such highway motor vehicle occurs to and including the last day of the month in which such highway motor vehicle was sold, destroyed, or stolen.

''(2) DESTROYED.—For purposes of paragraph (1), a highway motor vehicle is destroyed if such vehicle is damaged by reason of an accident or other casualty to such an extent that it is not economic to rebuild.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 6156 (relating to installment payment of tax on use of highway motor vehicles) is repealed.

(B) The table of sections for subchapter A of chapter 62 is amended by striking the item relating to section 6156.

(b) DISPLAY OF TAX CERTIFICATE.—Paragraph (2) of section 4481(d) (relating to one tax liability for period) is amended to read as follows:

''(2) DISPLAY OF TAX CERTIFICATE.—Every taxpayer which pays the tax imposed under this section with respect to a highway motor vehicle shall, not later than 1 month after the due date of the return of tax with respect to each taxable period, receive and display on such vehicle an electronic identification device prescribed by the Secretary.''.

(c) ELECTRONIC FILING.—Section 4481, as amended by section 9001 of this Act, is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) ELECTRONIC FILING.—Any taxpayer who files a return under this section with respect to 25 or more vehicles for any taxable period shall file such return electronically.''.

(d) REPEAL OF REDUCTION IN TAX FOR CERTAIN TRUCKS.—Section 4483 of the Internal Revenue Code of 1986 is amended by striking subsection (f).

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable periods beginning after the date of the enactment of this Act.

(2) SUBSECTION (B).—The amendment made by subsection (b) shall take effect on October 1, 2005.

SEC. 9266. DEDICATION OF REVENUES FROM CERTAIN PENALTIES TO THE HIGHWAY TRUST FUND.

(a) IN GENERAL.—Subsection (b) of section 9503 (relating to transfer to Highway Trust Fund of amounts equivalent to certain taxes), as amended by section 9001 of this Act, is amended by redesignating paragraph (5) as paragraph (6) and inserting after paragraph (4) the following new paragraph:

''(5) CERTAIN PENALTIES.—There are hereby appropriated to the Highway Trust Fund amounts equivalent to the penalties assessed under sections 6715, 6715A, 6717, 6718, 6719, 6720, 6725, 7232, and 7272 (but only with regard to penalties under such section related to failure to register under section 4101).''.

(b) CONFORMING AMENDMENTS.—

(1) The heading of subsection (b) of section 9503 is amended by inserting ''and Penalties'' after ''Taxes''.

(2) The heading of paragraph (1) of section 9503(b) is amended by striking ''In general'' and inserting ''Certain taxes''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to penalties assessed after October 1, 2004.

SEC. 9267. NONAPPLICATION OF EXPORT EXEMPTION TO DELIVERY OF FUEL TO MOTOR VEHICLES REMOVED FROM UNITED STATES.

(a) IN GENERAL.—Section 4221(d)(2) (defining export) is amended by adding at the end the following new sentence: ''Such term does not include the delivery of a taxable fuel (as defined in section 4083(a)(1)) into a fuel tank of a motor vehicle which is shipped or driven out of the United States.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 4041(g) (relating to other exemptions) is amended by adding at the end the following new sentence: ''Paragraph (3) shall not apply to the sale for delivery of a liquid into a fuel tank of a motor vehicle which is shipped or driven out of the United States.''.

(2) Clause (iv) of section 4081(a)(1)(A) (relating to tax on removal, entry, or sale) is amended by inserting ''or at a duty-free sales enterprise (as defined in section 555(b)(8) of the Tariff Act of 1930)'' after ''section 4101''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or deliveries made after the date of the enactment of this Act.

PART VII—TOTAL ACCOUNTABILITY

SEC. 9271. TOTAL ACCOUNTABILITY.

(a) TAXATION OF REPORTABLE LIQUIDS.—

(1) IN GENERAL.—Section 4081(a), as amended by this Act, is amended—

(A) by inserting ''or reportable liquid'' after ''taxable fuel'' each place it appears, and

(B) by inserting ''such liquid'' after ''such fuel'' in paragraph (1)(A)(iv).

(2) RATE OF TAX.—Subparagraph (A) of section 4081(a)(2), as amended by section 9211 of this Act, is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) in the case of reportable liquids, the rate determined under section 4083(c)(2).''.

(3) EXEMPTION.—Section 4081(a)(1) is amended by adding at the end the following new subparagraph:

''(C) EXEMPTION FOR REGISTERED TRANSFERS OF REPORTABLE LIQUIDS.—The tax imposed by this paragraph shall not apply to any removal, entry, or sale of a reportable liquid if—

''(i) such removal, entry, or sale is to a registered person who certifies that such liquid will not be used as a fuel or in the production of a fuel, or

''(ii) the sale is to the ultimate purchaser of such liquid.''.

(4) REPORTABLE LIQUIDS.—Section 4083, as amended by this Act, is amended by redesignating subsections (c) and (d) (as redesignated by section 5211 of this Act) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new section:

''(c) REPORTABLE LIQUID.—For purposes of this subpart—

''(1) IN GENERAL.—The term 'reportable liquid' means any petroleum-based liquid other than a taxable fuel.

''(2) TAXATION.—

''(A) GASOLINE BLEND STOCKS AND ADDITIVES.—Gasoline blend stocks and additives which are reportable liquids (as defined in paragraph (1)) shall be subject to the rate of tax under clause (i) of section 4081(a)(2)(A).

''(B) OTHER REPORTABLE LIQUIDS.—Any reportable liquid (as defined in paragraph (1)) not described in subparagraph (A) shall be subject to the rate of tax under clause (iii) of section 4081(a)(2)(A).''.

(5) CONFORMING AMENDMENTS.—

(A) Section 4081(e) is amended by inserting ''or reportable liquid'' after ''taxable fuel''.

(B) Section 4083(d) (relating to certain use defined as removal), as redesignated by paragraph (4), is amended by inserting ''or reportable liquid'' after ''taxable fuel''.

(C) Section 4083(e)(1) (relating to administrative authority), as redesignated by paragraph (4), is amended—

(i) in subparagraph (A)—

(I) by inserting ''or reportable liquid'' after ''taxable fuel'', and

(II) by inserting ''or such liquid'' after ''such fuel'' each place it appears, and

(ii) in subparagraph (B), by inserting ''or any reportable liquid'' after ''any taxable fuel''.

(D) Section 4101(a)(2), as added by section 5243 of this Act, is amended by inserting ''or a reportable liquid'' after ''taxable fuel''.

(E) Section 4101(a)(3), as added by section 5242 of this Act and redesignated by section 5243 of this Act, is amended by inserting ''or any reportable liquid'' before the period at the end.

(F) Section 4102 is amended by inserting ''or any reportable liquid'' before the period at the end.

(G)(i) Section 6718, as added by section 5241 of this Act, is amended—

(I) in subsection (a), by inserting ''or any reportable liquid (as defined in section 4083(c)(1))'' after '' section 4083(a)(1))'', and

(II) in the heading, by inserting ''or reportable liquids'' after ''taxable fuel''.

(ii) The item relating to section 6718 in table of sections for part I of subchapter B of chapter 68, as added by section 5241 of this Act, is amended by inserting ''or reportable liquids'' after ''taxable fuels''.

(H) Section 6427(h) is amended to read as follows:

''(h) GASOLINE BLEND STOCKS OR ADDITIVES AND REPORTABLE LIQUIDS.—Except as provided in subsection (k)—

''(1) if any gasoline blend stock or additive (within the meaning of section 4083(a)(2)) is not used by any person to produce gasoline and such person establishes that the ultimate use of such gasoline blend stock or additive is not to produce gasoline, or

''(2) if any reportable liquid (within the meaning of section 4083(c)(1)) is not used by any person to produce a taxable fuel and such person establishes that the ultimate use of such reportable liquid is not to produce a taxable fuel,

then the Secretary shall pay (without interest) to such person an amount equal to the aggregate amount of the tax imposed on such person with respect to such gasoline blend stock or additive or such reportable fuel.''.

(I) Section 7232, as amended by this Act, is amended by inserting ''or reportable liquid (within the meaning of section 4083(c)(1))'' after ''section 4083)''.

(J) Section 343 of the Trade Act of 2002, as amended by section 9252 of this Act, is amended by inserting ''and reportable liquids (as defined in section 4083(c)(1) of such Code)'' after ''Internal Revenue Code of 1986)''.

(b) DYED DIESEL.—Section 4082(a) 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 inserting after paragraph (3) the following new paragraph:

''(4) which is removed, entered, or sold by a person registered under section 4101.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to reportable liquids (as defined in section 4083(c) of the Internal Revenue Code) and fuel sold or used after September 30, 2004.

SEC. 9272. EXCISE TAX REPORTING.

(a) IN GENERAL.—Part II of subchapter A of chapter 61 is amended by adding at the end the following new subpart:

"Subpart E—Excise Tax Reporting

"SEC. 6025. RETURNS RELATING TO FUEL TAXES.

''(a) IN GENERAL.—The Secretary shall require any person liable for the tax imposed under Part III of subchapter A of chapter 32 to file a return of such tax on a monthly basis.

''(b) INFORMATION INCLUDED WITH RETURN.—The Secretary shall require any person filing a return under subsection (a) to provide information regarding any refined product (whether or not such product is taxable under this title) removed from a terminal during the period for which such return applies.''.

(b) CONFORMING AMENDMENT.—The table of parts for subchapter A of chapter 61 is amended by adding at the end the following new item:

''SUBPART E—EXCISE TAX REPORTING''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after September 30, 2004.

SEC. 9273. INFORMATION REPORTING.

(a) IN GENERAL.—Section 4101(d) is amended by adding at the end the following new flush sentence: ''The Secretary shall require reporting under the previous sentence with respect to taxable fuels removed, entered, or transferred from any refinery, pipeline, or vessel which is registered under this section.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply on October 1, 2004.

Subtitle D—Definition of Highway Vehicle

SEC. 9301. EXEMPTION FROM CERTAIN EXCISE TAXES FOR MOBILE MACHINERY.

(a) EXEMPTION FROM TAX ON HEAVY TRUCKS AND TRAILERS SOLD AT RETAIL.—

(1) IN GENERAL.—Section 4053 (relating to exemptions) is amended by adding at the end the following new paragraph:

''(8) MOBILE MACHINERY.—Any vehicle which consists of a chassis—

''(A) to which there has been permanently mounted (by welding, bolting, riveting, or other means) machinery or equipment to perform a construction, manufacturing, processing, farming, mining, drilling, timbering, or similar operation if the operation of the machinery or equipment is unrelated to transportation on or off the public highways,

''(B) which has been specially designed to serve only as a mobile carriage and mount (and a power source, where applicable) for the particular machinery or equipment involved, whether or not such machinery or equipment is in operation, and

''(C) which, by reason of such special design, could not, without substantial structural modification, be used as a component of a vehicle designed to perform a function of transporting any load other than that particular machinery or equipment or similar machinery or equipment requiring such a specially designed chassis.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on the day after the date of the enactment of this Act.

(b) EXEMPTION FROM TAX ON USE OF CERTAIN VEHICLES.—

(1) IN GENERAL.—Section 4483 (relating to exemptions) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) EXEMPTION FOR MOBILE MACHINERY.—No tax shall be imposed by section 4481 on the use of any vehicle described in section 4053(8).''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the day after the date of the enactment of this Act.

(d) EXEMPTION FROM FUEL TAXES.—

(1) IN GENERAL.—Section 6421(e)(2) (defining off-highway business use) is amended by adding at the end the following new subparagraph:

''(C) USES IN MOBILE MACHINERY.—

''(i) IN GENERAL.—The term 'off-highway business use' shall include any use in a vehicle which meets the requirements described in clause (ii).

''(ii) REQUIREMENTS FOR MOBILE MACHINERY.—The requirements described in this clause are—

''(I) the design-based test, and

''(II) the use-based test.

''(iii) DESIGN-BASED TEST.—For purposes of clause (ii)(I), the design-based test is met if the vehicle consists of a chassis—

''(I) to which there has been permanently mounted (by welding, bolting, riveting, or other means) machinery or equipment to perform a construction, manufacturing, processing, farming, mining, drilling, timbering, or similar operation if the operation of the machinery or equipment is unrelated to transportation on or off the public highways,

''(II) which has been specially designed to serve only as a mobile carriage and mount (and a power source, where applicable) for the particular machinery or equipment involved, whether or not such machinery or equipment is in operation, and

''(III) which, by reason of such special design, could not, without substantial structural modification, be used as a component of a vehicle designed to perform a function of transporting any load other than that particular machinery or equipment or similar machinery or equipment requiring such a specially designed chassis.

''(iv) USE-BASED TEST.—For purposes of clause (ii)(II), the use-based test is met if the use of the vehicle on public highways was less than 5,000 miles during the taxpayer's taxable year.

''(v) SPECIAL RULE FOR USE BY CERTAIN TAX-EXEMPT ORGANIZATIONS.—In the case of any use in a vehicle by an organization which is described in section 501(c) and exempt from tax under section 501(a), clause (ii) shall be applied without regard to subclause (II) thereof.''.

(2) ANNUAL REFUND OF TAX PAID.—Section 6427(i)(2) (relating to exceptions) is amended by adding at the end the following new subparagraph:

''(C) NONAPPLICATION OF PARAGRAPH.—This paragraph shall not apply to any fuel used in any off-highway business use described in section 6421(e)(2)(C).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 9302. MODIFICATION OF DEFINITION OF OFF-HIGHWAY VEHICLE.

(a) IN GENERAL.—Section 7701(a) (relating to definitions) is amended by adding at the end the following new paragraph:

''(48) OFF-HIGHWAY VEHICLES.—

''(A) OFF-HIGHWAY TRANSPORTATION VEHICLES.—

''(i) IN GENERAL.—A vehicle shall not be treated as a highway vehicle if such vehicle is specially designed for the primary function of transporting a particular type of load other than over the public highway and because of this special design such vehicle's capability to transport a load over the public highway is substantially limited or impaired.

''(ii) DETERMINATION OF VEHICLE'S DESIGN.—For purposes of clause (i), a vehicle's design is determined solely on the basis of its physical characteristics.

''(iii) DETERMINATION OF SUBSTANTIAL LIMITATION OR IMPAIRMENT.—For purposes of clause (i), in determining whether substantial limitation or impairment exists, account may be taken of factors such as the size of the vehicle, whether such vehicle is subject to the licensing, safety, and other requirements applicable to highway vehicles, and whether such vehicle can transport a load at a sustained speed of at least 25 miles per hour. It is immaterial that a vehicle can transport a greater load off the public highway than such vehicle is permitted to transport over the public highway.

''(B) NONTRANSPORTATION TRAILERS AND SEMITRAILERS.—A trailer or semitrailer shall not be treated as a highway vehicle if it is specially designed to function only as an enclosed stationary shelter for the carrying on of an off-highway function at an off-highway site.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall take effect on the date of the enactment of this Act.

(2) FUEL TAXES.—With respect to taxes imposed under subchapter B of chapter 31 and part III of subchapter A of chapter 32, the amendment made by this section shall apply to taxable periods beginning after the date of the enactment of this Act.

Subtitle E—Miscellaneous Provisions

SEC. 9401. DEDICATION OF GAS GUZZLER TAX TO HIGHWAY TRUST FUND.

(a) IN GENERAL.—Section 9503(b)(1) (relating to transfer to Highway Trust Fund of amounts equivalent to certain taxes), as amended by section 9101 of this Act, is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following new subparagraph:

''(C) section 4064 (relating to gas guzzler tax),''.

(b) UNIFORM APPLICATION OF TAX.—Subparagraph (A) of section 4064(b)(1) (defining automobile) is amended by striking the second sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9402. MOTOR FUEL TAX ENFORCEMENT ADVISORY COMMISSION.

(a) ESTABLISHMENT.—There is established a Motor Fuel Tax Enforcement Advisory Commission (in this section referred to as the ''Commission'').

(b) FUNCTION.—The Commission shall—

(1) review motor fuel revenue collections, historical and current;

(2) review the progress of investigations;

(3) develop and review legislative proposals with respect to motor fuel taxes;

(4) monitor the progress of administrative regulation projects relating to motor fuel taxes;

(5) review the results of Federal and State agency cooperative efforts regarding motor fuel taxes;

(6) review the results of Federal interagency cooperative efforts regarding motor fuel taxes; and

(7) evaluate and make recommendations regarding—

(A) the effectiveness of existing Federal enforcement programs regarding motor fuel taxes,

(B) enforcement personnel allocation, and

(C) proposals for regulatory projects, legislation, and funding.

(c) MEMBERSHIP.—

(1) APPOINTMENT.—The Commission shall be composed of the following representatives appointed by the Chairmen and the Ranking Members of the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives:

(A) At least 1 representative from each of the following Federal entities: the Department of Homeland Security, the Department of Transportation—Office of Inspector General, the Federal Highway Administration, the Department of Defense, and the Department of Justice.

(B) At least 1 representative from the Federation of State Tax Administrators.

(C) At least 1 representative from any State department of transportation.

(D) 2 representatives from the highway construction industry.

(E) 5 representatives from industries relating to fuel distribution — refiners (2 representatives), distributors (1 representative), pipelines (1 representative), and terminal operators (2 representatives).

(F) 1 representative from the retail fuel industry.

(G) 2 representatives from the staff of the Committee on Finance of the Senate and 2 representatives from the staff of the Committee on Ways and Means of the House of Representatives.

(2) TERMS.—Members shall be appointed for the life of the Commission.

(3) VACANCIES.—A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(4) TRAVEL EXPENSES.—Members shall serve without pay but shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(5) CHAIRMAN.—The Chairman of the Commission shall be elected by the members.

(d) FUNDING.—Such sums as are necessary shall be available from the Highway Trust fund for the expenses of the Commission.

(e) CONSULTATION.—Upon request of the Commission, representatives of the Department of the Treasury and the Internal Revenue Service shall be available for consultation to assist the Commission in carrying out its duties under this section.

(f) OBTAINING DATA.—The Commission may secure directly from any department or

agency of the United States, information (other than information required by any law to be kept confidential by such department or agency) necessary for the Commission to carry out its duties under this section. Upon request of the Commission, the head of that department or agency shall furnish such nonconfidential information to the Commission. The Commission shall also gather evidence through such means as it may deem appropriate, including through holding hearings and soliciting comments by means of Federal Register notices.

(g) TERMINATION.—The Commission shall terminate after September 30, 2009.

SEC. 9403. TREASURY STUDY OF FUEL TAX COMPLIANCE AND INTERAGENCY COOPERATION.

(a) IN GENERAL.—Not later than January 31, 2006, the Secretary of the Treasury shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report regarding fuel tax enforcement which shall include the information and analysis specified in subsections (b) and (c) and any other information and recommendations the Secretary of the Treasury may deem appropriate.

(b) AUDITS.—With respect to audits conducted by the Internal Revenue Service, the report required under subsection (a) shall include—

(1) the number and geographic distribution of audits conducted annually, by fiscal year, between October 1, 2001, and September 30, 2005;

(2) the total volume involved for each of the taxable fuels covered by such audits and a comparison to the annual production of such fuels;

(3) the staff hours and number of personnel devoted to the audits per year; and

(4) the results of such audits by year, including total tax collected, total penalties collected, and number of referrals for criminal prosecution.

(c) ENFORCEMENT ACTIVITIES.—With respect to enforcement activities, the report required under subsection (a) shall include—

(1) the number and geographic distribution of criminal investigations and prosecutions annually, by fiscal year, between October 1, 2001, and September 30, 2005, and the results of such investigations and prosecutions;

(2) to the extent such investigations and prosecutions involved other agencies, State or Federal, a breakdown by agency of the number of joint investigations involved;

(3) an assessment of the effectiveness of joint action and cooperation between the Department of the Treasury and other Federal and State agencies, including a discussion of the ability and need to share information across agencies for both civil and criminal Federal tax enforcement and enforcement of State or Federal laws relating to fuels;

(4) the staff hours and number of personnel devoted to criminal investigations and prosecutions per year;

(5) the staff hours and number of personnel devoted to administrative collection of fuel taxes; and

(6) the results of administrative collection efforts annually, by fiscal year, between October 1, 2001, and September 30, 2005.

SEC. 9404. TREASURY STUDY OF HIGHWAY FUELS USED BY TRUCKS FOR NON-TRANSPORTATION PURPOSES.

(a) STUDY.—The Secretary of the Treasury shall conduct a study regarding the use of highway motor fuel by trucks that is not used for the propulsion of the vehicle. As part of such study—

(1) in the case of vehicles carrying equipment that is unrelated to the transportation function of the vehicle—

(A) the Secretary of the Treasury, in consultation with the Secretary of Transportation, and with public notice and comment, shall determine the average annual amount of tax paid fuel consumed per vehicle, by type of vehicle, used by the propulsion engine to provide the power to operate the equipment attached to the highway vehicle, and

(B) the Secretary of the Treasury shall review the technical and administrative feasibility of exempting such nonpropulsive use of highway fuels for the highway motor fuels excise taxes,

(2) in the case where non-transportation equipment is run by a separate motor—

(A) the Secretary of the Treasury shall determine the annual average amount of fuel exempted from tax in the use of such equipment by equipment type, and

(B) the Secretary of the Treasury shall review issues of administration and compliance related to the present-law exemption provided for such fuel use, and

(3) the Secretary of the Treasury shall—

(A) estimate the amount of taxable fuel consumed by trucks and the emissions of various pollutants due to the long-term idling of diesel engines, and

(B) determine the cost of reducing such long-term idling through the use of plug-ins at truck stops, auxiliary power units, or other technologies.

(b) REPORT.—Not later than January 1, 2006, the Secretary of the Treasury shall report the findings of the study required under subsection (a) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

SEC. 9405. TREATMENT OF EMPLOYER-PROVIDED TRANSIT AND VAN POOLING BENEFITS.

(a) IN GENERAL.—Subparagraph (A) of section 132(f)(2) (relating to limitation on exclusion) is amended by striking ''$100'' and inserting ''$120''.

(b) INFLATION ADJUSTMENT CONFORMING AMENDMENTS.—The last sentence of section 132(f)(6)(A) (relating to inflation adjustment) is amended—

(1) by striking ''2002'' and inserting ''2005'', and

(2) by striking ''2001'' and inserting ''2004''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 9406. STUDY OF INCENTIVES FOR PRODUCTION OF BIODIESEL.

(a) STUDY.—The General Comptroller of the United States shall conduct a study related to biodiesel fuels and the tax credit for biodiesel fuels established under this Act. Such study shall include—

(1) an assessment on whether such credit provides sufficient assistance to the producers of biodiesel fuel to establish the fuel as a viable energy alternative in the current market place,

(2) an assessment on how long such credit or similar subsidy would have to remain in effect before biodiesel fuel can compete in the market place without such assistance,

(3) a cost-benefit analysis of such credit, comparing the cost of the credit in forgone revenue to the benefits of lower fuel costs for consumers, increased profitability for the biodiesel industry, increased farm income, reduced program outlays from the Department of Agriculture, and the improved environmental conditions through the use of biodiesel fuel, and

(4) an assessment on whether such credit results in any unintended consequences for unrelated industries, including the impact, if any, on the glycerin market.

(b) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General of the United States shall report the findings of the study required under subsection (a) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

Subtitle F—Provisions Designed to Curtail Tax Shelters

SEC. 9501. 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. 9502. 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. 9503. 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. 9504. 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. 9505. 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. 9506. 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. 9507. 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. 9508. 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. 9509. 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. 9510. 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. 9511. 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. 9512. 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. 9513. 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. 9514. 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. 9515. 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. 9516. 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. 9517. 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 G—Other Provisions

SEC. 9601. LIMITATION ON TRANSFER OR IMPORTATION OF BUILT-IN LOSSES.

(a) IN GENERAL.—Section 362 (relating to basis to corporations) is amended by adding at the end the following new subsection:

''(e) LIMITATIONS ON BUILT-IN LOSSES.—

''(1) LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.—

''(A) IN GENERAL.—If in any transaction described in subsection (a) or (b) there would (but for this subsection) be an importation of a net built-in loss, the basis of each property described in subparagraph (B) which is acquired in such transaction shall (notwithstanding subsections (a) and (b)) be its fair market value immediately after such transaction.

''(B) PROPERTY DESCRIBED.—For purposes of subparagraph (A), property is described in this paragraph if—

''(i) gain or loss with respect to such property is not subject to tax under this subtitle in the hands of the transferor immediately before the transfer, and

''(ii) gain or loss with respect to such property is subject to such tax in the hands of the transferee immediately after such transfer.

In any case in which the transferor is a partnership, the preceding sentence shall be applied by treating each partner in such partnership as holding such partner's proportionate share of the property of such partnership.

''(C) IMPORTATION OF NET BUILT-IN LOSS.—For purposes of subparagraph (A), there is an importation of a net built-in loss in a transaction if the transferee's aggregate adjusted bases of property described in subparagraph (B) which is transferred in such transaction would (but for this paragraph) exceed the fair market value of such property immediately after such transaction.''

''(2) LIMITATION ON TRANSFER OF BUILT-IN LOSSES IN SECTION 351 TRANSACTIONS.—

''(A) IN GENERAL.—If—

''(i) property is transferred in any transaction which is described in subsection (a) and which is not described in paragraph (1) of this subsection, and

''(ii) the transferee's aggregate adjusted bases of the property so transferred would (but for this paragraph) exceed the fair market value of such property immediately after such transaction,

then, notwithstanding subsection (a), the transferee's aggregate adjusted bases of the

property so transferred shall not exceed the fair market value of such property immediately after such transaction.

''(B) ALLOCATION OF BASIS REDUCTION.—The aggregate reduction in basis by reason of subparagraph (A) shall be allocated among the property so transferred in proportion to their respective built-in losses immediately before the transaction.

''(C) EXCEPTION FOR TRANSFERS WITHIN AFFILIATED GROUP.—Subparagraph (A) shall not apply to any transaction if the transferor owns stock in the transferee meeting the requirements of section 1504(a)(2). In the case of property to which subparagraph (A) does not apply by reason of the preceding sentence, the transferor's basis in the stock received for such property shall not exceed its fair market value immediately after the transfer.''

(b) COMPARABLE TREATMENT WHERE LIQUIDATION.—Paragraph (1) of section 334(b) (relating to liquidation of subsidiary) is amended to read as follows:

''(1) IN GENERAL.—If property is received by a corporate distributee in a distribution in a complete liquidation to which section 332 applies (or in a transfer described in section 337(b)(1)), the basis of such property in the hands of such distributee shall be the same as it would be in the hands of the transferor; except that the basis of such property in the hands of such distributee shall be the fair market value of the property at the time of the distribution—

''(A) in any case in which gain or loss is recognized by the liquidating corporation with respect to such property, or

''(B) in any case in which the liquidating corporation is a foreign corporation, the corporate distributee is a domestic corporation, and the corporate distributee's aggregate adjusted bases of property described in section 362(e)(1)(B) which is distributed in such liquidation would (but for this subparagraph) exceed the fair market value of such property immediately after such liquidation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act.

SEC. 9602. DISALLOWANCE OF CERTAIN PARTNERSHIP LOSS TRANSFERS.

(a) TREATMENT OF CONTRIBUTED PROPERTY WITH BUILT-IN LOSS.—Paragraph (1) of section 704(c) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following:

''(C) if any property so contributed has a built-in loss—

''(i) such built-in loss shall be taken into account only in determining the amount of items allocated to the contributing partner, and

''(ii) except as provided in regulations, in determining the amount of items allocated to other partners, the basis of the contributed property in the hands of the partnership shall be treated as being equal to its fair market value immediately after the contribution.

For purposes of subparagraph (C), the term 'built-in loss' means the excess of the adjusted basis of the property (determined without regard to subparagraph (C)(ii)) over its fair market value immediately after the contribution.''

(b) ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY ON TRANSFER OF PARTNERSHIP INTEREST IF THERE IS SUBSTANTIAL BUILT-IN LOSS.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 743 (relating to optional adjustment to basis of partnership property) is amended by inserting before the period ''or unless the partnership has a substantial built-in loss immediately after such transfer''.

(2) ADJUSTMENT.—Subsection (b) of section 743 is amended by inserting ''or with respect to which there is a substantial built-in loss immediately after such transfer'' after ''section 754 is in effect''.

(3) SUBSTANTIAL BUILT-IN LOSS.—Section 743 is amended by adding at the end the following new subsection:

''(d) SUBSTANTIAL BUILT-IN LOSS.—

''(1) IN GENERAL.—For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in a partnership if the transferee partner's proportionate share of the adjusted basis of the partnership property exceeds by more than $250,000 the basis of such partner's interest in the partnership.

''(2) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of paragraph (1) and section 734(d), including regulations aggregating related partnerships and disregarding property acquired by the partnership in an attempt to avoid such purposes.''

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 743 is amended to read as follows:

''SEC. 743. ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BUILT-IN LOSS.''

(B) The table of sections for subpart C of part II of subchapter K of chapter 1 is amended by striking the item relating to section 743 and inserting the following new item:

''Sec. 743. Adjustment to basis of partnership property where section 754 election or substantial built-in loss.''

(c) ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY IF THERE IS SUBSTANTIAL BASIS REDUCTION.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 734 (relating to optional adjustment to basis of undistributed partnership property) is amended by inserting before the period ''or unless there is a substantial basis reduction''.

(2) ADJUSTMENT.—Subsection (b) of section 734 is amended by inserting ''or unless there is a substantial basis reduction'' after ''section 754 is in effect''.

(3) SUBSTANTIAL BASIS REDUCTION.—Section 734 is amended by adding at the end the following new subsection:

''(d) SUBSTANTIAL BASIS REDUCTION.—

''(1) IN GENERAL.—For purposes of this section, there is a substantial basis reduction with respect to a distribution if the sum of the amounts described in subparagraphs (A) and (B) of subsection (b)(2) exceeds $250,000.

''(2) REGULATIONS.—For regulations to carry out this subsection, see section 743(d)(2).''

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 734 is amended to read as follows:

''SEC. 734. ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BASIS REDUCTION.''

(B) The table of sections for subpart B of part II of subchapter K of chapter 1 is amended by striking the item relating to section 734 and inserting the following new item:

''Sec. 734. Adjustment to basis of undistributed partnership property where section 754 election or substantial basis reduction.''

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to contributions made after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to transfers after the date of the enactment of this Act.

(3) SUBSECTION (c).—The amendments made by subsection (c) shall apply to distributions after the date of the enactment of this Act.

SEC. 9603. NO REDUCTION OF BASIS UNDER SECTION 734 IN STOCK HELD BY PARTNERSHIP IN CORPORATE PARTNER.

(a) IN GENERAL.—Section 755 is amended by adding at the end the following new subsection:

''(c) NO ALLOCATION OF BASIS DECREASE TO STOCK OF CORPORATE PARTNER.—In making an allocation under subsection (a) of any decrease in the adjusted basis of partnership property under section 734(b)—

''(1) no allocation may be made to stock in a corporation which is a partner in the partnership, and

''(2) any amount not allocable to stock by reason of paragraph (1) shall be allocated under subsection (a) to other partnership property.

Gain shall be recognized to the partnership to the extent that the amount required to be allocated under paragraph (2) to other partnership property exceeds the aggregate adjusted basis of such other property immediately before the allocation required by paragraph (2).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions after the date of the enactment of this Act.

SEC. 9604. REPEAL OF SPECIAL RULES FOR FASITS.

(a) IN GENERAL.—Part V of subchapter M of chapter 1 (relating to financial asset securitization investment trusts) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (6) of section 56(g) is amended by striking ''REMIC, or FASIT'' and inserting ''or REMIC''.

(2) Clause (ii) of section 382(l)(4)(B) is amended by striking ''a REMIC to which part IV of subchapter M applies, or a FASIT to which part V of subchapter M applies,'' and inserting ''or a REMIC to which part IV of subchapter M applies,''.

(3) Paragraph (1) of section 582(c) is amended by striking '', and any regular interest in a FASIT,''.

(4) Subparagraph (E) of section 856(c)(5) is amended by striking the last sentence.

(5) Paragraph (5) of section 860G(a) is amended by adding ''and'' at the end of subparagraph (B), by striking '', and'' at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D).

(6) Subparagraph (C) of section 1202(e)(4) is amended by striking ''REMIC, or FASIT'' and inserting ''or REMIC''.

(7) Subparagraph (C) of section 7701(a)(19) is amended by adding ''and'' at the end of clause (ix), by striking '', and'' at the end of clause (x) and inserting a period, and by striking clause (xi).

(8) The table of parts for subchapter M of chapter 1 is amended by striking the item relating to part V.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2003.

(2) EXCEPTION FOR EXISTING FASITS.—

(A) IN GENERAL.—Paragraph (1) shall not apply to any FASIT in existence on the date of the enactment of this Act.

(B) TRANSFER OF ADDITIONAL ASSETS NOT PERMITTED.—Except as provided in regulations prescribed by the Secretary of the Treasury or the Secretary's delegate, subparagraph (A) shall cease to apply as of the

earliest date after the date of the enactment of this Act that any property is transferred to the FASIT.

SEC. 9605. EXPANDED DISALLOWANCE OF DEDUCTION FOR INTEREST ON CONVERTIBLE DEBT.

(a) IN GENERAL.—Paragraph (2) of section 163(l) is amended by striking ''or a related party'' and inserting ''or equity held by the issuer (or any related party) in any other person''.

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 163(l) is amended by striking ''or a related party'' in the material preceding subparagraph (A) and inserting ''or any other person''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued after the date of the enactment of this Act.

SEC. 9606. EXPANDED AUTHORITY TO DISALLOW TAX BENEFITS UNDER SECTION 269.

(a) IN GENERAL.—Subsection (a) of section 269 (relating to acquisitions made to evade or avoid income tax) is amended to read as follows:

''(a) IN GENERAL.—If—

''(1)(A) any person acquires stock in a corporation, or

''(B) any corporation acquires, directly or indirectly, property of another corporation and the basis of such property, in the hands of the acquiring corporation, is determined by reference to the basis in the hands of the transferor corporation, and

''(2) the principal purpose for which such acquisition was made is evasion or avoidance of Federal income tax by securing the benefit of a deduction, credit, or other allowance,

then the Secretary may disallow such deduction, credit, or other allowance.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to stock and property acquired after February 13, 2003.

SEC. 9607. MODIFICATIONS OF CERTAIN RULES RELATING TO CONTROLLED FOREIGN CORPORATIONS.

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive investment company) is amended by adding at the end the following flush sentence: ''Such term shall not include any period if there is only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i) of subpart F income of such corporation for such period.''

(b) DETERMINATION OF PRO RATA SHARE OF SUBPART F INCOME.—Subsection (a) of section 951 (relating to amounts included in gross income of United States shareholders) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR DETERMINING PRO RATA SHARE OF SUBPART F INCOME.—The pro rata share under paragraph (2) shall be determined by disregarding—

''(A) any rights lacking substantial economic effect, and

''(B) stock owned by a shareholder who is a tax-indifferent party (as defined in section 7701(m)(3)) if the amount which would (but for this paragraph) be allocated to such shareholder does not reflect such shareholder's economic share of the earnings and profits of the corporation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years on controlled foreign corporation beginning after February 13, 2003, and to taxable years of United States shareholder in which or with which such taxable years of controlled foreign corporations end.

SEC. 9608. BASIS FOR DETERMINING LOSS ALWAYS REDUCED BY NONTAXED PORTION OF DIVIDENDS.

(a) IN GENERAL.—Section 1059 (relating to corporate shareholder's basis in stock reduced by nontaxed portion of extraordinary dividends) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) BASIS FOR DETERMINING LOSS ALWAYS REDUCED BY NONTAXED PORTION OF DIVIDENDS.—The basis of stock in a corporation (for purposes of determining loss) shall be reduced by the nontaxed portion of any dividend received with respect to such stock if this section does not otherwise apply to such dividend.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to dividends received after the date of the enactment of this Act.

SEC. 9609. 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 section 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.

SEC. 9610. EXTENSION OF CUSTOMS USER FEES.

Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is amended by striking ''March 1, 2005'' and inserting ''March 31, 2010''.

Subtitle H—Prevention of Corporate Expatriation to Avoid United States Income Tax

SEC. 9701. PREVENTION OF CORPORATE EXPATRIATION TO AVOID UNITED STATES INCOME TAX.

(a) IN GENERAL.—Paragraph (4) of section 7701(a) (defining domestic) is amended to read as follows:

''(4) DOMESTIC.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'domestic' when applied to a corporation or partnership means created or organized in the United States or under the law of the United States or of any State unless, in the case of a partnership, the Secretary provides otherwise by regulations.

''(B) CERTAIN CORPORATIONS TREATED AS DOMESTIC.—

''(i) IN GENERAL.—The acquiring corporation in a corporate expatriation transaction shall be treated as a domestic corporation.

''(ii) CORPORATE EXPATRIATION TRANSACTION.—For purposes of this subparagraph, the term 'corporate expatriation transaction' means any transaction if—

''(I) a nominally foreign corporation (referred to in this subparagraph as the 'acquiring corporation') acquires, as a result of such transaction, directly or indirectly substantially all of the properties held directly or indirectly by a domestic corporation, and

''(II) immediately after the transaction, more than 80 percent of the stock (by vote or value) of the acquiring corporation is held by former shareholders of the domestic corporation by reason of holding stock in the domestic corporation.

''(iii) LOWER STOCK OWNERSHIP REQUIREMENT IN CERTAIN CASES.—Subclause (II) of clause (ii) shall be applied by substituting '50 percent' for '80 percent' with respect to any nominally foreign corporation if—

''(I) such corporation does not have substantial business activities (when compared to the total business activities of the expanded affiliated group) in the foreign country in which or under the law of which the corporation is created or organized, and

''(II) the stock of the corporation is publicly traded and the principal market for the public trading of such stock is in the United States.

''(iv) PARTNERSHIP TRANSACTIONS.—The term 'corporate expatriation transaction' includes any transaction if—

''(I) a nominally foreign corporation (referred to in this subparagraph as the 'acquiring corporation') acquires, as a result of such transaction, directly or indirectly properties constituting a trade or business of a domestic partnership,

''(II) immediately after the transaction, more than 80 percent of the stock (by vote or value) of the acquiring corporation is held by former partners of the domestic partnership or related foreign partnerships (determined without regard to stock of the acquiring corporation which is sold in a public offering related to the transaction), and

''(III) the acquiring corporation meets the requirements of subclauses (I) and (II) of clause (iii).

''(v) SPECIAL RULES.—For purposes of this subparagraph—

''(I) a series of related transactions shall be treated as 1 transaction, and

''(II) stock held by members of the expanded affiliated group which includes the acquiring corporation shall not be taken into account in determining ownership.

''(vi) OTHER DEFINITIONS.—For purposes of this subparagraph—

''(I) NOMINALLY FOREIGN CORPORATION.—The term 'nominally foreign corporation' means any corporation which would (but for this subparagraph) be treated as a foreign corporation.

''(II) EXPANDED AFFILIATED GROUP.—The term 'expanded affiliated group' means an affiliated group (as defined in section 1504(a) without regard to section 1504(b)).

''(III) RELATED FOREIGN PARTNERSHIP.—A foreign partnership is related to a domestic partnership if they are under common control (within the meaning of section 482), or they shared the same trademark or tradename.''

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall apply to corporate expatriation transactions completed after September 11, 2001.

(2) SPECIAL RULE.—The amendment made by this section shall also apply to corporate expatriation transactions completed on or before September 11, 2001, but only with respect to taxable years of the acquiring corporation beginning after December 31, 2003.

Mr. DAVIS of Tennessee (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

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

There was no objection.

Mr. NUSSLE. Mr. Speaker, I reserve a point of order against the gentleman's motion to recommit.

The SPEAKER pro tempore. The gentleman reserves a point of order. The gentleman from Tennessee (Mr. DAVIS) will be recognized for 5 minutes on his motion to recommit.

Mr. DAVIS of Tennessee. Mr. Speaker, do we have opposition on the point of order? On the point of order, may I continue with my motion to recommit?

The SPEAKER pro tempore. The Chair will entertain a point of order after the gentleman's debate on his motion to recommit. At this point, the point of order is reserved.

Mr. DAVIS of Tennessee. Mr. Speaker, I would ask the gentleman to reconsider his point of order on my offering of this amendment. My amendment increases the funds in the bill to the Senate-passed level of $318 billion, and I believe that the House should be allowed to vote on this amendment.

The SPEAKER pro tempore. If the gentleman will suspend. The gentleman is recognized for 5 minutes to debate his motion to recommit.

Mr. DAVIS of Tennessee. Mr. Speaker, today I rise with the gentleman from New Jersey (Mr. MENENDEZ), the gentleman from Oregon (Mr. BLUMENAUER), and the gentleman from Washington (Mr. BAIRD) to offer this motion to recommit.

The amendment increases highway and transit investment by $37.8 billion, a level of funding equal to the Senate/House-passed TEA 21 reauthorization bill, includes the Senate-passed Highway Trust Fund financing mechanisms, which includes no tax increases, and fully offsets these investments by cracking down on abusive corporate tax shelters, such as those enjoyed by Enron, and prevents American corporations from avoiding paying U.S. taxes by moving to a foreign country, and by extending customs user fees.

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The amendment is paid for by drawing down from the highway trust fund and eliminating subsidies such as ethanol. We should continue to promote the use of ethanol, but we should keep the highway trust fund for truly highway-related activities.

A recent national survey found that transportation construction contractors hire employees within 3 weeks of obtaining a contract. Employees begin receiving paychecks within 2 weeks of hiring. In addition, this infrastructure investment will increase business productivity by reducing the costs of producing goods in virtually every industrial sector of our economy, which results in increased demand for labor, capital and raw materials and generally leads to lower product prices and increased sales.

Mr. Speaker, this investment will help create jobs for almost 3 million Americans who have lost their jobs in the last 3 years and will specifically help the more than 1 million unemployed construction workers. The number of unemployed private sector construction workers in 2003 averaged 810,000. The unemployment rate for these workers averaged 9.3 percent. We can invest in a future that our children and grandchildren will benefit from rather than continue to create debt for the future for our children.

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

POINT OF ORDER

The SPEAKER pro tempore (Mr. THORNBERRY). Does the gentleman from Iowa wish to make his point of order?

Mr. NUSSLE. I do, Mr. Speaker.

I make a point of order against the motion to recommit because it is in violation of section 302(f) of the Congressional Budget Act of 1974. A motion that would cause any increase in new budget authority will breach the allocation made under section 302(a) to the applicable committee and is not permitted under 302(f) of the act. This motion causes such an increase in new budget authority and, therefore, is not in order.

I insist on my point of order.

The SPEAKER pro tempore. Does the gentleman from Tennessee wish to be heard on the point of order?

Mr. DAVIS of Tennessee. No.

The SPEAKER pro tempore. Does the gentleman concede the point of order?

Mr. DAVIS of Tennessee. Mr. Speaker, I concede the point of order.

The SPEAKER pro tempore. The point of order is therefore sustained.

MOTION TO RECOMMIT OFFERED BY MR. DAVIS OF TENNESSEE

Mr. DAVIS of Tennessee. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DAVIS of Tennessee moves to recommit the bill H.R. 3550 to the Committee on Transportation and Infrastructure with instructions to report the same back to the House promptly with the following amendments:

In section 1101(a)(1) of the bill, strike ''$4,323,076,000'' and all that follows through ''$4,891,164,000'' and insert ''$5,076,187,293 for fiscal year 2004, $4,953,445,477 for fiscal year 2005, $5,171,212,959 for fiscal year 2006, $5,263,571,478 for fiscal year 2007, $5,556,536,840 for fiscal year 2008, and $6,654,739,293''.

In section 1101(a)(2) of the bill, strike ''$5,187,691,000'' and all that follows through ''$5,869,396,000'' and insert ''$6,091,424,517 for fiscal year 2004, $5,944,133,902 for fiscal year 2005, $6,205,455,095 for fiscal year 2006, $6,316,285,773 for fiscal year 2007, $6,667,843,743 for fiscal year 2008, and $7,985,686,064''.

In section 1101(a)(3) of the bill, strike ''$3,709,440,000'' and all that follows through ''$4,196,891,000'' and insert ''$4,355,651,438 for fiscal year 2004, $4,250,332,027 for fiscal year 2005, $4,437,189,163 for fiscal year 2006, $4,516,437,339 for fiscal year 2007, $4,767,818,482 for fiscal year 2008, and $5,710,136,779''.

In section 1101(a)(5) of the bill, strike ''$6,052,306,000'' and all that follows through ''$6,847,629,000'' and insert ''$7,106,661,741 for fiscal year 2004, $6,934,823,445 for fiscal year 2005, $7,239,697,231 for fiscal year 2006, $7,369,000,069 for fiscal year 2007, $7,779,151,809 for fiscal year 2008, and $9,316,634,194''.

In section 1101(a)(6) of the bill, strike ''$1,469,846,000'' and all that follows through ''$1,662,996,000'' and insert ''$1,725,903,868 for fiscal year 2004, $1,684,171,440 for fiscal year 2005, $1,758,212,543 for fiscal year 2006, $1,789,614,076 for fiscal year 2007, $1,889,222,762 for fiscal year 2008, and $2,262,611,686''.

In section 1102(a) of the bill, strike paragraphs (2) through (6) and insert the following:

(2) $37,900,000,000 for fiscal year 2005;
(3) $39,100,000,000 for fiscal year 2006;
(4) $39,100,000,000 for fiscal year 2007;
(5) $39,400,000,000 for fiscal year 2008; and
(6) $44,400,000,000 for fiscal year 2009.

In the matter proposed to be inserted as section 5338(a)(2)(A) of title 49, United States Code, by section 3034 of the bill, strike clauses (i) through (vi) and insert the following:

''(i) $5,081,125,000 for fiscal year 2005;
''(ii) $5,283,418,000 for fiscal year 2006;
''(iii) $5,550,420,000 for fiscal year 2007;
''(iv) $6,176,172,500 for fiscal year 2008; and
''(v) $6,834,667,500 for fiscal year 2009.

In section 3043 of the bill, strike paragraphs (2) through (6) and insert the following:

(2) $8,650,000,000 for fiscal year 2005;
(3) $9,085,123,000 for fiscal year 2006;
(4) $9,600,000,000 for fiscal year 2007;
(5) $10,490,000,000 for fiscal year 2008; and
(6) $11,430,000,000 for fiscal year 2009.

Strike the revenue title (other than the small business benefits) and insert the following:

TITLE IX—HIGHWAY REAUTHORIZATION AND EXCISE TAX SIMPLIFICATION

SECTION 9000. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This title may be cited as the ''Highway Reauthorization and Excise Tax Simplification Act of 2004''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title 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.

Subtitle A—Trust Fund Reauthorization

SEC. 9001. EXTENSION OF HIGHWAY TRUST FUND AND AQUATIC RESOURCES TRUST FUND EXPENDITURE AUTHORITY AND RELATED TAXES.

(a) HIGHWAY TRUST FUND EXPENDITURE AUTHORITY.—

(1) HIGHWAY ACCOUNT.—Paragraph (1) of section 9503(c) (relating to transfers from Highway Trust Fund for certain repayments and credits) is amended—

(A) in the matter before subparagraph (A), by striking ''May 1, 2004'' and inserting ''October 1, 2009'',

(B) by striking ''or'' at the end of subparagraph (F),

(C) by striking the period at the end of subparagraph (G) and inserting '', or'',

(D) by inserting after subparagraph (G), the following new subparagraph:

''(H) authorized to be paid out of the Highway Trust Fund under the Highway Reauthorization and Excise Tax Simplification Act of 2004.'', and

(E) in the matter after subparagraph (G), as added by subparagraph (D), by striking ''Surface Transportation Extension Act of 2004'' and inserting ''Highway Reauthorization and Excise Tax Simplification Act of 2004''.

(2) MASS TRANSIT ACCOUNT.—Paragraph (3) of section 9503(e) (relating to establishment of Mass Transit Account) is amended—

(A) in the matter before subparagraph (A), by striking ''May 1, 2004'' and inserting ''October 1, 2009'',

(B) by striking ''or'' at the end of subparagraph (D),

(C) by striking the period at the end of subparagraph (E) and inserting '', or'',

(D) by inserting after subparagraph (E), the following new subparagraph:

''(F) the Highway Reauthorization and Excise Tax Simplification Act of 2004,'', and

(E) in the matter after subparagraph (E), as added by subparagraph (D), by striking ''Surface Transportation Extension Act of 2004'' and inserting ''Highway Reauthorization and Excise Tax Simplification Act of 2004''.

(3) EXCEPTION TO LIMITATION ON TRANSFERS.—Subparagraph (B) of section 9503(b)(5) (relating to limitation on transfers to Highway Trust Fund) is amended by striking ''May 1, 2004'' and inserting ''October 1, 2009''.

(b) AQUATIC RESOURCES TRUST FUND EXPENDITURE AUTHORITY.—

(1) SPORT FISH RESTORATION ACCOUNT.—Paragraph (2) of section 9504(b) (relating to Sport Fish Restoration Account) is amended by striking ''Surface Transportation Extension Act of 2004'' each place it appears and inserting ''Highway Reauthorization and Excise Tax Simplification Act of 2004''.

(2) BOAT SAFETY ACCOUNT.—Section 9504(c) (relating to expenditures from Boat Safety Account) is amended—

(A) by striking ''May 1, 2004'' and inserting ''October 1, 2009'', and

(B) by striking ''Surface Transportation Extension Act of 2004'' and inserting ''Highway Reauthorization and Excise Tax Simplification Act of 2004''.

(3) EXCEPTION TO LIMITATION ON TRANSFERS.—Paragraph (2) of section 9504(d) (relating to limitation on transfers to Aquatic Resources Trust Fund) is amended by striking ''May 1, 2004'' and inserting ''October 1, 2009''.

(4) TECHNICAL CORRECTION.—The last sentence of paragraph (2) of section 9504(b) is amended by striking ''subparagraph (B)'', and inserting ''subparagraph (C)''.

(c) EXTENSION OF TAXES.—

(1) IN GENERAL.—The following provisions are each amended by striking ''2005'' each place it appears and inserting ''2009'':

(A) Section 4041(a)(1)(C)(iii)(I) (relating to rate of tax on certain buses).

(B) Section 4041(a)(2)(B) (relating to rate of tax on special motor fuels).

(C) Section 4041(m)(1)(A) (relating to certain alcohol fuels produced from natural gas).

(D) Section 4051(c) (relating to termination of tax on heavy trucks and trailers).

(E) Section 4071(d) (relating to termination of tax on tires).

(F) Section 4081(d)(1) (relating to termination of tax on gasoline, diesel fuel, and kerosene).

(G) Section 4481(e) (relating to period tax in effect).

(H) Section 4482(c)(4) (relating to taxable period).

(I) Section 4482(d) (relating to special rule for taxable period in which termination date occurs).

(2) FLOOR STOCKS REFUNDS.—Section 6412(a)(1) (relating to floor stocks refunds) is amended—

(A) by striking ''2005'' each place it appears and inserting ''2009'', and

(B) by striking ''2006'' each place it appears and inserting ''2010''.

(d) EXTENSION OF CERTAIN EXEMPTIONS.—The following provisions are each amended by striking ''2005'' and inserting ''2009'':

(1) Section 4221(a) (relating to certain tax-free sales).

(2) Section 4483(g) (relating to termination of exemptions for highway use tax).

(e) EXTENSION OF DEPOSITS INTO, AND CERTAIN TRANSFERS FROM, TRUST FUND.—

(1) IN GENERAL.—Subsections (b), (c)(2), (c)(3), (c)(4)(A)(i), and (c)(5)(A) of section 9503 (relating to the Highway Trust Fund) are amended—

(A) by striking ''2005'' each place it appears and inserting ''2009'', and

(B) by striking ''2006'' each place it appears and inserting ''2010''.

(2) CONFORMING AMENDMENTS TO LAND AND WATER CONSERVATION FUND.—Section 201(b) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–11(b)) is amended—

(A) by striking ''2003'' and inserting ''2007'', and

(B) by striking ''2004'' each place it appears and inserting ''2008''.

(f) EXTENSION OF TAX BENEFITS FOR QUALIFIED METHANOL AND ETHANOL FUEL PRODUCED FROM COAL.—Section 4041(b)(2) (relating to qualified methanol and ethanol fuel) is amended—

(1) by striking ''2007'' in subparagraph (C)(ii) and inserting ''2010'', and

(2) by striking ''October 1, 2007'' in subparagraph (D) and inserting ''January 1, 2011''.

(g) PROHIBITION ON USE OF HIGHWAY ACCOUNT FOR RAIL PROJECTS.—Section 9503(c) (relating to transfers from Highway Trust Fund for certain repayments and credits) is amended by adding at the end the following new paragraph:

''(6) PROHIBITION ON USE OF HIGHWAY ACCOUNT FOR CERTAIN RAIL PROJECTS.—With respect to rail projects beginning after the date of the enactment of this paragraph, no amount shall be available from the Highway Account (as defined in subsection (e)(5)(B)) for any rail project, except for any rail project involving publicly owned rail facilities or any rail project yielding a public benefit.''.

(h) HIGHWAY TRUST FUND EXPENDITURES FOR HIGHWAY USE TAX EVASION PROJECTS.—Section 9503(c), as amended by subsection (g), is amended to add at the end the following new paragraph:

''(7) HIGHWAY USE TAX EVASION PROJECTS.—From amounts available in the Highway Trust Fund, there is authorized to be expended—

''(A) for each fiscal year after 2003 to the Internal Revenue Service—

''(i) $30,000,000 for enforcement of fuel tax compliance, including the per-certification of tax-exempt users,

''(ii) $10,000,000 for Xstars, and

''(iii) $10,000,000 for xfirs, and

''(B) for each fiscal year after 2003 to the Federal Highway Administration, $50,000,000 to be allocated $1,000,000 to each State to combat fuel tax evasion on the State level.''.

(i) EFFECTIVE DATE.—The amendments made by and provisions of this section shall take effect on the date of the enactment of this Act.

SEC. 9002. FULL ACCOUNTING OF FUNDS RECEIVED BY THE HIGHWAY TRUST FUND.

(a) IN GENERAL.—Section 9503(c) (relating to transfers from Highway Trust Fund for certain repayments and credits), as amended by section 9001 of this Act, is amended by striking paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7) as paragraphs (2), (3), (4), (5), and (6), respectively.

(b) INTEREST ON UNEXPENDED BALANCES CREDITED TO TRUST FUND.—Section 9503 (relating to the Highway Trust Fund) is amended by striking subsection (f).

(c) CONFORMING AMENDMENTS.—

(1) Section 9503(b)(4)(D) is amended by striking ''paragraph (4)(D) or (5)(B)'' and inserting ''paragraph (3)(D) or (4)(B)''.

(2) Paragraph (2) of section 9503(c) (as redesignated by subsection (a)) is amended by adding at the end the following new sentence: ''The amounts payable from the Highway Trust Fund under this paragraph shall be determined by taking into account only the portion of the taxes which are deposited into the Highway Trust Fund.''.

(3) Section 9504(a)(2) is amended by striking ''section 9503(c)(4), section 9503(c)(5)'' and inserting ''section 9503(c)(3), section 9503(c)(4)''.

(4) Paragraph (2) of section 9504(b), as amended by section 9001 of this Act, is amended by striking ''section 9503(c)(5)'' and inserting ''section 9503(c)(4)''.

(5) Section 9504(e) is amended by striking ''section 9503(c)(4)'' and inserting ''section 9503(c)(3)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to amounts paid for which no transfer from the Highway Trust Fund has been made before April 1, 2004.

(2) INTEREST CREDITED.—The amendment made by subsection (b) shall take effect on the date of the enactment of this Act.

SEC. 9003. MODIFICATION OF ADJUSTMENTS OF APPORTIONMENTS.

(a) IN GENERAL.—Section 9503(d) (relating to adjustments for apportionments) is amended—

(1) by striking ''24-month'' in paragraph (1)(B) and inserting ''48-month'', and

(2) by striking ''2 years'' in the heading for paragraph (3) and inserting ''4 years''.

(b) MEASUREMENT OF NET HIGHWAY RECEIPTS.—Section 9503(d) is amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

''(6) MEASUREMENT OF NET HIGHWAY RECEIPTS.—For purposes of making any estimate under paragraph (1) of net highway receipts for periods ending after the date specified in subsection (b)(1), the Secretary shall treat—

''(A) each expiring provision of subsection (b) which is related to appropriations or transfers to the Highway Trust Fund to have been extended through the end of the 48-month period referred to in paragraph (1)(B), and

''(B) with respect to each tax imposed under the sections referred to in subsection (b)(1), the rate of such tax during the 48-month period referred to in paragraph (1)(B) to be the same as the rate of such tax as in effect on the date of such estimate.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle B—Volumetric Ethanol Excise Tax Credit

SEC. 9101. SHORT TITLE.

This subtitle may be cited as the ''Volumetric Ethanol Excise Tax Credit (VEETC) Act of 2004''.

SEC. 9102. ALCOHOL AND BIODIESEL EXCISE TAX CREDIT AND EXTENSION OF ALCOHOL FUELS INCOME TAX CREDIT.

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application) is amended by inserting after section 6425 the following new section:

''SEC. 6426. CREDIT FOR ALCOHOL FUEL AND BIODIESEL MIXTURES.

''(a) ALLOWANCE OF CREDITS.—There shall be allowed as a credit against the tax imposed by section 4081 an amount equal to the sum of—

''(1) the alcohol fuel mixture credit, plus

''(2) the biodiesel mixture credit.

''(b) ALCOHOL FUEL MIXTURE CREDIT.—

''(1) IN GENERAL.—For purposes of this section, the alcohol fuel mixture credit is the product of the applicable amount and the number of gallons of alcohol used by the taxpayer in producing any alcohol fuel mixture for sale or use in a trade or business of the taxpayer.

''(2) APPLICABLE AMOUNT.—For purposes of this subsection—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the applicable amount is 52 cents (51 cents in the case of any sale or use after 2004).

''(B) MIXTURES NOT CONTAINING ETHANOL.—In the case of an alcohol fuel mixture in which none of the alcohol consists of ethanol, the applicable amount is 60 cents.

''(3) ALCOHOL FUEL MIXTURE.—For purposes of this subsection, the term 'alcohol fuel mixture' means a mixture of alcohol and a taxable fuel which—

''(A) is sold by the taxpayer producing such mixture to any person for use as a fuel,

''(B) is used as a fuel by the taxpayer producing such mixture, or

''(C) is removed from the refinery by a person producing such mixture.

''(4) OTHER DEFINITIONS.—For purposes of this subsection—

''(A) ALCOHOL.—The term 'alcohol' includes methanol and ethanol but does not include—

''(i) alcohol produced from petroleum, natural gas, or coal (including peat), or

''(ii) alcohol with a proof of less than 190 (determined without regard to any added denaturants).

Such term also includes an alcohol gallon equivalent of ethyl tertiary butyl ether or other ethers produced from such alcohol.

''(B) TAXABLE FUEL.—The term 'taxable fuel' has the meaning given such term by section 4083(a)(1).

''(5) TERMINATION.—This subsection shall not apply to any sale, use, or removal for any period after December 31, 2010.

''(c) BIODIESEL MIXTURE CREDIT.—

''(1) IN GENERAL.—For purposes of this section, the biodiesel mixture credit is the product of the applicable amount and the number of gallons of biodiesel used by the taxpayer in producing any biodiesel mixture for sale or use in a trade or business of the taxpayer.

''(2) APPLICABLE AMOUNT.—For purposes of this subsection—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the applicable amount is 50 cents.

''(B) AMOUNT FOR AGRI-BIODIESEL.—In the case of any biodiesel which is agri-biodiesel, the applicable amount is $1.00.

''(3) BIODIESEL MIXTURE.—For purposes of this section, the term 'biodiesel mixture' means a mixture of biodiesel and diesel fuel (as defined in section 4083(a)(3)), determined without regard to any use of kerosene, which—

''(A) is sold by the taxpayer producing such mixture to any person for use as a fuel,

''(B) is used as a fuel by the taxpayer producing such mixture, or

''(C) is removed from the refinery by a person producing such mixture.

''(4) CERTIFICATION FOR BIODIESEL.—No credit shall be allowed under this section unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of the biodiesel which identifies the product produced and the percentage of biodiesel and agri-biodiesel in the product.

''(5) OTHER DEFINITIONS.—Any term used in this subsection which is also used in section 40A shall have the meaning given such term by section 40A.

''(6) TERMINATION.—This subsection shall not apply to any sale, use, or removal for any period after December 31, 2006.

''(d) MIXTURE NOT USED AS A FUEL, ETC.—

''(1) IMPOSITION OF TAX.—If—

''(A) any credit was determined under this section with respect to alcohol or biodiesel used in the production of any alcohol fuel mixture or biodiesel mixture, respectively, and

''(B) any person—

''(i) separates the alcohol or biodiesel from the mixture, or

''(ii) without separation, uses the mixture other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the applicable amount and the number of gallons of such alcohol or biodiesel.

''(2) APPLICABLE LAWS.—All provisions of law, including penalties, shall, insofar as applicable and not inconsistent with this section, apply in respect of any tax imposed under paragraph (1) as if such tax were imposed by section 4081 and not by this section.

''(e) COORDINATION WITH EXEMPTION FROM EXCISE TAX.—Rules similar to the rules under section 40(c) shall apply for purposes of this section.''.

(b) REGISTRATION REQUIREMENT.—Section 4101(a)(1) (relating to registration), as amended by sections 9211 and 9242 of this Act, is amended by inserting ''and every person producing or importing biodiesel (as defined in section 40A(d)(1)) or alcohol (as defined in section 6426(b)(4)(A))'' after ''4081''.

(c) ADDITIONAL AMENDMENTS.—

(1) Section 40(c) is amended by striking ''subsection (b)(2), (k), or (m) of section 4041, section 4081(c), or section 4091(c)'' and inserting ''section 4041(b)(2), section 6426, or section 6427(e)''.

(2) Paragraph (4) of section 40(d) is amended to read as follows:

''(4) VOLUME OF ALCOHOL.—For purposes of determining under subsection (a) the number of gallons of alcohol with respect to which a credit is allowable under subsection (a), the volume of alcohol shall include the volume of any denaturant (including gasoline) which is added under any formulas approved by the Secretary to the extent that such denaturants do not exceed 5 percent of the volume of such alcohol (including denaturants).''.

(3) Section 40(e)(1) is amended—

(A) by striking ''2007'' in subparagraph (A) and inserting ''2010'', and

(B) by striking ''2008'' in subparagraph (B) and inserting ''2011''.

(4) Section 40(h) is amended—

(A) by striking ''2007'' in paragraph (1) and inserting ''2010'', and

(B) by striking '', 2006, or 2007'' in the table contained in paragraph (2) and inserting ''through 2010''.

(5) Section 4041(b)(2)(B) is amended by striking ''a substance other than petroleum or natural gas'' and inserting ''coal (including peat)''.

(6) Section 4041 is amended by striking subsection (k).

(7) Section 4081 is amended by striking subsection (c).

(8) Paragraph (2) of section 4083(a) is amended to read as follows:

''(2) GASOLINE.—The term 'gasoline'—

''(A) includes any gasoline blend, other than qualified methanol or ethanol fuel (as defined in section 4041(b)(2)(B)), partially exempt methanol or ethanol fuel (as defined in section 4041(m)(2)), or a denatured alcohol, and

''(B) includes, to the extent prescribed in regulations—

''(i) any gasoline blend stock, and

''(ii) any product commonly used as an additive in gasoline (other than alcohol).

For purposes of subparagraph (B)(i), the term 'gasoline blend stock' means any petroleum product component of gasoline.''.

(9) Section 6427 is amended by inserting after subsection (d) the following new subsection:

''(e) ALCOHOL OR BIODIESEL USED TO PRODUCE ALCOHOL FUEL AND BIODIESEL MIXTURES OR USED AS FUELS.—Except as provided in subsection (k)—

''(1) USED TO PRODUCE A MIXTURE.—If any person produces a mixture described in section 6426 in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the alcohol fuel mixture credit or the biodiesel mixture credit with respect to such mixture.

''(2) USED AS FUEL.—If alcohol (as defined in section 40(d)(1)) or biodiesel (as defined in section 40A(d)(1)) or agri-biodiesel (as defined in section 40A(d)(2)) which is not in a mixture described in section 6426—

''(A) is used by any person as a fuel in a trade or business, or

''(B) is sold by any person at retail to another person and placed in the fuel tank of such person's vehicle,

the Secretary shall pay (without interest) to such person an amount equal to the alcohol credit (as determined under section 40(b)(2)) or the biodiesel credit (as determined under section 40A(b)(2)) with respect to such fuel.

''(3) COORDINATION WITH OTHER REPAYMENT PROVISIONS.—No amount shall be payable under paragraph (1) with respect to any mixture with respect to which an amount is allowed as a credit under section 6426.

''(4) TERMINATION.—This subsection shall not apply with respect to—

''(A) any alcohol fuel mixture (as defined in section 6426(b)(3)) or alcohol (as so defined) sold or used after December 31, 2010, and

''(B) any biodiesel mixture (as defined in section 6426(c)(3)) or biodiesel (as so defined) or agri-biodiesel (as so defined) sold or used after December 31, 2006.''.

(10) Section 6427(i)(3) is amended—

(A) by striking ''subsection (f)'' both places it appears in subparagraph (A) and inserting ''subsection (e)(1)'',

(B) by striking ''gasoline, diesel fuel, or kerosene used to produce a qualified alcohol mixture (as defined in section 4081(c)(3))'' in subparagraph (A) and inserting ''a mixture described in section 6426'',

(C) by adding at the end of subparagraph (A) the following new flush sentence: ''In the case of an electronic claim, this subparagraph shall be applied without regard to clause (i).'',

(D) by striking ''subsection (f)(1)'' in subparagraph (B) and inserting ''subsection (e)(1)'',

(E) by striking ''20 days of the date of the filing of such claim'' in subparagraph (B) and inserting ''45 days of the date of the filing of such claim (20 days in the case of an electronic claim)'', and

(F) by striking ''alcohol mixture'' in the heading and inserting ''alcohol fuel and biodiesel mixture''.

(11) Section 9503(b)(1) is amended by adding at the end the following new flush sentence: ''For purposes of this paragraph, taxes received under sections 4041 and 4081 shall be determined without reduction for credits under section 6426.''.

(12) Section 9503(b)(4), as amended by section 9101 of this Act, is amended—

(A) by adding ''or'' at the end of subparagraph (C),

(B) by striking the comma at the end of subparagraph (D)(iii) and inserting a period, and

(C) by striking subparagraphs (E) and (F).

(13) The table of sections for subchapter B of chapter 65 is amended by inserting after the item relating to section 6425 the following new item:

''Sec. 6426. Credit for alcohol fuel and biodiesel mixtures.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to fuel sold or used after September 30, 2004.

(2) REGISTRATION REQUIREMENT.—The amendment made by subsection (b) shall take effect on April 1, 2005.

(3) EXTENSION OF ALCOHOL FUELS CREDIT.—The amendments made by paragraphs (3), (4), and (14) of subsection (c) shall take effect on the date of the enactment of this Act.

(4) REPEAL OF GENERAL FUND RETENTION OF CERTAIN ALCOHOL FUELS TAXES.—The amendments made by subsection (c)(12) shall apply to fuel sold or used after September 30, 2003.

(e) FORMAT FOR FILING.—The Secretary of the Treasury shall describe the electronic format for filing claims described in section 6427(i)(3)(B) of the Internal Revenue Code of 1986 (as amended by subsection (c)(10)(C)) not later than September 30, 2004.

SEC. 9103. BIODIESEL INCOME TAX CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by inserting after section 40 the following new section:

"SEC. 40A. BIODIESEL USED AS FUEL.

''(a) GENERAL RULE.—For purposes of section 38, the biodiesel fuels credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) the biodiesel mixture credit, plus

''(2) the biodiesel credit.

''(b) DEFINITION OF BIODIESEL MIXTURE CREDIT AND BIODIESEL CREDIT.—For purposes of this section—

''(1) BIODIESEL MIXTURE CREDIT.—

''(A) IN GENERAL.—The biodiesel mixture credit of any taxpayer for any taxable year is 50 cents for each gallon of biodiesel used by the taxpayer in the production of a qualified biodiesel mixture.

''(B) QUALIFIED BIODIESEL MIXTURE.—The term 'qualified biodiesel mixture' means a mixture of biodiesel and diesel fuel (as defined in section 4083(a)(3)), determined without regard to any use of kerosene, which—

''(i) is sold by the taxpayer producing such mixture to any person for use as a fuel, or

''(ii) is used as a fuel by the taxpayer producing such mixture.

''(C) SALE OR USE MUST BE IN TRADE OR BUSINESS, ETC.—Biodiesel used in the production of a qualified biodiesel mixture shall be taken into account—

''(i) only if the sale or use described in subparagraph (B) is in a trade or business of the taxpayer, and

''(ii) for the taxable year in which such sale or use occurs.

''(D) CASUAL OFF-FARM PRODUCTION NOT ELIGIBLE.—No credit shall be allowed under this section with respect to any casual off-farm production of a qualified biodiesel mixture.

''(2) BIODIESEL CREDIT.—

''(A) IN GENERAL.—The biodiesel credit of any taxpayer for any taxable year is 50 cents for each gallon of biodiesel which is not in a mixture with diesel fuel and which during the taxable year—

''(i) is used by the taxpayer as a fuel in a trade or business, or

''(ii) is sold by the taxpayer at retail to a person and placed in the fuel tank of such person's vehicle.

''(B) USER CREDIT NOT TO APPLY TO BIODIESEL SOLD AT RETAIL.—No credit shall be allowed under subparagraph (A)(i) with respect to any biodiesel which was sold in a retail sale described in subparagraph (A)(ii).

''(3) CREDIT FOR AGRI-BIODIESEL.—In the case of any biodiesel which is agri-biodiesel, paragraphs (1)(A) and (2)(A) shall be applied by substituting '$1.00' for '50 cents'.

''(4) CERTIFICATION FOR BIODIESEL.—No credit shall be allowed under this section unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer or importer of the biodiesel which identifies the product produced and the percentage of biodiesel and agri-biodiesel in the product.

''(c) COORDINATION WITH CREDIT AGAINST EXCISE TAX.—The amount of the credit determined under this section with respect to any biodiesel shall be properly reduced to take into account any benefit provided with respect to such biodiesel solely by reason of the application of section 6426 or 6427(e).

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) BIODIESEL.—The term 'biodiesel' means the monoalkyl esters of long chain fatty acids derived from plant or animal matter which meet—

''(A) the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act (42 U.S.C. 7545), and

''(B) the requirements of the American Society of Testing and Materials D6751.

''(2) AGRI-BIODIESEL.—The term 'agri-biodiesel' means biodiesel derived solely from virgin oils, including esters derived from virgin vegetable oils from corn, soybeans, sunflower seeds, cottonseeds, canola, crambe, rapeseeds, safflowers, flaxseeds, rice bran, and mustard seeds, and from animal fats.

''(3) MIXTURE OR BIODIESEL NOT USED AS A FUEL, ETC.—

''(A) MIXTURES.—If—

''(i) any credit was determined under this section with respect to biodiesel used in the production of any qualified biodiesel mixture, and

''(ii) any person—

''(I) separates the biodiesel from the mixture, or

''(II) without separation, uses the mixture other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the rate applicable under subsection (b)(1)(A) and the number of gallons of such biodiesel in such mixture.

''(B) BIODIESEL.—If—

''(i) any credit was determined under this section with respect to the retail sale of any biodiesel, and

''(ii) any person mixes such biodiesel or uses such biodiesel other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the rate applicable under subsection (b)(2)(A) and the number of gallons of such biodiesel.

''(C) APPLICABLE LAWS.—All provisions of law, including penalties, shall, insofar as applicable and not inconsistent with this section, apply in respect of any tax imposed under subparagraph (A) or (B) as if such tax were imposed by section 4081 and not by this chapter.

''(4) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(e) TERMINATION.—This section shall not apply to any sale or use after December 31, 2006.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to current year business credit) is amended by striking ''plus'' at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting '', plus'', and by adding at the end the following new paragraph:

''(16) the biodiesel fuels credit determined under section 40A(a).''.

(c) CONFORMING AMENDMENTS.—

(1) Section 39(d) is amended by adding at the end the following new paragraph:

''(11) NO CARRYBACK OF BIODIESEL FUELS CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the biodiesel fuels credit determined under section 40A may be carried back to a taxable year ending on or before September 30, 2004.''.

(2)(A) Section 87 is amended to read as follows:

"SEC. 87. ALCOHOL AND BIODIESEL FUELS CREDITS.

''Gross income includes—

''(1) the amount of the alcohol fuels credit determined with respect to the taxpayer for the taxable year under section 40(a), and

''(2) the biodiesel fuels credit determined with respect to the taxpayer for the taxable year under section 40A(a).''.

(B) The item relating to section 87 in the table of sections for part II of subchapter B of chapter 1 is amended by striking ''fuel credit'' and inserting ''and biodiesel fuels credits''.

(3) Section 196(c) is amended by striking ''and'' at the end of paragraph (9), by striking the period at the end of paragraph (10) and inserting '', and'', and by adding at the end the following new paragraph:

''(11) the biodiesel fuels credit determined under section 40A(a).''.

(4) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding after the item relating to section 40 the following new item:

''Sec. 40A. Biodiesel used as fuel.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced, and sold or used, after September 30, 2004, in taxable years ending after such date.

Subtitle C—Fuel Fraud Prevention

SEC. 9200. SHORT TITLE.

This subtitle may be cited as the ''Fuel Fraud Prevention Act of 2004''.

PART I—AVIATION JET FUEL

SEC. 9211. TAXATION OF AVIATION-GRADE KEROSENE.

(a) RATE OF TAX.—

(1) IN GENERAL.—Subparagraph (A) of section 4081(a)(2) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) in the case of aviation-grade kerosene, 21.8 cents per gallon.''.

(2) COMMERCIAL AVIATION.—Paragraph (2) of section 4081(a) is amended by adding at the end the following new subparagraph:

''(C) TAXES IMPOSED ON FUEL USED IN COMMERCIAL AVIATION.—In the case of aviation-grade kerosene which is removed from any refinery or terminal directly into the fuel tank of an aircraft for use in commercial aviation, the rate of tax under subparagraph (A)(iv) shall be 4.3 cents per gallon.''.

(3) NONTAXABLE USES.—

(A) IN GENERAL.—Section 4082 is amended by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and by inserting after subsection (d) the following new subsection:

''(e) AVIATION-GRADE KEROSENE.—In the case of aviation-grade kerosene which is exempt from the tax imposed by section 4041(c) (other than by reason of a prior imposition of tax) and which is removed from any refinery or terminal directly into the fuel tank of an aircraft, the rate of tax under section 4081(a)(2)(A)(iv) shall be zero.''.

(B) CONFORMING AMENDMENTS.—

(i) Subsection (b) of section 4082 is amended by adding at the end the following new flush sentence: ''The term 'nontaxable use' does not include the use of aviation-grade kerosene in an aircraft.''.

(ii) Section 4082(d) is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(4) NONAIRCRAFT USE OF AVIATION-GRADE KEROSENE.—

(A) IN GENERAL.—Subparagraph (B) of section 4041(a)(1) is amended by adding at the

end the following new sentence: ''This subparagraph shall not apply to aviation-grade kerosene.''.

(B) CONFORMING AMENDMENT.—The heading for paragraph (1) of section 4041(a) is amended by inserting ''and kerosene'' after ''diesel fuel''.

(b) COMMERCIAL AVIATION.—Section 4083 is amended redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

''(b) COMMERCIAL AVIATION.—For purposes of this subpart, the term 'commercial aviation' means any use of an aircraft in a business of transporting persons or property for compensation or hire by air, unless properly allocable to any transportation exempt from the taxes imposed by section 4261 and 4271 by reason of section 4281 or 4282 or by reason of section 4261(h).''.

(c) REFUNDS.—

(1) IN GENERAL.—Paragraph (4) of section 6427(l) is amended to read as follows:

''(4) REFUNDS FOR AVIATION-GRADE KEROSENE.—

''(A) NO REFUND OF CERTAIN TAXES ON FUEL USED IN COMMERCIAL AVIATION.—In the case of aviation-grade kerosene used in commercial aviation (as defined in section 4083(b)) (other than supplies for vessels or aircraft within the meaning of section 4221(d)(3)), paragraph (1) shall not apply to so much of the tax imposed by section 4081 as is attributable to—

''(i) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

''(ii) so much of the rate of tax specified in section 4081(a)(2)(A)(iv) as does not exceed 4.3 cents per gallon.

''(B) PAYMENT TO ULTIMATE, REGISTERED VENDOR.—With respect to aviation-grade kerosene, if the ultimate purchaser of such kerosene waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

''(i) is registered under section 4101, and

''(ii) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).''.

(2) TIME FOR FILING CLAIMS.—Paragraph (4) of section 6427(i) is amended by striking ''subsection (l)(5)'' and inserting ''paragraph (4)(B) or (5) of subsection (l)''.

(3) CONFORMING AMENDMENT.—Subparagraph (B) of section 6427(l)(2) is amended to read as follows:

''(B) in the case of aviation-grade kerosene—

''(i) any use which is exempt from the tax imposed by section 4041(c) other than by reason of a prior imposition of tax, or

''(ii) any use in commercial aviation (within the meaning of section 4083(b)).''.

(d) REPEAL OF PRIOR TAXATION OF AVIATION FUEL.—

(1) IN GENERAL.—Part III of subchapter A of chapter 32 is amended by striking subpart B and by redesignating subpart C as subpart B.

(2) CONFORMING AMENDMENTS.—

(A) Section 4041(c) is amended to read as follows:

''(c) AVIATION-GRADE KEROSENE.—

''(1) IN GENERAL.—There is hereby imposed a tax upon aviation-grade kerosene—

''(A) sold by any person to an owner, lessee, or other operator of an aircraft for use in such aircraft, or

''(B) used by any person in an aircraft unless there was a taxable sale of such fuel under subparagraph (A).

''(2) EXEMPTION FOR PREVIOUSLY TAXED FUEL.—No tax shall be imposed by this subsection on the sale or use of any aviation-grade kerosene if tax was imposed on such liquid under section 4081 and the tax thereon was not credited or refunded.

''(3) RATE OF TAX.—The rate of tax imposed by this subsection shall be the rate of tax specified in section 4081(a)(2)(A)(iv) which is in effect at the time of such sale or use.''.

(B) Section 4041(d)(2) is amended by striking ''section 4091'' and inserting ''section 4081''.

(C) Section 4041 is amended by striking subsection (e).

(D) Section 4041 is amended by striking subsection (i).

(E) Section 4041(m)(1) is amended to read as follows:

''(1) IN GENERAL.—In the case of the sale or use of any partially exempt methanol or ethanol fuel, the rate of the tax imposed by subsection (a)(2) shall be—

''(A) after September 30, 1997, and before September 30, 2009—

''(i) in the case of fuel none of the alcohol in which consists of ethanol, 9.15 cents per gallon, and

''(ii) in any other case, 11.3 cents per gallon, and

''(B) after September 30, 2009—

''(i) in the case of fuel none of the alcohol in which consists of ethanol, 2.15 cents per gallon, and

''(ii) in any other case, 4.3 cents per gallon.''.

(F) Sections 4101(a), 4103, 4221(a), and 6206 are each amended by striking '', 4081, or 4091'' and inserting ''or 4081''.

(G) Section 6416(b)(2) is amended by striking ''4091 or''.

(H) Section 6416(b)(3) is amended by striking ''or 4091'' each place it appears.

(I) Section 6416(d) is amended by striking ''or to the tax imposed by section 4091 in the case of refunds described in section 4091(d)''.

(J) Section 6427 is amended by striking subsection (f).

(K) Section 6427(j)(1) is amended by striking '', 4081, and 4091'' and inserting ''and 4081''.

(L)(i) Section 6427(l)(1) is amended to read as follows:

''(1) IN GENERAL.—Except as otherwise provided in this subsection and in subsection (k), if any diesel fuel or kerosene on which tax has been imposed by section 4041 or 4081 is used by any person in a nontaxable use, the Secretary shall pay (without interest) to the ultimate purchaser of such fuel an amount equal to the aggregate amount of tax imposed on such fuel under section 4041 or 4081, as the case may be, reduced by any refund paid to the ultimate vendor under paragraph (4)(B).''.

(ii) Paragraph (5)(B) of section 6427(l) is amended by striking ''Paragraph (1)(A) shall not apply to kerosene'' and inserting ''Paragraph (1) shall not apply to kerosene (other than aviation-grade kerosene)''.

(M) Subparagraph (B) of section 6724(d)(1) is amended by striking clause (xv) and by redesignating the succeeding clauses accordingly.

(N) Paragraph (2) of section 6724(d) is amended by striking subparagraph (W) and by redesignating the succeeding subparagraphs accordingly.

(O) Paragraph (1) of section 9502(b) is amended by adding ''and'' at the end of subparagraph (B) and by striking subparagraphs (C) and (D) and inserting the following new subparagraph:

''(C) section 4081 with respect to aviation gasoline and aviation-grade kerosene, and''.

(P) The last sentence of section 9502(b) is amended to read as follows: ''There shall not be taken into account under paragraph (1) so much of the taxes imposed by section 4081 as are determined at the rate specified in section 4081(a)(2)(B).''.

(Q) Subsection (b) of section 9508 is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(R) Section 9508(c)(2)(A) is amended by striking ''sections 4081 and 4091'' and inserting ''section 4081''.

(S) The table of subparts for part III of subchapter A of chapter 32 is amended to read as follows:

''SUBPART A. MOTOR AND AVIATION FUELS

''SUBPART B. SPECIAL PROVISIONS APPLICABLE TO FUELS TAX''.

(T) The heading for subpart A of part III of subchapter A of chapter 32 is amended to read as follows:

''Subpart A—Motor and Aviation Fuels''.

(U) The heading for subpart B of part III of subchapter A of chapter 32 is amended to read as follows:

''Subpart B—Special Provisions Applicable to Fuels Tax''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to aviation-grade kerosene removed, entered, or sold after September 30, 2004.

(f) FLOOR STOCKS TAX.—

(1) IN GENERAL.—There is hereby imposed on aviation-grade kerosene held on October 1, 2004, by any person a tax equal to—

(A) the tax which would have been imposed before such date on such kerosene had the amendments made by this section been in effect at all times before such date, reduced by

(B) the tax imposed before such date under section 4091 of the Internal Revenue Code of 1986, as in effect on the day before the date of the enactment of this Act.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—The person holding the kerosene on October 1, 2004, to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD AND TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid at such time and in such manner as the Secretary of the Treasury shall prescribe, including the nonapplication of such tax on de minimis amounts of kerosene.

(3) TRANSFER OF FLOOR STOCK TAX REVENUES TO TRUST FUNDS.—For purposes of determining the amount transferred to any trust fund, the tax imposed by this subsection shall be treated as imposed by section 4081 of the Internal Revenue Code of 1986—

(A) at the Leaking Underground Storage Tank Trust Fund financing rate under such section to the extent of 0.1 cents per gallon, and

(B) at the rate under section 4081(a)(2)(A)(iv) to the extent of the remainder.

(4) HELD BY A PERSON.—For purposes of this section, kerosene shall be considered as held by a person if title thereto has passed to such person (whether or not delivery to the person has been made).

(5) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable with respect to the tax imposed by section 4081 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply with respect to the floor stock tax imposed by paragraph (1) to the same extent as if such tax were imposed by such section.

SEC. 9212. TRANSFER OF CERTAIN AMOUNTS FROM THE AIRPORT AND AIRWAY TRUST FUND TO THE HIGHWAY TRUST FUND TO REFLECT HIGHWAY USE OF JET FUEL.

(a) IN GENERAL.—Section 9502(d) is amended by adding at the end the following new paragraph:

''(7) TRANSFERS FROM THE TRUST FUND TO THE HIGHWAY TRUST FUND.—

''(A) IN GENERAL.—The Secretary shall pay annually from the Airport and Airway Trust Fund into the Highway Trust Fund an amount (as determined by him) equivalent to amounts received in the Airport and Airway Trust Fund which are attributable to fuel that is used primarily for highway transportation purposes.

''(B) AMOUNTS TRANSFERRED TO MASS TRANSIT ACCOUNT.—The Secretary shall transfer 11 percent of the amounts paid into the Highway Trust Fund under subparagraph (A) to the Mass Transit Account established under section 9503(e).''.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 9503 is amended—

(A) by striking ''appropriated or credited'' and inserting ''paid, appropriated, or credited'', and

(B) by striking ''or section 9602(b)'' and inserting '', section 9502(d)(7), or section 9602(b)''.

(2) Subsection (e)(1) of section 9503 is amended by striking ''or section 9602(b)'' and inserting '', section 9502(d)(7), or section 9602(b)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

PART II—DYED FUEL

SEC. 9221. DYE INJECTION EQUIPMENT.

(a) IN GENERAL.—Section 4082(a)(2) (relating to exemptions for diesel fuel and kerosene) is amended by inserting ''by mechanical injection'' after ''indelibly dyed''.

(b) DYE INJECTOR SECURITY.—Not later than June 30, 2004, the Secretary of the Treasury shall issue regulations regarding mechanical dye injection systems described in the amendment made by subsection (a), and such regulations shall include standards for making such systems tamper resistant.

(c) PENALTY FOR TAMPERING WITH OR FAILING TO MAINTAIN SECURITY REQUIREMENTS FOR MECHANICAL DYE INJECTION SYSTEMS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by adding after section 6715 the following new section:

''SEC. 6715A. TAMPERING WITH OR FAILING TO MAINTAIN SECURITY REQUIREMENTS FOR MECHANICAL DYE INJECTION SYSTEMS.

''(a) IMPOSITION OF PENALTY.—

''(1) TAMPERING.—If any person tampers with a mechanical dye injection system used to indelibly dye fuel for purposes of section 4082, then such person shall pay a penalty in addition to the tax (if any).

''(2) FAILURE TO MAINTAIN SECURITY REQUIREMENTS.—If any operator of a mechanical dye injection system used to indelibly dye fuel for purposes of section 4082 fails to maintain the security standards for such system as established by the Secretary, then such operator shall pay a penalty.

''(b) AMOUNT OF PENALTY.—The amount of the penalty under subsection (a) shall be—

''(1) for each violation described in paragraph (1), the greater of—

''(A) $25,000, or

''(B) $10 for each gallon of fuel involved, and

''(2) for each—

''(A) failure to maintain security standards described in paragraph (2), $1,000, and

''(B) failure to correct a violation described in paragraph (2), $1,000 per day for each day after which such violation was discovered or such person should have reasonably known of such violation.

''(c) JOINT AND SEVERAL LIABILITY.—

''(1) IN GENERAL.—If a penalty is imposed under this section on any business entity, each officer, employee, or agent of such entity or other contracting party who willfully participated in any act giving rise to such penalty shall be jointly and severally liable with such entity for such penalty.

''(2) AFFILIATED GROUPS.—If a business entity described in paragraph (1) is part of an affiliated group (as defined in section 1504(a)), the parent corporation of such entity shall be jointly and severally liable with such entity for the penalty imposed under this section.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by adding after the item related to section 6715 the following new item:

''Sec. 6715A. Tampering with or failing to maintain security requirements for mechanical dye injection systems.''.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (c) shall take effect 180 days after the date on which the Secretary issues the regulations described in subsection (b).

SEC. 9222. ELIMINATION OF ADMINISTRATIVE REVIEW FOR TAXABLE USE OF DYED FUEL.

(a) IN GENERAL.—Section 6715 is amended by inserting at the end the following new subsection:

''(e) NO ADMINISTRATIVE APPEAL FOR THIRD AND SUBSEQUENT VIOLATIONS.—In the case of any person who is found to be subject to the penalty under this section after a chemical analysis of such fuel and who has been penalized under this section at least twice after the date of the enactment of this subsection, no administrative appeal or review shall be allowed with respect to such finding except in the case of a claim regarding—

''(1) fraud or mistake in the chemical analysis, or

''(2) mathematical calculation of the amount of the penalty.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to penalties assessed after the date of the enactment of this Act.

SEC. 9223. PENALTY ON UNTAXED CHEMICALLY ALTERED DYED FUEL MIXTURES.

(a) IN GENERAL.—Section 6715(a) (relating to dyed fuel sold for use or used in taxable use, etc.) is amended by striking ''or'' in paragraph (2), by inserting ''or'' at the end of paragraph (3), and by inserting after paragraph (3) the following new paragraph:

''(4) any person who has knowledge that a dyed fuel which has been altered as described in paragraph (3) sells or holds for sale such fuel for any use which the person knows or has reason to know is not a nontaxable use of such fuel,''.

(b) CONFORMING AMENDMENT.—Section 6715(a)(3) is amended by striking ''alters, or attempts to alter,'' and inserting ''alters, chemically or otherwise, or attempts to so alter,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9224. TERMINATION OF DYED DIESEL USE BY INTERCITY BUSES.

(a) IN GENERAL.—Paragraph (3) of section 4082(b) (relating to nontaxable use) is amended to read as follows:

''(3) any use described in section 4041(a)(1)(C)(iii)(II).''.

(b) ULTIMATE VENDOR REFUND.—Subsection (b) of section 6427 is amended by adding at the end the following new paragraph:

''(4) REFUNDS FOR USE OF DIESEL FUEL IN CERTAIN INTERCITY BUSES.—

''(A) IN GENERAL.—With respect to any fuel to which paragraph (2)(A) applies, if the ultimate purchaser of such fuel waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

''(i) is registered under section 4101, and

''(ii) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).

''(B) CREDIT CARDS.—For purposes of this paragraph, if the sale of such fuel is made by means of a credit card, the person extending credit to the ultimate purchaser shall be deemed to be the ultimate vendor.''.

(c) PAYMENT OF REFUNDS.—Subparagraph (A) of section 6427(i)(4), as amended by section 9211 of this Act, is amended by inserting ''subsections (b)(4) and'' after ''filed under''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold after September 30, 2004.

PART III—MODIFICATION OF INSPECTION OF RECORDS PROVISIONS

SEC. 9231. AUTHORITY TO INSPECT ON-SITE RECORDS.

(a) IN GENERAL.—Section 4083(d)(1)(A) (relating to administrative authority), as amended by section 9211 of this Act, is amended by striking ''and'' at the end of clause (i) and by inserting after clause (ii) the following new clause:

''(iii) inspecting any books and records and any shipping papers pertaining to such fuel, and''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9232. ASSESSABLE PENALTY FOR REFUSAL OF ENTRY.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties), as amended by section 9221 of this Act, is amended by adding at the end the following new section:

''SEC. 6717. REFUSAL OF ENTRY.

''(a) IN GENERAL.—In addition to any other penalty provided by law, any person who refuses to admit entry or refuses to permit any other action by the Secretary authorized by section 4083(d)(1) shall pay a penalty of $1,000 for such refusal.

''(b) JOINT AND SEVERAL LIABILITY.—

''(1) IN GENERAL.—If a penalty is imposed under this section on any business entity, each officer, employee, or agent of such entity or other contracting party who willfully participated in any act giving rise to such penalty shall be jointly and severally liable with such entity for such penalty.

''(2) AFFILIATED GROUPS.—If a business entity described in paragraph (1) is part of an affiliated group (as defined in section 1504(a)), the parent corporation of such entity shall be jointly and severally liable with such entity for the penalty imposed under this section.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 4083(d)(3), as amended by section 9211 of this Act, is amended—

(A) by striking ''ENTRY.—The penalty'' and inserting: ''ENTRY.—

''(A) FORFEITURE.—The penalty'', and

(B) by adding at the end the following new subparagraph:

''(B) ASSESSABLE PENALTY.—For additional assessable penalty for the refusal to admit entry or other refusal to permit an action by the Secretary authorized by paragraph (1), see section 6717.''.

(2) The table of sections for part I of subchapter B of chapter 68, as amended by section 9221 of this Act, is amended by adding at the end the following new item:

''Sec. 6717. Refusal of entry.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

PART IV—REGISTRATION AND REPORTING REQUIREMENTS

SEC. 9241. REGISTRATION OF PIPELINE OR VESSEL OPERATORS REQUIRED FOR EXEMPTION OF BULK TRANSFERS TO REGISTERED TERMINALS OR REFINERIES.

(a) IN GENERAL.—Section 4081(a)(1)(B) (relating to exemption for bulk transfers to registered terminals or refineries) is amended—

(1) by inserting ''by pipeline or vessel'' after ''transferred in bulk'', and

(2) by inserting '', the operator of such pipeline or vessel,'' after ''the taxable fuel''.

(b) CIVIL PENALTY FOR CARRYING TAXABLE FUELS BY NONREGISTERED PIPELINES OR VESSELS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties), as amended by section 9232 of this Act, is amended by adding at the end the following new section:

''SEC. 6718. CARRYING TAXABLE FUELS BY NONREGISTERED PIPELINES OR VESSELS.

''(a) IMPOSITION OF PENALTY.—If any person knowingly transfers any taxable fuel (as defined in section 4083(a)(1)) in bulk pursuant to section 4081(a)(1)(B) to an unregistered, such person shall pay a penalty in addition to the tax (if any).

''(b) AMOUNT OF PENALTY.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the penalty under subsection (a) on each act shall be an amount equal to the greater of—

''(A) $10,000, or

''(B) $1 per gallon.

''(2) MULTIPLE VIOLATIONS.—In determining the penalty under subsection (a) on any person, paragraph (1) shall be applied by increasing the amount in paragraph (1) by the product of such amount and the number of prior penalties (if any) imposed by this section on such person (or a related person or any predecessor of such person or related person).

''(c) JOINT AND SEVERAL LIABILITY.—

''(1) IN GENERAL.—If a penalty is imposed under this section on any business entity, each officer, employee, or agent of such entity or other contracting party who willfully participated in any act giving rise to such penalty shall be jointly and severally liable with such entity for such penalty.

''(2) AFFILIATED GROUPS.—If a business entity described in paragraph (1) is part of an affiliated group (as defined in section 1504(a)), the parent corporation of such entity shall be jointly and severally liable with such entity for the penalty imposed under this section.

''(d) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68, as amended by section 9232 of this Act, is amended by adding at the end the following new item:

''Sec. 6718. Carrying taxable fuels by nonregistered pipelines or vessels.''.

(c) PUBLICATION OF REGISTERED PERSONS.—Not later than June 30, 2004, the Secretary of the Treasury shall publish a list of persons required to be registered under section 4101 of the Internal Revenue Code of 1986.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on October 1, 2004.

SEC. 9242. DISPLAY OF REGISTRATION.

(a) IN GENERAL.—Subsection (a) of section 4101 (relating to registration) is amended—

(1) by striking ''Every'' and inserting the following:

''(1) IN GENERAL.—Every'', and

(2) by adding at the end the following new paragraph:

''(2) DISPLAY OF REGISTRATION.—Every operator of a vessel required by the Secretary to register under this section shall display proof of registration through an electronic identification device prescribed by the Secretary on each vessel used by such operator to transport any taxable fuel.''.

(b) CIVIL PENALTY FOR FAILURE TO DISPLAY REGISTRATION.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties), as amended by section 9241 of this Act, is amended by adding at the end the following new section:

''SEC. 6719. FAILURE TO DISPLAY REGISTRATION OF VESSEL.

''(a) FAILURE TO DISPLAY REGISTRATION.—Every operator of a vessel who fails to display proof of registration pursuant to section 4101(a)(2) shall pay a penalty of $500 for each such failure. With respect to any vessel, only one penalty shall be imposed by this section during any calendar month.

''(b) MULTIPLE VIOLATIONS.—In determining the penalty under subsection (a) on any person, subsection (a) shall be applied by increasing the amount in subsection (a) by the product of such amount and the number of prior penalties (if any) imposed by this section on such person (or a related person or any predecessor of such person or related person).

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68, as amended by section 9241 of this Act, is amended by adding at the end the following new item:

''Sec. 6719. Failure to display registration of vessel.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 9243. REGISTRATION OF PERSONS WITHIN FOREIGN TRADE ZONES, ETC.

(a) IN GENERAL.—Section 4101(a), as amended by section 9242 of this Act, is amended by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

''(2) REGISTRATION OF PERSONS WITHIN FOREIGN TRADE ZONES, ETC.—The Secretary shall require registration by any person which—

''(A) operates a terminal or refinery within a foreign trade zone or within a customs bonded storage facility, or

''(B) holds an inventory position with respect to a taxable fuel in such a terminal.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 9244. PENALTIES FOR FAILURE TO REGISTER AND FAILURE TO REPORT.

(a) INCREASED PENALTY.—Subsection (a) of section 7272 (relating to penalty for failure to register) is amended by inserting ''($10,000 in the case of a failure to register under section 4101)'' after ''$50''.

(b) INCREASED CRIMINAL PENALTY.—Section 7232 (relating to failure to register under section 4101, false representations of registration status, etc.) is amended by striking ''$5,000'' and inserting ''$10,000''.

(c) ASSESSABLE PENALTY FOR FAILURE TO REGISTER.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties), as amended by section 9242 of this Act, is amended by adding at the end the following new section:

''SEC. 6720. FAILURE TO REGISTER.

''(a) FAILURE TO REGISTER.—Every person who is required to register under section 4101 and fails to do so shall pay a penalty in addition to the tax (if any).

''(b) AMOUNT OF PENALTY.—The amount of the penalty under subsection (a) shall be—

''(1) $10,000 for each initial failure to register, and

''(2) $1,000 for each day thereafter such person fails to register.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68, as amended by section 9242 of this Act, is amended by adding at the end the following new item:

''Sec. 6720. Failure to register.''.

(d) ASSESSABLE PENALTY FOR FAILURE TO REPORT.—

(1) IN GENERAL.—Part II of subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end the following new section:

''SEC. 6725. FAILURE TO REPORT INFORMATION UNDER SECTION 4101.

''(a) IN GENERAL.—In the case of each failure described in subsection (b) by any person with respect to a vessel or facility, such person shall pay a penalty of $10,000 in addition to the tax (if any).

''(b) FAILURES SUBJECT TO PENALTY.—For purposes of subsection (a), the failures described in this subsection are—

''(1) any failure to make a report under section 4101(d) on or before the date prescribed therefor, and

''(2) any failure to include all of the information required to be shown on such report or the inclusion of incorrect information.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.''.

(2) CLERICAL AMENDMENT.—The table of sections for part II of subchapter B of chapter 68 is amended by adding at the end the following new item:

''Sec. 6725. Failure to report information under section 4101.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to failures pending or occurring after September 30, 2004.

SEC. 9245. INFORMATION REPORTING FOR PERSONS CLAIMING CERTAIN TAX BENEFITS.

(a) IN GENERAL.—Subpart C of part III of subchapter A of chapter 32 is amended by adding at the end the following new section:

''SEC. 4104. INFORMATION REPORTING FOR PERSONS CLAIMING CERTAIN TAX BENEFITS.

''(a) IN GENERAL.—The Secretary shall require any person claiming tax benefits—

''(1) under the provisions of section 34, 40, and 40A to file a return at the time such person claims such benefits (in such manner as the Secretary may prescribe), and

''(2) under the provisions of section 4041(b)(2), 6426, or 6427(e) to file a monthly return (in such manner as the Secretary may prescribe).

''(b) CONTENTS OF RETURN.—Any return filed under this section shall provide such information relating to such benefits and the coordination of such benefits as the Secretary may require to ensure the proper administration and use of such benefits.

''(c) ENFORCEMENT.—With respect to any person described in subsection (a) and subject to registration requirements under this title, rules similar to rules of section 4222(c) shall apply with respect to any requirement under this section.''.

(b) CONFORMING AMENDMENT.—The table of sections for subpart C of part III of subchapter A of chapter 32 is amended by adding at the end the following new item:

''Sec. 4104. Information reporting for persons claiming certain tax benefits.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 9246. ELECTRONIC REPORTING.

(a) IN GENERAL.—Section 4101(d), as amended by section 9273 of this Act, is amended by adding at the end the following new sentence: ''Any person who is required to report under this subsection and who has 25 or more reportable transactions in a month shall file such report in electronic format.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply on October 1, 2004.

PART V—IMPORTS

SEC. 9251. TAX AT POINT OF ENTRY WHERE IMPORTER NOT REGISTERED.

(a) TAX AT POINT OF ENTRY WHERE IMPORTER NOT REGISTERED.—

(1) IN GENERAL.—Subpart C of part III of subchapter A of chapter 31, as amended by section 9245 of this Act, is amended by adding at the end the following new section:

''SEC. 4105. TAX AT ENTRY WHERE IMPORTER NOT REGISTERED.

''(a) IN GENERAL.—Any tax imposed under this part on any person not registered under section 4101 for the entry of a fuel into the United States shall be imposed at the time and point of entry.

''(b) ENFORCEMENT OF ASSESSMENT.—If any person liable for any tax described under subsection (a) has not paid the tax or posted a bond, the Secretary may—

''(1) seize the fuel on which the tax is due, or

''(2) detain any vehicle transporting such fuel,

until such tax is paid or such bond is filed.

''(c) LEVY OF FUEL.—If no tax has been paid or no bond has been filed within 5 days from the date the Secretary seized fuel pursuant to subsection (b), the Secretary may sell such fuel as provided under section 6336.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart C of part III of subchapter A of chapter 31 of the Internal Revenue Code of 1986, as amended by section 9245 of this Act, is amended by adding after the last item the following new item:

''Sec. 4105. Tax at entry where importer not registered.''.

(b) DENIAL OF ENTRY WHERE TAX NOT PAID.—The Secretary of Homeland Security is authorized to deny entry into the United States of any shipment of a fuel which is taxable under section 4081 of the Internal Revenue Code of 1986 if the person entering such shipment fails to pay the tax imposed under such section or post a bond in accordance with the provisions of section 4105 of such Code.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

PART VI—MISCELLANEOUS PROVISIONS

SEC. 9261. TAX ON SALE OF DIESEL FUEL WHETHER SUITABLE FOR USE OR NOT IN A DIESEL-POWERED VEHICLE OR TRAIN.

(a) IN GENERAL.—Section 4083(a)(3) is amended—

(1) by striking ''The term'' and inserting the following:

''(A) IN GENERAL.—The term'', and

(2) by inserting at the end the following new subparagraph:

''(B) LIQUID SOLD AS DIESEL FUEL.—The term 'diesel fuel' includes any liquid which is sold as or offered for sale as a fuel in a diesel-powered highway vehicle or a diesel-powered train.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 40A(b)(1)(B), as amended by section 9103 of this Act, is amended by striking ''4083(a)(3)'' and inserting ''4083(a)(3)(A)''.

(2) Section 6426(c)(3), as added by section 5102 of this Act, is amended by striking ''4083(a)(3)'' and inserting ''4083(a)(3)(A)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9262. MODIFICATION OF ULTIMATE VENDOR REFUND CLAIMS WITH RESPECT TO FARMING.

(a) IN GENERAL.—

(1) REFUNDS.—Section 6427(l) is amended by adding at the end the following new paragraph:

''(6) REGISTERED VENDORS PERMITTED TO ADMINISTER CERTAIN CLAIMS FOR REFUND OF DIESEL FUEL AND KEROSENE SOLD TO FARMERS.—

''(A) IN GENERAL.—In the case of diesel fuel or kerosene used on a farm for farming purposes (within the meaning of section 6420(c)), paragraph (1) shall not apply to the aggregate amount of such diesel fuel or kerosene if such amount does not exceed 500 gallons (as determined under subsection (i)(5)(A)(iii)).

''(B) PAYMENT TO ULTIMATE VENDOR.—The amount which would (but for subparagraph (A)) have been paid under paragraph (1) with respect to any fuel shall be paid to the ultimate vendor of such fuel, if such vendor—

''(i) is registered under section 4101, and

''(ii) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).''.

(2) FILING OF CLAIMS.—Section 6427(i) is amended by inserting at the end the following new paragraph:

''(5) SPECIAL RULE FOR VENDOR REFUNDS WITH RESPECT TO FARMERS.—

''(A) IN GENERAL.—A claim may be filed under subsection (l)(6) by any person with respect to fuel sold by such person for any period—

''(i) for which $200 or more ($100 or more in the case of kerosene) is payable under subsection (l)(6),

''(ii) which is not less than 1 week, and

''(iii) which is for not more than 500 gallons for each farmer for which there is a claim.

Notwithstanding subsection (l)(1), paragraph (3)(B) shall apply to claims filed under the preceding sentence.

''(B) TIME FOR FILING CLAIM.—No claim filed under this paragraph shall be allowed unless filed on or before the last day of the first quarter following the earliest quarter included in the claim.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 6427(l)(5)(A) is amended to read as follows:

''(A) IN GENERAL.—Paragraph (1) shall not apply to diesel fuel or kerosene used by a State or local government.''.

(B) The heading for section 6427(l)(5) is amended by striking ''farmers and''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to fuels sold for nontaxable use after the date of the enactment of this Act.

SEC. 9263. TAXABLE FUEL REFUNDS FOR CERTAIN ULTIMATE VENDORS.

(a) IN GENERAL.—Paragraph (4) of section 6416(a) (relating to abatements, credits, and refunds) is amended to read as follows:

''(4) REGISTERED ULTIMATE VENDOR TO ADMINISTER CREDITS AND REFUNDS OF GASOLINE TAX.—

''(A) IN GENERAL.—For purposes of this subsection, if an ultimate vendor purchases any gasoline on which tax imposed by section 4081 has been paid and sells such gasoline to an ultimate purchaser described in subparagraph (C) or (D) of subsection (b)(2) (and such gasoline is for a use described in such subparagraph), such ultimate vendor shall be treated as the person (and the only person) who paid such tax, but only if such ultimate vendor is registered under section 4101. For purposes of this subparagraph, if the sale of gasoline is made by means of a credit card, the person extending the credit to the ultimate purchaser shall be deemed to be the ultimate vendor.

''(B) TIMING OF CLAIMS.—The procedure and timing of any claim under subparagraph (A) shall be the same as for claims under section 6427(i)(4), except that the rules of section 6427(i)(3)(B) regarding electronic claims shall not apply unless the ultimate vendor has certified to the Secretary for the most recent quarter of the taxable year that all ultimate purchasers of the vendor are certified and entitled to a refund under subparagraph (C) or (D) of subsection (b)(2).''.

(b) CREDIT CARD PURCHASES OF DIESEL FUEL OR KEROSENE BY STATE AND LOCAL GOVERNMENTS.—Section 6427(l)(5)(C) (relating to nontaxable uses of diesel fuel, kerosene, and aviation fuel), as amended by section 9252 of this Act, is amended by adding at the end the following new sentence: ''For purposes of this subparagraph, if the sale of diesel fuel or kerosene is made by means of a credit card, the person extending the credit to the ultimate purchaser shall be deemed to be the ultimate vendor.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2004.

SEC. 9264. TWO-PARTY EXCHANGES.

(a) IN GENERAL.—Subpart C of part III of subchapter A of chapter 32, as amended by section 9251 of this Act, is amended by adding at the end the following new section:

''SEC. 4106. TWO-PARTY EXCHANGES.

''(a) IN GENERAL.—In a two-party exchange, the delivering person shall not be liable for the tax imposed under of section 4081(a)(1)(A)(ii).

''(b) TWO-PARTY EXCHANGE.—The term 'two-party exchange' means a transaction, other than a sale, in which taxable fuel is transferred from a delivering person registered under section 4101 as a taxable fuel registrant to a receiving person who is so registered where all of the following occur:

''(1) The transaction includes a transfer from the delivering person, who holds the inventory position for taxable fuel in the terminal as reflected in the records of the terminal operator.

''(2) The exchange transaction occurs before or contemporaneous with completion of removal across the rack from the terminal by the receiving person.

''(3) The terminal operator in its books and records treats the receiving person as the person that removes the product across the terminal rack for purposes of reporting the transaction to the Secretary.

''(4) The transaction is the subject of a written contract.''.

(b) CONFORMING AMENDMENT.—The table of sections for subpart C of part III of subchapter A of chapter 32, as amended by section 9251 of this Act, is amended by adding after the last item the following new item:

''Sec. 4106. Two-party exchanges.''.

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 9265. MODIFICATIONS OF TAX ON USE OF CERTAIN VEHICLES.

(a) NO PRORATION OF TAX UNLESS VEHICLE IS DESTROYED OR STOLEN.—

(1) IN GENERAL.—Section 4481(c) (relating to proration of tax) is amended to read as follows:

''(c) PRORATION OF TAX WHERE VEHICLE SOLD, DESTROYED, OR STOLEN.—

''(1) IN GENERAL.—If in any taxable period a highway motor vehicle is sold, destroyed, or stolen before the first day of the last month in such period and not subsequently used during such taxable period, the tax shall be reckoned proportionately from the first day of the month in such period in which the first use of such highway motor vehicle occurs to and including the last day of the month in which such highway motor vehicle was sold, destroyed, or stolen.

''(2) DESTROYED.—For purposes of paragraph (1), a highway motor vehicle is destroyed if such vehicle is damaged by reason of an accident or other casualty to such an extent that it is not economic to rebuild.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 6156 (relating to installment payment of tax on use of highway motor vehicles) is repealed.

(B) The table of sections for subchapter A of chapter 62 is amended by striking the item relating to section 6156.

(b) DISPLAY OF TAX CERTIFICATE.—Paragraph (2) of section 4481(d) (relating to one tax liability for period) is amended to read as follows:

''(2) DISPLAY OF TAX CERTIFICATE.—Every taxpayer which pays the tax imposed under this section with respect to a highway motor vehicle shall, not later than 1 month after the due date of the return of tax with respect to each taxable period, receive and display on such vehicle an electronic identification device prescribed by the Secretary.''.

(c) ELECTRONIC FILING.—Section 4481, as amended by section 9001 of this Act, is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) ELECTRONIC FILING.—Any taxpayer who files a return under this section with respect to 25 or more vehicles for any taxable period shall file such return electronically.''.

(d) REPEAL OF REDUCTION IN TAX FOR CERTAIN TRUCKS.—Section 4483 of the Internal Revenue Code of 1986 is amended by striking subsection (f).

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable periods beginning after the date of the enactment of this Act.

(2) SUBSECTION (B).—The amendment made by subsection (b) shall take effect on October 1, 2005.

SEC. 9266. DEDICATION OF REVENUES FROM CERTAIN PENALTIES TO THE HIGHWAY TRUST FUND.

(a) IN GENERAL.—Subsection (b) of section 9503 (relating to transfer to Highway Trust Fund of amounts equivalent to certain taxes), as amended by section 9001 of this Act, is amended by redesignating paragraph (5) as paragraph (6) and inserting after paragraph (4) the following new paragraph:

''(5) CERTAIN PENALTIES.—There are hereby appropriated to the Highway Trust Fund amounts equivalent to the penalties assessed under sections 6715, 6715A, 6717, 6718, 6719, 6720, 6725, 7232, and 7272 (but only with regard to penalties under such section related to failure to register under section 4101).''.

(b) CONFORMING AMENDMENTS.—

(1) The heading of subsection (b) of section 9503 is amended by inserting ''and Penalties'' after ''Taxes''.

(2) The heading of paragraph (1) of section 9503(b) is amended by striking ''In general'' and inserting ''Certain taxes''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to penalties assessed after October 1, 2004.

SEC. 9267. NONAPPLICATION OF EXPORT EXEMPTION TO DELIVERY OF FUEL TO MOTOR VEHICLES REMOVED FROM UNITED STATES.

(a) IN GENERAL.—Section 4221(d)(2) (defining export) is amended by adding at the end the following new sentence: ''Such term does not include the delivery of a taxable fuel (as defined in section 4083(a)(1)) into a fuel tank of a motor vehicle which is shipped or driven out of the United States.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 4041(g) (relating to other exemptions) is amended by adding at the end the following new sentence: ''Paragraph (3) shall not apply to the sale for delivery of a liquid into a fuel tank of a motor vehicle which is shipped or driven out of the United States.''.

(2) Clause (iv) of section 4081(a)(1)(A) (relating to tax on removal, entry, or sale) is amended by inserting ''or at a duty-free sales enterprise (as defined in section 555(b)(8) of the Tariff Act of 1930)'' after ''section 4101''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or deliveries made after the date of the enactment of this Act.

PART VII—TOTAL ACCOUNTABILITY

SEC. 9271. TOTAL ACCOUNTABILITY.

(a) TAXATION OF REPORTABLE LIQUIDS.—

(1) IN GENERAL.—Section 4081(a), as amended by this Act, is amended—

(A) by inserting ''or reportable liquid'' after ''taxable fuel'' each place it appears, and

(B) by inserting ''such liquid'' after ''such fuel'' in paragraph (1)(A)(iv).

(2) RATE OF TAX.—Subparagraph (A) of section 4081(a)(2), as amended by section 9211 of this Act, is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) in the case of reportable liquids, the rate determined under section 4083(c)(2).''.

(3) EXEMPTION.—Section 4081(a)(1) is amended by adding at the end the following new subparagraph:

''(C) EXEMPTION FOR REGISTERED TRANSFERS OF REPORTABLE LIQUIDS.—The tax imposed by this paragraph shall not apply to any removal, entry, or sale of a reportable liquid if—

''(i) such removal, entry, or sale is to a registered person who certifies that such liquid will not be used as a fuel or in the production of a fuel, or

''(ii) the sale is to the ultimate purchaser of such liquid.''.

(4) REPORTABLE LIQUIDS.—Section 4083, as amended by this Act, is amended by redesignating subsections (c) and (d) (as redesignated by section 5211 of this Act) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new section:

''(c) REPORTABLE LIQUID.—For purposes of this subpart—

''(1) IN GENERAL.—The term 'reportable liquid' means any petroleum-based liquid other than a taxable fuel.

''(2) TAXATION.—

''(A) GASOLINE BLEND STOCKS AND ADDITIVES.—Gasoline blend stocks and additives which are reportable liquids (as defined in paragraph (1)) shall be subject to the rate of tax under clause (i) of section 4081(a)(2)(A).

''(B) OTHER REPORTABLE LIQUIDS.—Any reportable liquid (as defined in paragraph (1)) not described in subparagraph (A) shall be subject to the rate of tax under clause (iii) of section 4081(a)(2)(A).''.

(5) CONFORMING AMENDMENTS.—

(A) Section 4081(e) is amended by inserting ''or reportable liquid'' after ''taxable fuel''.

(B) Section 4083(d) (relating to certain use defined as removal), as redesignated by paragraph (4), is amended by inserting ''or reportable liquid'' after ''taxable fuel''.

(C) Section 4083(e)(1) (relating to administrative authority), as redesignated by paragraph (4), is amended—

(i) in subparagraph (A)—

(I) by inserting ''or reportable liquid'' after ''taxable fuel'', and

(II) by inserting ''or such liquid'' after ''such fuel'' each place it appears, and

(ii) in subparagraph (B), by inserting ''or any reportable liquid'' after ''any taxable fuel''.

(D) Section 4101(a)(2), as added by section 5243 of this Act, is amended by inserting ''or a reportable liquid'' after ''taxable fuel''.

(E) Section 4101(a)(3), as added by section 5242 of this Act and redesignated by section 5243 of this Act, is amended by inserting ''or any reportable liquid'' before the period at the end.

(F) Section 4102 is amended by inserting ''or any reportable liquid'' before the period at the end.

(G)(i) Section 6718, as added by section 5241 of this Act, is amended—

(I) in subsection (a), by inserting ''or any reportable liquid (as defined in section 4083(c)(1))'' after '' section 4083(a)(1))'', and

(II) in the heading, by inserting ''or reportable liquids'' after ''taxable fuel''.

(ii) The item relating to section 6718 in table of sections for part I of subchapter B of chapter 68, as added by section 5241 of this Act, is amended by inserting ''or reportable liquids'' after ''taxable fuels''.

(H) Section 6427(h) is amended to read as follows:

''(h) GASOLINE BLEND STOCKS OR ADDITIVES AND REPORTABLE LIQUIDS.—Except as provided in subsection (k)—

''(1) if any gasoline blend stock or additive (within the meaning of section 4083(a)(2)) is not used by any person to produce gasoline and such person establishes that the ultimate use of such gasoline blend stock or additive is not to produce gasoline, or

''(2) if any reportable liquid (within the meaning of section 4083(c)(1)) is not used by any person to produce a taxable fuel and such person establishes that the ultimate use of such reportable liquid is not to produce a taxable fuel,

then the Secretary shall pay (without interest) to such person an amount equal to the aggregate amount of the tax imposed on such person with respect to such gasoline blend stock or additive or such reportable fuel.''.

(I) Section 7232, as amended by this Act, is amended by inserting ''or reportable liquid (within the meaning of section 4083(c)(1))'' after ''section 4083)''.

(b) DYED DIESEL.—Section 4082(a) 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 inserting after paragraph (3) the following new paragraph:

''(4) which is removed, entered, or sold by a person registered under section 4101.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to reportable liquids (as defined in section 4083(c) of the Internal Revenue Code) and fuel sold or used after September 30, 2004.

SEC. 9272. EXCISE TAX REPORTING.

(a) IN GENERAL.—Part II of subchapter A of chapter 61 is amended by adding at the end the following new subpart:

''Subpart E—Excise Tax Reporting

''SEC. 6025. RETURNS RELATING TO FUEL TAXES.

''(a) IN GENERAL.—The Secretary shall require any person liable for the tax imposed under Part III of subchapter A of chapter 32

to file a return of such tax on a monthly basis.

''(b) INFORMATION INCLUDED WITH RETURN.—The Secretary shall require any person filing a return under subsection (a) to provide information regarding any refined product (whether or not such product is taxable under this title) removed from a terminal during the period for which such return applies.''.

(b) CONFORMING AMENDMENT.—The table of parts for subchapter A of chapter 61 is amended by adding at the end the following new item:

''SUBPART E—EXCISE TAX REPORTING''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after September 30, 2004.

SEC. 9273. INFORMATION REPORTING.

(a) IN GENERAL.—Section 4101(d) is amended by adding at the end the following new flush sentence: ''The Secretary shall require reporting under the previous sentence with respect to taxable fuels removed, entered, or transferred from any refinery, pipeline, or vessel which is registered under this section.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply on October 1, 2004.

Subtitle D—Definition of Highway Vehicle

SEC. 9301. EXEMPTION FROM CERTAIN EXCISE TAXES FOR MOBILE MACHINERY.

(a) EXEMPTION FROM TAX ON HEAVY TRUCKS AND TRAILERS SOLD AT RETAIL.—

(1) IN GENERAL.—Section 4053 (relating to exemptions) is amended by adding at the end the following new paragraph:

''(8) MOBILE MACHINERY.—Any vehicle which consists of a chassis—

''(A) to which there has been permanently mounted (by welding, bolting, riveting, or other means) machinery or equipment to perform a construction, manufacturing, processing, farming, mining, drilling, timbering, or similar operation if the operation of the machinery or equipment is unrelated to transportation on or off the public highways,

''(B) which has been specially designed to serve only as a mobile carriage and mount (and a power source, where applicable) for the particular machinery or equipment involved, whether or not such machinery or equipment is in operation, and

''(C) which, by reason of such special design, could not, without substantial structural modification, be used as a component of a vehicle designed to perform a function of transporting any load other than that particular machinery or equipment or similar machinery or equipment requiring such a specially designed chassis.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on the day after the date of the enactment of this Act.

(b) EXEMPTION FROM TAX ON USE OF CERTAIN VEHICLES.—

(1) IN GENERAL.—Section 4483 (relating to exemptions) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) EXEMPTION FOR MOBILE MACHINERY.—No tax shall be imposed by section 4481 on the use of any vehicle described in section 4053(8).''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the day after the date of the enactment of this Act.

(d) EXEMPTION FROM FUEL TAXES.—

(1) IN GENERAL.—Section 6421(e)(2) (defining off-highway business use) is amended by adding at the end the following new subparagraph:

''(C) USES IN MOBILE MACHINERY.—

''(i) IN GENERAL.—The term 'off-highway business use' shall include any use in a vehicle which meets the requirements described in clause (ii).

''(ii) REQUIREMENTS FOR MOBILE MACHINERY.—The requirements described in this clause are—

''(I) the design-based test, and

''(II) the use-based test.

''(iii) DESIGN-BASED TEST.—For purposes of clause (ii)(I), the design-based test is met if the vehicle consists of a chassis—

''(I) to which there has been permanently mounted (by welding, bolting, riveting, or other means) machinery or equipment to perform a construction, manufacturing, processing, farming, mining, drilling, timbering, or similar operation if the operation of the machinery or equipment is unrelated to transportation on or off the public highways,

''(II) which has been specially designed to serve only as a mobile carriage and mount (and a power source, where applicable) for the particular machinery or equipment involved, whether or not such machinery or equipment is in operation, and

''(III) which, by reason of such special design, could not, without substantial structural modification, be used as a component of a vehicle designed to perform a function of transporting any load other than that particular machinery or equipment or similar machinery or equipment requiring such a specially designed chassis.

''(iv) USE-BASED TEST.—For purposes of clause (ii)(II), the use-based test is met if the use of the vehicle on public highways was less than 5,000 miles during the taxpayer's taxable year.

''(v) SPECIAL RULE FOR USE BY CERTAIN TAX-EXEMPT ORGANIZATIONS.—In the case of any use in a vehicle by an organization which is described in section 501(c) and exempt from tax under section 501(a), clause (ii) shall be applied without regard to subclause (II) thereof.''.

(2) ANNUAL REFUND OF TAX PAID.—Section 6427(i)(2) (relating to exceptions) is amended by adding at the end the following new subparagraph:

''(C) NONAPPLICATION OF PARAGRAPH.—This paragraph shall not apply to any fuel used in any off-highway business use described in section 6421(e)(2)(C).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 9302. MODIFICATION OF DEFINITION OF OFF-HIGHWAY VEHICLE.

(a) IN GENERAL.—Section 7701(a) (relating to definitions) is amended by adding at the end the following new paragraph:

''(48) OFF-HIGHWAY VEHICLES.—

''(A) OFF-HIGHWAY TRANSPORTATION VEHICLES.—

''(i) IN GENERAL.—A vehicle shall not be treated as a highway vehicle if such vehicle is specially designed for the primary function of transporting a particular type of load other than over the public highway and because of this special design such vehicle's capability to transport a load over the public highway is substantially limited or impaired.

''(ii) DETERMINATION OF VEHICLE'S DESIGN.—For purposes of clause (i), a vehicle's design is determined solely on the basis of its physical characteristics.

''(iii) DETERMINATION OF SUBSTANTIAL LIMITATION OR IMPAIRMENT.—For purposes of clause (i), in determining whether substantial limitation or impairment exists, account may be taken of factors such as the size of the vehicle, whether such vehicle is subject to the licensing, safety, and other requirements applicable to highway vehicles, and whether such vehicle can transport a load at a sustained speed of at least 25 miles per hour. It is immaterial that a vehicle can transport a greater load off the public highway than such vehicle is permitted to transport over the public highway.

''(B) NONTRANSPORTATION TRAILERS AND SEMITRAILERS.—A trailer or semitrailer shall not be treated as a highway vehicle if it is specially designed to function only as an enclosed stationary shelter for the carrying on of an off-highway function at an off-highway site.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall take effect on the date of the enactment of this Act.

(2) FUEL TAXES.—With respect to taxes imposed under subchapter B of chapter 31 and part III of subchapter A of chapter 32, the amendment made by this section shall apply to taxable periods beginning after the date of the enactment of this Act.

Subtitle E—Miscellaneous Provisions

SEC. 9401. DEDICATION OF GAS GUZZLER TAX TO HIGHWAY TRUST FUND.

(a) IN GENERAL.—Section 9503(b)(1) (relating to transfer to Highway Trust Fund of amounts equivalent to certain taxes), as amended by section 9101 of this Act, is amended by redesignating subparagraphs (C), (D), and (E) as subparagraphs (D), (E), and (F), respectively, and by inserting after subparagraph (B) the following new subparagraph:

''(C) section 4064 (relating to gas guzzler tax),''.

(b) UNIFORM APPLICATION OF TAX.—Subparagraph (A) of section 4064(b)(1) (defining automobile) is amended by striking the second sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 9402. MOTOR FUEL TAX ENFORCEMENT ADVISORY COMMISSION.

(a) ESTABLISHMENT.—There is established a Motor Fuel Tax Enforcement Advisory Commission (in this section referred to as the ''Commission'').

(b) FUNCTION.—The Commission shall—

(1) review motor fuel revenue collections, historical and current;

(2) review the progress of investigations;

(3) develop and review legislative proposals with respect to motor fuel taxes;

(4) monitor the progress of administrative regulation projects relating to motor fuel taxes;

(5) review the results of Federal and State agency cooperative efforts regarding motor fuel taxes;

(6) review the results of Federal interagency cooperative efforts regarding motor fuel taxes; and

(7) evaluate and make recommendations regarding—

(A) the effectiveness of existing Federal enforcement programs regarding motor fuel taxes,

(B) enforcement personnel allocation, and

(C) proposals for regulatory projects, legislation, and funding.

(c) MEMBERSHIP.—

(1) APPOINTMENT.—The Commission shall be composed of the following representatives appointed by the Chairmen and the Ranking Members of the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives:

(A) At least 1 representative from each of the following Federal entities: the Department of Homeland Security, the Department of Transportation—Office of Inspector General, the Federal Highway Administration,

the Department of Defense, and the Department of Justice.

(B) At least 1 representative from the Federation of State Tax Administrators.

(C) At least 1 representative from any State department of transportation.

(D) 2 representatives from the highway construction industry.

(E) 5 representatives from industries relating to fuel distribution — refiners (2 representatives), distributors (1 representative), pipelines (1 representative), and terminal operators (2 representatives).

(F) 1 representative from the retail fuel industry.

(G) 2 representatives from the staff of the Committee on Finance of the Senate and 2 representatives from the staff of the Committee on Ways and Means of the House of Representatives.

(2) TERMS.—Members shall be appointed for the life of the Commission.

(3) VACANCIES.—A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(4) TRAVEL EXPENSES.—Members shall serve without pay but shall receive travel expenses, including per diem in lieu of subsistence, in accordance with sections 5702 and 5703 of title 5, United States Code.

(5) CHAIRMAN.—The Chairman of the Commission shall be elected by the members.

(d) FUNDING.—Such sums as are necessary shall be available from the Highway Trust fund for the expenses of the Commission.

(e) CONSULTATION.—Upon request of the Commission, representatives of the Department of the Treasury and the Internal Revenue Service shall be available for consultation to assist the Commission in carrying out its duties under this section.

(f) OBTAINING DATA.—The Commission may secure directly from any department or agency of the United States, information (other than information required by any law to be kept confidential by such department or agency) necessary for the Commission to carry out its duties under this section. Upon request of the Commission, the head of that department or agency shall furnish such nonconfidential information to the Commission. The Commission shall also gather evidence through such means as it may deem appropriate, including through holding hearings and soliciting comments by means of Federal Register notices.

(g) TERMINATION.—The Commission shall terminate after September 30, 2009.

SEC. 9403. TREASURY STUDY OF FUEL TAX COMPLIANCE AND INTERAGENCY COOPERATION.

(a) IN GENERAL.—Not later than January 31, 2006, the Secretary of the Treasury shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report regarding fuel tax enforcement which shall include the information and analysis specified in subsections (b) and (c) and any other information and recommendations the Secretary of the Treasury may deem appropriate.

(b) AUDITS.—With respect to audits conducted by the Internal Revenue Service, the report required under subsection (a) shall include—

(1) the number and geographic distribution of audits conducted annually, by fiscal year, between October 1, 2001, and September 30, 2005;

(2) the total volume involved for each of the taxable fuels covered by such audits and a comparison to the annual production of such fuels;

(3) the staff hours and number of personnel devoted to the audits per year; and

(4) the results of such audits by year, including total tax collected, total penalties collected, and number of referrals for criminal prosecution.

(c) ENFORCEMENT ACTIVITIES.—With respect to enforcement activities, the report required under subsection (a) shall include—

(1) the number and geographic distribution of criminal investigations and prosecutions annually, by fiscal year, between October 1, 2001, and September 30, 2005, and the results of such investigations and prosecutions;

(2) to the extent such investigations and prosecutions involved other agencies, State or Federal, a breakdown by agency of the number of joint investigations involved;

(3) an assessment of the effectiveness of joint action and cooperation between the Department of the Treasury and other Federal and State agencies, including a discussion of the ability and need to share information across agencies for both civil and criminal Federal tax enforcement and enforcement of State or Federal laws relating to fuels;

(4) the staff hours and number of personnel devoted to criminal investigations and prosecutions per year;

(5) the staff hours and number of personnel devoted to administrative collection of fuel taxes; and

(6) the results of administrative collection efforts annually, by fiscal year, between October 1, 2001, and September 30, 2005.

SEC. 9404. TREASURY STUDY OF HIGHWAY FUELS USED BY TRUCKS FOR NON-TRANSPORTATION PURPOSES.

(a) STUDY.—The Secretary of the Treasury shall conduct a study regarding the use of highway motor fuel by trucks that is not used for the propulsion of the vehicle. As part of such study—

(1) in the case of vehicles carrying equipment that is unrelated to the transportation function of the vehicle—

(A) the Secretary of the Treasury, in consultation with the Secretary of Transportation, and with public notice and comment, shall determine the average annual amount of tax paid fuel consumed per vehicle, by type of vehicle, used by the propulsion engine to provide the power to operate the equipment attached to the highway vehicle, and

(B) the Secretary of the Treasury shall review the technical and administrative feasibility of exempting such nonpropulsive use of highway fuels for the highway motor fuels excise taxes,

(2) in the case where non-transportation equipment is run by a separate motor—

(A) the Secretary of the Treasury shall determine the annual average amount of fuel exempted from tax in the use of such equipment by equipment type, and

(B) the Secretary of the Treasury shall review issues of administration and compliance related to the present-law exemption provided for such fuel use, and

(3) the Secretary of the Treasury shall—

(A) estimate the amount of taxable fuel consumed by trucks and the emissions of various pollutants due to the long-term idling of diesel engines, and

(B) determine the cost of reducing such long-term idling through the use of plug-ins at truck stops, auxiliary power units, or other technologies.

(b) REPORT.—Not later than January 1, 2006, the Secretary of the Treasury shall report the findings of the study required under subsection (a) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

SEC. 9405. TREATMENT OF EMPLOYER-PROVIDED TRANSIT AND VAN POOLING BENEFITS.

(a) IN GENERAL.—Subparagraph (A) of section 132(f)(2) (relating to limitation on exclusion) is amended by striking ''$100'' and inserting ''$120''.

(b) INFLATION ADJUSTMENT CONFORMING AMENDMENTS.—The last sentence of section 132(f)(6)(A) (relating to inflation adjustment) is amended—

(1) by striking ''2002'' and inserting ''2005'', and

(2) by striking ''2001'' and inserting ''2004''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 9406. STUDY OF INCENTIVES FOR PRODUCTION OF BIODIESEL.

(a) STUDY.—The General Comptroller of the United States shall conduct a study related to biodiesel fuels and the tax credit for biodiesel fuels established under this Act. Such study shall include—

(1) an assessment on whether such credit provides sufficient assistance to the producers of biodiesel fuel to establish the fuel as a viable energy alternative in the current market place,

(2) an assessment on how long such credit or similar subsidy would have to remain in effect before biodiesel fuel can compete in the market place without such assistance,

(3) a cost-benefit analysis of such credit, comparing the cost of the credit in forgone revenue to the benefits of lower fuel costs for consumers, increased profitability for the biodiesel industry, increased farm income, reduced program outlays from the Department of Agriculture, and the improved environmental conditions through the use of biodiesel fuel, and

(4) an assessment on whether such credit results in any unintended consequences for unrelated industries, including the impact, if any, on the glycerin market.

(b) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General of the United States shall report the findings of the study required under subsection (a) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

Subtitle F—Provisions Designed to Curtail Tax Shelters

SEC. 9501. 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. 9502. 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. 9503. 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. 9504. 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. 9505. 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. 9506. 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. 9507. 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. 9508. 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. 9509. 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. 9510. 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. 9511. 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. 9512. 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. 9513. 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. 9514. 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. 9515. 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. 9516. 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. 9517. 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 G—Other Provisions

SEC. 9601. LIMITATION ON TRANSFER OR IMPORTATION OF BUILT-IN LOSSES.

(a) IN GENERAL.—Section 362 (relating to basis to corporations) is amended by adding at the end the following new subsection:

''(e) LIMITATIONS ON BUILT-IN LOSSES.—

''(1) LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.—

''(A) IN GENERAL.—If in any transaction described in subsection (a) or (b) there would (but for this subsection) be an importation of a net built-in loss, the basis of each property described in subparagraph (B) which is acquired in such transaction shall (notwithstanding subsections (a) and (b)) be its fair market value immediately after such transaction.

''(B) PROPERTY DESCRIBED.—For purposes of subparagraph (A), property is described in this paragraph if—

''(i) gain or loss with respect to such property is not subject to tax under this subtitle in the hands of the transferor immediately before the transfer, and

''(ii) gain or loss with respect to such property is subject to such tax in the hands of the transferee immediately after such transfer.

In any case in which the transferor is a partnership, the preceding sentence shall be applied by treating each partner in such partnership as holding such partner's proportionate share of the property of such partnership.

''(C) IMPORTATION OF NET BUILT-IN LOSS.—For purposes of subparagraph (A), there is an importation of a net built-in loss in a transaction if the transferee's aggregate adjusted bases of property described in subparagraph (B) which is transferred in such transaction would (but for this paragraph) exceed the fair market value of such property immediately after such transaction.''

''(2) LIMITATION ON TRANSFER OF BUILT-IN LOSSES IN SECTION 351 TRANSACTIONS.—

''(A) IN GENERAL.—If—

''(i) property is transferred in any transaction which is described in subsection (a) and which is not described in paragraph (1) of this subsection, and

''(ii) the transferee's aggregate adjusted bases of the property so transferred would (but for this paragraph) exceed the fair market value of such property immediately after such transaction,

then, notwithstanding subsection (a), the transferee's aggregate adjusted bases of the property so transferred shall not exceed the fair market value of such property immediately after such transaction.

''(B) ALLOCATION OF BASIS REDUCTION.—The aggregate reduction in basis by reason of subparagraph (A) shall be allocated among the property so transferred in proportion to their respective built-in losses immediately before the transaction.

''(C) EXCEPTION FOR TRANSFERS WITHIN AFFILIATED GROUP.—Subparagraph (A) shall not apply to any transaction if the transferor owns stock in the transferee meeting the requirements of section 1504(a)(2). In the case of property to which subparagraph (A) does not apply by reason of the preceding sentence, the transferor's basis in the stock received for such property shall not exceed its fair market value immediately after the transfer.''

(b) COMPARABLE TREATMENT WHERE LIQUIDATION.—Paragraph (1) of section 334(b) (relating to liquidation of subsidiary) is amended to read as follows:

''(1) IN GENERAL.—If property is received by a corporate distributee in a distribution in a complete liquidation to which section 332 applies (or in a transfer described in section 337(b)(1)), the basis of such property in the hands of such distributee shall be the same as it would be in the hands of the transferor; except that the basis of such property in the hands of such distributee shall be the fair market value of the property at the time of the distribution—

''(A) in any case in which gain or loss is recognized by the liquidating corporation with respect to such property, or

''(B) in any case in which the liquidating corporation is a foreign corporation, the corporate distributee is a domestic corporation, and the corporate distributee's aggregate adjusted bases of property described in section 362(e)(1)(B) which is distributed in such liquidation would (but for this subparagraph) exceed the fair market value of such property immediately after such liquidation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act.

SEC. 9602. DISALLOWANCE OF CERTAIN PARTNERSHIP LOSS TRANSFERS.

(a) TREATMENT OF CONTRIBUTED PROPERTY WITH BUILT-IN LOSS.—Paragraph (1) of section 704(c) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following:

''(C) if any property so contributed has a built-in loss—

''(i) such built-in loss shall be taken into account only in determining the amount of items allocated to the contributing partner, and

''(ii) except as provided in regulations, in determining the amount of items allocated to other partners, the basis of the contributed property in the hands of the partnership shall be treated as being equal to its fair market value immediately after the contribution.

For purposes of subparagraph (C), the term 'built-in loss' means the excess of the adjusted basis of the property (determined without regard to subparagraph (C)(ii)) over its fair market value immediately after the contribution.''

(b) ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY ON TRANSFER OF PARTNERSHIP INTEREST IF THERE IS SUBSTANTIAL BUILT-IN LOSS.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 743 (relating to optional adjustment to basis of partnership property) is amended by inserting before the period ''or unless the partnership has a substantial built-in loss immediately after such transfer''.

(2) ADJUSTMENT.—Subsection (b) of section 743 is amended by inserting ''or with respect to which there is a substantial built-in loss immediately after such transfer'' after ''section 754 is in effect''.

(3) SUBSTANTIAL BUILT-IN LOSS.—Section 743 is amended by adding at the end the following new subsection:

''(d) SUBSTANTIAL BUILT-IN LOSS.—

''(1) IN GENERAL.—For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in a partnership if the transferee partner's proportionate share of the adjusted basis of the partnership property exceeds by more than $250,000 the basis of such partner's interest in the partnership.

''(2) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of paragraph (1) and section 734(d), including regulations aggregating related partnerships and disregarding property acquired by the partnership in an attempt to avoid such purposes.''

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 743 is amended to read as follows:

''SEC. 743. ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BUILT-IN LOSS.''

(B) The table of sections for subpart C of part II of subchapter K of chapter 1 is amended by striking the item relating to section 743 and inserting the following new item:

''Sec. 743. Adjustment to basis of partnership property where section 754 election or substantial built-in loss.''

(c) ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY IF THERE IS SUBSTANTIAL BASIS REDUCTION.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 734 (relating to optional adjustment to basis of undistributed partnership property) is amended by inserting before the period ''or unless there is a substantial basis reduction''.

(2) ADJUSTMENT.—Subsection (b) of section 734 is amended by inserting ''or unless there is a substantial basis reduction'' after ''section 754 is in effect''.

(3) SUBSTANTIAL BASIS REDUCTION.—Section 734 is amended by adding at the end the following new subsection:

''(d) SUBSTANTIAL BASIS REDUCTION.—

''(1) IN GENERAL.—For purposes of this section, there is a substantial basis reduction with respect to a distribution if the sum of the amounts described in subparagraphs (A) and (B) of subsection (b)(2) exceeds $250,000.

''(2) REGULATIONS.—For regulations to carry out this subsection, see section 743(d)(2).''

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 734 is amended to read as follows:

''SEC. 734. ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BASIS REDUCTION.''

(B) The table of sections for subpart B of part II of subchapter K of chapter 1 is amended by striking the item relating to section 734 and inserting the following new item:

''Sec. 734. Adjustment to basis of undistributed partnership property where section 754 election or substantial basis reduction.''

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to contributions made after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to transfers after the date of the enactment of this Act.

(3) SUBSECTION (c).—The amendments made by subsection (c) shall apply to distributions after the date of the enactment of this Act.

SEC. 9603. NO REDUCTION OF BASIS UNDER SECTION 734 IN STOCK HELD BY PARTNERSHIP IN CORPORATE PARTNER.

(a) IN GENERAL.—Section 755 is amended by adding at the end the following new subsection:

''(c) NO ALLOCATION OF BASIS DECREASE TO STOCK OF CORPORATE PARTNER.—In making an allocation under subsection (a) of any decrease in the adjusted basis of partnership property under section 734(b)—

''(1) no allocation may be made to stock in a corporation which is a partner in the partnership, and

''(2) any amount not allocable to stock by reason of paragraph (1) shall be allocated under subsection (a) to other partnership property.

Gain shall be recognized to the partnership to the extent that the amount required to be allocated under paragraph (2) to other partnership property exceeds the aggregate adjusted basis of such other property immediately before the allocation required by paragraph (2).''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions after the date of the enactment of this Act.

SEC. 9604. REPEAL OF SPECIAL RULES FOR FASITS.

(a) IN GENERAL.—Part V of subchapter M of chapter 1 (relating to financial asset securitization investment trusts) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (6) of section 56(g) is amended by striking ''REMIC, or FASIT'' and inserting ''or REMIC''.

(2) Clause (ii) of section 382(l)(4)(B) is amended by striking ''a REMIC to which part IV of subchapter M applies, or a FASIT to which part V of subchapter M applies,'' and inserting ''or a REMIC to which part IV of subchapter M applies,''.

(3) Paragraph (1) of section 582(c) is amended by striking ‘‘, and any regular interest in a FASIT,’’.

(4) Subparagraph (E) of section 856(c)(5) is amended by striking the last sentence.

(5) Paragraph (5) of section 860G(a) is amended by adding ‘‘and’’ at the end of subparagraph (B), by striking ‘‘, and’’ at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D).

(6) Subparagraph (C) of section 1202(e)(4) is amended by striking ‘‘REMIC, or FASIT’’ and inserting ‘‘or REMIC’’.

(7) Subparagraph (C) of section 7701(a)(19) is amended by adding ‘‘and’’ at the end of clause (ix), by striking ‘‘, and’’ at the end of clause (x) and inserting a period, and by striking clause (xi).

(8) The table of parts for subchapter M of chapter 1 is amended by striking the item relating to part V.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2003.

(2) EXCEPTION FOR EXISTING FASITS.—

(A) IN GENERAL.—Paragraph (1) shall not apply to any FASIT in existence on the date of the enactment of this Act.

(B) TRANSFER OF ADDITIONAL ASSETS NOT PERMITTED.—Except as provided in regulations prescribed by the Secretary of the Treasury or the Secretary’s delegate, subparagraph (A) shall cease to apply as of the earliest date after the date of the enactment of this Act that any property is transferred to the FASIT.

SEC. 9605. EXPANDED DISALLOWANCE OF DEDUCTION FOR INTEREST ON CONVERTIBLE DEBT.

(a) IN GENERAL.—Paragraph (2) of section 163(l) is amended by striking ‘‘or a related party’’ and inserting ‘‘or equity held by the issuer (or any related party) in any other person’’.

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 163(l) is amended by striking ‘‘or a related party’’ in the material preceding subparagraph (A) and inserting ‘‘or any other person’’.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued after the date of the enactment of this Act.

SEC. 9606. EXPANDED AUTHORITY TO DISALLOW TAX BENEFITS UNDER SECTION 269.

(a) IN GENERAL.—Subsection (a) of section 269 (relating to acquisitions made to evade or avoid income tax) is amended to read as follows:

‘‘(a) IN GENERAL.—If—

‘‘(1)(A) any person acquires stock in a corporation, or

‘‘(B) any corporation acquires, directly or indirectly, property of another corporation and the basis of such property, in the hands of the acquiring corporation, is determined by reference to the basis in the hands of the transferor corporation, and

‘‘(2) the principal purpose for which such acquisition was made is evasion or avoidance of Federal income tax by securing the benefit of a deduction, credit, or other allowance,

then the Secretary may disallow such deduction, credit, or other allowance.’’

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to stock and property acquired after February 13, 2003.

SEC. 9607. MODIFICATIONS OF CERTAIN RULES RELATING TO CONTROLLED FOREIGN CORPORATIONS.

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive investment company) is amended by adding at the end the following flush sentence: ‘‘Such term shall not include any period if there is only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i) of subpart F income of such corporation for such period.’’

(b) DETERMINATION OF PRO RATA SHARE OF SUBPART F INCOME.—Subsection (a) of section 951 (relating to amounts included in gross income of United States shareholders) is amended by adding at the end the following new paragraph:

‘‘(4) SPECIAL RULES FOR DETERMINING PRO RATA SHARE OF SUBPART F INCOME.—The pro rata share under paragraph (2) shall be determined by disregarding—

‘‘(A) any rights lacking substantial economic effect, and

‘‘(B) stock owned by a shareholder who is a tax-indifferent party (as defined in section 7701(m)(3)) if the amount which would (but for this paragraph) be allocated to such shareholder does not reflect such shareholder’s economic share of the earnings and profits of the corporation.’’

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years on controlled foreign corporation beginning after February 13, 2003, and to taxable years of United States shareholder in which or with which such taxable years of controlled foreign corporations end.

SEC. 9608. BASIS FOR DETERMINING LOSS ALWAYS REDUCED BY NONTAXED PORTION OF DIVIDENDS.

(a) IN GENERAL.—Section 1059 (relating to corporate shareholder’s basis in stock reduced by nontaxed portion of extraordinary dividends) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

‘‘(g) BASIS FOR DETERMINING LOSS ALWAYS REDUCED BY NONTAXED PORTION OF DIVIDENDS.—The basis of stock in a corporation (for purposes of determining loss) shall be reduced by the nontaxed portion of any dividend received with respect to such stock if this section does not otherwise apply to such dividend.’’

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to dividends received after the date of the enactment of this Act.

SEC. 9609. 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 section 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.

SEC. 9610. 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 March 1, 2005.

‘‘(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 March 1, 2005.

Subtitle H—Prevention of Corporate Expatriation to Avoid United States Income Tax

SEC. 9701. PREVENTION OF CORPORATE EXPATRIATION TO AVOID UNITED STATES INCOME TAX.

(a) IN GENERAL.—Paragraph (4) of section 7701(a) (defining domestic) is amended to read as follows:

‘‘(4) DOMESTIC.—

‘‘(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘domestic’ when applied to a corporation or partnership means created or organized in the United States or under the law of the United States or of any State unless, in the case of a partnership, the Secretary provides otherwise by regulations.

‘‘(B) CERTAIN CORPORATIONS TREATED AS DOMESTIC.—

‘‘(i) IN GENERAL.—The acquiring corporation in a corporate expatriation transaction shall be treated as a domestic corporation.

‘‘(ii) CORPORATE EXPATRIATION TRANSACTION.—For purposes of this subparagraph, the term ‘corporate expatriation transaction’ means any transaction if—

‘‘(I) a nominally foreign corporation (referred to in this subparagraph as the ‘acquiring corporation’) acquires, as a result of such transaction, directly or indirectly substantially all of the properties held directly or indirectly by a domestic corporation, and

‘‘(II) immediately after the transaction, more than 80 percent of the stock (by vote or value) of the acquiring corporation is held by former shareholders of the domestic corporation by reason of holding stock in the domestic corporation.

‘‘(iii) LOWER STOCK OWNERSHIP REQUIREMENT IN CERTAIN CASES.—Subclause (II) of clause (ii) shall be applied by substituting ‘50 percent’ for ‘80 percent’ with respect to any nominally foreign corporation if—

‘‘(I) such corporation does not have substantial business activities (when compared to the total business activities of the expanded affiliated group) in the foreign country in which or under the law of which the corporation is created or organized, and

‘‘(II) the stock of the corporation is publicly traded and the principal market for the public trading of such stock is in the United States.

‘‘(iv) PARTNERSHIP TRANSACTIONS.—The term ‘corporate expatriation transaction’ includes any transaction if—

‘‘(I) a nominally foreign corporation (referred to in this subparagraph as the ‘acquiring corporation’) acquires, as a result of such transaction, directly or indirectly properties constituting a trade or business of a domestic partnership,

‘‘(II) immediately after the transaction, more than 80 percent of the stock (by vote or value) of the acquiring corporation is held by former partners of the domestic partnership or related foreign partnerships (determined

without regard to stock of the acquiring corporation which is sold in a public offering related to the transaction), and

''(III) the acquiring corporation meets the requirements of subclauses (I) and (II) of clause (iii).

''(v) SPECIAL RULES.—For purposes of this subparagraph—

''(I) a series of related transactions shall be treated as 1 transaction, and

''(II) stock held by members of the expanded affiliated group which includes the acquiring corporation shall not be taken into account in determining ownership.

''(vi) OTHER DEFINITIONS.—For purposes of this subparagraph—

''(I) NOMINALLY FOREIGN CORPORATION.—The term 'nominally foreign corporation' means any corporation which would (but for this subparagraph) be treated as a foreign corporation.

''(II) EXPANDED AFFILIATED GROUP.—The term 'expanded affiliated group' means an affiliated group (as defined in section 1504(a) without regard to section 1504(b)).

''(III) RELATED FOREIGN PARTNERSHIP.—A foreign partnership is related to a domestic partnership if they are under common control (within the meaning of section 482), or they shared the same trademark or tradename.''

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall apply to corporate expatriation transactions completed after September 11, 2001.

(2) SPECIAL RULE.—The amendment made by this section shall also apply to corporate expatriation transactions completed on or before September 11, 2001, but only with respect to taxable years of the acquiring corporation beginning after December 31, 2003.

Mr. DAVIS of Tennessee (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

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

Mr. NUSSLE. Mr. Speaker, reserving the right to object, my understanding is that the only difference between the motion to recommit that the gentleman just offered and we struck with a point of order and the one that he is now offering is the difference between the words ''forthwith'' and ''promptly.''

Is that the gentleman's understanding?

Mr. DAVIS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. NUSSLE. I yield to the gentleman from Tennessee.

Mr. DAVIS of Tennessee. No, there are other changes and they have been cleared by the Parliamentarian.

Mr. NUSSLE. Mr. Speaker, then, continuing to reserve the right to object, I would ask what the gentleman's changes are. Because my understanding is that the only difference is between ''forthwith'' and ''promptly.'' The first four pages are increases in spending to the level purported to be the level of the Senate, and then from page 4, 5, 6, 7, 8, 9, 10, 11 and on and on and on and on are increases in taxes, on and on from page 4 all the way, increasing taxes, not gas taxes, but all the way to page 174 are increases in taxes.

I would ask the gentleman, did he strike the tax increases from page 4 all the way to 174 in the motion to recommit?

Mr. DAVIS of Tennessee. One of the differences in this bill is that it changes the part where we would report back promptly changes in this bill.

Mr. NUSSLE. Mr. Speaker, I will not object to the dispensing of the reading, but at this point I would like certainly to hear from the gentleman why it is that there are four pages of spending and then 170 pages of tax increases in this motion to recommit.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The SPEAKER pro tempore. The gentleman from Tennessee is recognized for 5 minutes in support of his motion to recommit.

Mr. DAVIS of Tennessee. Mr. Speaker, I include for the RECORD a State by State chart of the total highway/transit investment increases and new jobs that would be created under this new motion to recommit.

TOTAL HIGHWAY/TRANSIT INVESTMENT INCREASES AND NEW JOBS CREATED UNDER DAVIS MOTION TO RECOMMIT

[6-Year Comparison of Funding Levels H.R. 3550 vs. Davis Motion—April 2, 2004]

State	Highway	Transit	Total Increase	New Jobs Created
Alabama	641,930,651	32,286,503	674,217,154	32,025
Alaska	377,354,764	7,453,434	384,808,198	18,278
Arizona	546,862,745	66,315,929	613,178,674	29,126
Arkansas	418,494,826	19,120,008	437,614,834	20,787
California	2,983,161,532	790,817,798	3,773,979,330	179,264
Colorado	453,677,165	68,286,399	521,963,564	24,793
Connecticut	480,949,177	62,125,892	543,075,069	25,796
Delaware	140,110,573	9,373,749	149,484,322	7,101
Dist. of Col.	125,288,749	89,914,881	215,203,630	10,222
Florida	1,496,429,489	234,032,310	1,730,461,799	82,197
Georgia	1,111,763,461	103,762,256	1,215,525,717	57,737
Hawaii	163,958,507	36,371,827	200,330,334	9,516
Idaho	224,433,409	12,426,693	256,860,102	12,201
Illinois	1,243,912,775	300,674,181	1,544,586,956	73,368
Indiana	811,474,429	59,165,463	870,639,892	41,355
Iowa	390,912,140	25,359,777	416,271,917	19,773
Kansas	371,083,992	20,121,040	391,205,032	18,582
Kentucky	549,959,335	36,390,607	586,349,942	27,852
Louisiana	503,561,959	48,157,903	551,719,862	26,207
Maine	166,682,176	8,575,838	175,258,014	8,325
Maryland	508,890,726	95,994,478	604,885,204	28,732
Massachusetts	590,275,962	168,290,084	758,566,046	36,032
Michigan	1,033,958,948	105,045,881	1,139,004,829	54,103
Minnesota	627,515,527	66,401,515	693,917,042	32,961
Mississippi	385,937,487	16,939,799	402,877,286	19,137
Missouri	747,900,357	61,777,797	809,678,154	38,460
Montana	314,457,025	8,659,265	323,116,290	15,348
Nebraska	246,016,937	16,462,238	262,479,175	12,468
Nevada	229,548,244	34,397,627	263,945,871	12,537
New Hampshire	163,515,119	9,350,337	172,865,456	8,211
New Jersey	834,127,766	285,310,078	1,119,437,844	53,173
New Mexico	313,031,850	18,897,469	331,929,319	15,767
New York	1,635,087,852	730,759,129	2,365,846,981	112,378
North Carolina	909,717,121	69,621,070	979,338,191	46,519
North Dakota	207,537,203	7,340,286	214,877,489	10,207
Ohio	1,251,348,467	134,180,702	1,385,529,169	65,813
Oklahoma	488,328,418	28,477,592	516,806,010	24,548
Oregon	385,842,475	54,595,630	440,438,195	20,921
Pennsylvania	1,579,949,401	217,311,252	1,797,260,653	85,370
Rhode Island	188,693,217	12,832,952	201,526,169	9,572
South Carolina	515,224,483	28,955,485	544,179,968	25,849
South Dakota	226,412,858	7,484,682	233,897,540	11,110
Tennessee	717,211,581	50,666,878	767,878,459	36,474
Texas	2,507,570,916	287,128,089	2,794,699,005	132,748
Utah	248,012,183	41,168,296	289,180,479	13,736
Vermont	144,829,487	3,704,577	148,534,064	7,055
Virginia	817,694,519	81,898,909	899,593,428	42,731
Washington	569,305,588	131,298,248	700,603,836	33,279
West Virginia	358,479,108	12,771,895	371,251,003	17,634
Wisconsin	630,750,942	63,268,811	694,019,753	32,966
Wyoming	220,142,087	4,665,881	224,807,968	10,678

TOTAL HIGHWAY/TRANSIT INVESTMENT INCREASES AND NEW JOBS CREATED UNDER DAVIS MOTION TO RECOMMIT—Continued

[6-Year Comparison of Funding Levels H.R. 3550 vs. Davis Motion—April 2, 2004]

State	Highway	Transit	Total Increase	New Jobs Created
All States	32,177,385,058	4,854,102,917	37,031,487,975	1,758,996

Total funding lvels calculated by the Federal Highway Administration and the Federal Transit Administration, U.S. Department of Transportation.

Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. MENENDEZ).

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

Mr. MENENDEZ. Mr. Speaker, the Davis motion to recommit increases the funding in this bill to the Senate level of $318 billion, and it does something about donor-donee issues which we have heard a lot about here. Unlike the previous objection that was originally heard, the Senate bill, which is in essence the way in which the gentleman from Tennessee has constructed this, is a fiscally responsible bill. There is no new gas tax in it, so let us not be deceived.

That increase to rise to the 318 is fully offset by what? By cracking down on abusive tax shelters and by preventing American companies from avoiding paying U.S. taxes by moving to a foreign country. It is not only fiscally responsible; it is responsible national economic development policy. It is going to create 1.8 million more additional jobs, and God knows we need those jobs in this country. And it is about national security policy.

The bill is supposed to be about a legacy. Do we want it to be a legacy of congestion and deteriorating infrastructure? Or do we want it to be about increased productivity and more good-paying jobs? About a Nation that has the redundancy and multiplicity of transportation infrastructure to respond to national emergencies on the scale of what happened on September 11 where after so many different modes of transportation were shut down, there is still one available to get people out of downtown Manhattan over to New Jersey into hospitals?

If you want more money to go to your State, if you do not want just to stop the decay of the Nation's infrastructure, but dramatically improve it; if you want to help create good-paying jobs, 1.8 million more jobs for the people of this country; if you want to have multiple avenues to evacuate people and for first responders to reach the site, God forbid, of the next national emergency, then you will vote for the Davis motion to recommit. It is fiscally responsible. It is about creating jobs. It is about the national security of the United States.

Mr. DAVIS of Tennessee. Mr. Speaker, as a graduate from my hometown school, I traveled on an interstate called Interstate 40. It was about one-third finished. My grandchildren travel that today. With this bill, with this increase with this motion to recommit and the suggestion of increasing it to $318 billion, all of our children and grandchildren to come will have an infrastructure that will be the seed that is needed for economic growth and investment for the future.

Mr. Speaker, I yield the balance of my time to the gentleman from Oregon (Mr. BLUMENAUER).

The SPEAKER pro tempore. The gentleman from Oregon is recognized for 1½ minutes.

Mr. BLUMENAUER. Mr. Speaker, we have extolled the leadership of our committee chair and ranking member and the subcommittee chair and ranking member. I think that is appropriate because they have taken a difficult task and have given us a good bill. But it falls far short of the needs that have been identified by our own Department of Transportation.

One of the reasons we have had the trauma about the donor-donee over the course of the last 2 weeks is simply because we are not right-sizing this bill. Every day we are losing the battle to congestion, pollution, and bridges that are crumbling faster than we can fix them. This motion will get us one-third of the way that was envisioned by our committee leadership. It is, in fact, paid for and it will provide extra money for States large like California, Texas and New York, small States; and more important than the money in this time of economic concern are the jobs.

We have seen the good work by the committee leadership and we have not really acknowledged the leadership of Speaker HASTERT and Leader PELOSI who understand that the President is wrong to draw the line here for the first time in his administration to exercise fiscal responsibility, so to speak, at the needs of our infrastructure.

Now it is time for the leadership here. We on this floor have the opportunity to do our part as Members of Congress. We can vote for this motion to recommit. We can vote to make sure that the Federal Government is a better partner with our communities to make them more livable, to make our families safe, healthy and more economically secure.

I strongly urge support for the Davis motion.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

Mr. YOUNG of Alaska. Mr. Speaker, I claim the time in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentleman from Alaska is recognized for 5 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, we have spent 2 good days of very legitimate debate. I was hoping we could avoid some of the things being said now. Although it may sound clear and true, I can say we face reality. This bill came out of our committee unanimously with the gentleman from Minnesota (Mr. OBERSTAR) supporting it. We want to go forth. The 318 figure coming from the Senate side, very frankly, I do not think is true. What we have to do is try to find the real dollars, and we are going to attempt to do that in conference.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. THOMAS).

Mr. THOMAS. I thank the gentleman for yielding me this time.

Mr. Speaker, we really do have to decide whether we want to try to make law or score political points. The first motion that was offered was obviously a ruse because it would have killed the bill. You then say changing ''forthwith'' to ''promptly'' makes this a serious offer. You need to know that the reason they dropped ''forthwith'' to ''promptly'' and dropped various portions of the bill was to make it germane under the rules. In dropping those portions to make it germane, we have no idea what the revenue consequences of this bill are. There is no score available.

I will tell you this, that the old provision was $38 billion in revenue. If anyone knows how the Senate works, it is very simple. The way you get the votes to pass anything is to ask whoever would possibly vote for something, what do they want. It is an additive process. What we have here is the sum and substance of a bill that passed the Senate, which means there is no rationale to anything in the revenue portion.

Let me give you one brief example. Turn to page 108 and to raise the revenue that is in this bill, which is not directly applicable to the highway bill in about two-thirds of it, the effective date of the provisions ending on page 108 shall apply to transactions entered into after February 13, 2003.

□ 1145

What was good law on February 13 last year, retroactively, will not be good law if you vote for this measure. And if you think there is nothing worse than the government's saying one can do something and then, after they did it when it was legal, saying, no, now it is not, then understand that is the way the Senate legislates. If you want to make law, let us stick with the dollar amounts we have.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. THORNBERRY). The Chair would first remind all Members that it is inappropriate to characterize actions in the

other body, and all Members should remember that admonishment in making their comments on the floor.

Mr. THOMAS. Mr. Speaker, I accept that admonition. The other body has no problem changing the law after the fact. We should not.

POINT OF ORDER

Mr. FRANK of Massachusetts. Point of order, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Massachusetts will state his point of order.

Mr. FRANK of Massachusetts. Mr. Speaker, simply not using the word ''Senate'' does not alter the impact of the rule. The gentleman is in violation of the rule.

The SPEAKER pro tempore. The Chair will repeat that it is inappropriate to characterize actions in the other body, regardless of what one calls them.

The gentleman from Alaska (Mr. YOUNG) has 2 minutes remaining.

Mr. YOUNG of Alaska. Mr. Speaker, I yield the other body 1 minute.

Mr. THOMAS. Mr. Speaker, in referring to those that I cannot refer to, in examining the legislation offered as a motion to recommit, simply look at page 108. What was legal will not be legal. Someone who took actions by virtue of something that if it were criminal would be unconstitutional is in this legislation.

Let us make law. Let us not make political points. Vote down this motion to recommit, and together let us move solid legislation that we can turn into law, much-needed law, as soon as possible.

I thank the gentleman for yielding me this time.

Mr. YOUNG of Alaska. Mr. Speaker, I thank the gentleman for his remarks.

Let us move forward. Let us try to legislate. Let us do our job.

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. DAVIS of Tennessee. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by a 5-minute vote, if ordered, on passage and, without objection, by a 5-minute vote, if ordered, on a nondebatable concurrent resolution to adjourn.

There was no objection.

The vote was taken by electronic device, and there were—ayes 198, noes 225, not voting 10, as follows:

[Roll No. 113]

AYES—198

Abercrombie
Ackerman
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Bell
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Chandler
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
Gephardt
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
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)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Rangel
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Waters
Watson
Watt
Weiner
Wexler
Woolsey
Wu
Wynn

NOES—225

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
Castle
Chabot
Chocola
Coble
Cole
Collins
Cox
Crane
Crenshaw
Cubin
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Houghton
Hunter
Hyde
Isakson
Istook
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
Marshall
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
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
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
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
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
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—10

Culberson
DeMint
Hulshof
Issa
Miller, George
Reyes
Serrano
Tanner
Tauzin
Waxman

□ 1207

Mr. GUTIERREZ changed his vote from ''no'' to ''aye.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. THORNBERRY). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. YOUNG of Alaska. 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, to be followed by a 5-minute vote on H. Con. Res. 404, if ordered.

The vote was taken by electronic device, and there were—yeas 357, nays 65, not voting 11, as follows:

[Roll No. 114]

YEAS—357

Abercrombie
Ackerman
Aderholt
Alexander
Allen
Andrews
Baca
Bachus
Baird
Baker
Baldwin
Ballance
Ballenger
Bartlett (MD)
Bass
Beauprez
Becerra
Bell
Bereuter
Berkley
Berman
Berry
Biggert
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Boehlert
Bonilla

Bonner
Bono
Boozman
Boswell
Boucher
Bradley (NH)
Brady (PA)
Brown (OH)
Brown (SC)
Brown, Corrine
Burgess
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Capito
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Carter
Case
Chabot
Chandler
Chocola
Clay
Clyburn
Coble
Collins
Conyers
Cooper
Costello
Cox
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Forbes
Ford
Fossella
Frank (MA)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gephardt
Gerlach
Gibbons
Gilchrest
Gillmor
Gonzalez
Goode
Goodlatte
Gordon
Granger
Graves
Green (TX)
Greenwood
Grijalva
Gutierrez
Hall
Harman
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hyde
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kirk
Kleczka
Knollenberg
Kucinich
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (MI)
Miller (NC)
Miller, Gary
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Nadler
Napolitano
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Owens
Oxley
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Renzi
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rohrabacher
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryun (KS)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Schrock
Scott (GA)
Scott (VA)
Serrano
Sessions
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Spratt
Stenholm
Strickland
Stupak
Sweeney
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Tiahrt
Tiberi
Tierney
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Vitter
Walden (OR)
Walsh
Wamp
Waters
Watson
Watt
Weiner
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)

NAYS—65

Akin
Barrett (SC)
Barton (TX)
Bilirakis
Blunt
Boehner
Boyd
Brady (TX)
Brown-Waite, Ginny
Burns
Cantor
Castle
Cole
Crenshaw
Davis (FL)
Deal (GA)
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Feeney
Flake
Foley
Franks (AZ)
Gingrey
Goss
Green (WI)
Gutknecht
Harris
Hastings (FL)
Hensarling
Hill
Isakson
Istook
Johnson, Sam
Jones (NC)
Keller
Kingston
Kline
Kolbe
Linder
Lucas (OK)
Miller (FL)
Myrick
Norwood
Otter
Paul
Pence
Putnam
Rogers (MI)
Ros-Lehtinen
Ryan (WI)
Sensenbrenner
Shadegg
Shaw
Simpson
Smith (MI)
Souder
Stearns
Sullivan
Tancredo
Thornberry
Toomey
Weldon (FL)
Wexler
Young (FL)

NOT VOTING—11

Culberson
DeMint
Hulshof
Hunter
Miller, George
Reyes
Saxton
Stark
Tanner
Tauzin
Waxman

□ 1215

Mr. DAVIS of Florida changed his vote from ''yea'' to ''nay.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. STARK. Mr. Speaker, earlier today during the vote on final passage of H.R. 3550, I was called off the floor to receive a phone call from my office. In my distraction, I thought I had voted in favor of H.R. 3550 when in actual fact I had not cast my vote. Had I not been distracted, I would have voted 'Aye' on final passage of H.R. 3550.

PERSONAL EXPLANATION

Mr. HUNTER (during the Special Order of Mr. KING of Iowa). Mr. Speaker, I want to place in the RECORD at the end of the debate on the Transportation bill that the gentleman from New Jersey (Mr. SAXTON) was going to vote on that bill, and I pulled him into a meeting that I thought was pretty important since he is the chairman of the Subcommittee on Terrorism, Unconventional Threats and Capabilities on the Committee on Armed Services.

I was in charge of watching the clock, and I did not do that; and the gentleman from New Jersey (Mr. SAXTON) missed that vote, and I just want to apologize for that, and if it is any consolation, I missed it, too.

So I apologize to the gentleman from New Jersey (Mr. SAXTON) for that occurring.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 3550, TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS

Mr. YOUNG of Alaska. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 3550, the Clerk be authorized to correct section numbers, punctuation, and cross references, and to make such other necessary technical and conforming changes as may be necessary to reflect the actions of the House.

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

There was no objection.

PROVIDING FOR AN ADJOURNMENT OR RECESS OF THE TWO HOUSES

Mr. DELAY. Mr Speaker, I offer a privileged concurrent resolution (H. Con. Res. 404) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 404

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on the legislative day of Friday, April 2, 2004, it stand adjourned until 2 p.m. on Tuesday, April 20, 2004, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns on Wednesday, April 7, 2004, Thursday, April 8, 2004, or Friday, April 9, 2004, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until noon on Monday, April 19, 2004, or at such other time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, or their respective designees, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble at such place and time as they may designate whenever, in their opinion, the public interest shall warrant it.

The SPEAKER pro tempore. The concurrent resolution is not debatable.

□ 1215

PARLIAMENTARY INQUIRY

Mr. CARDIN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore (Mr. THORNBERRY). The gentleman will state it.

Mr. CARDIN. Mr. Speaker, we had a hard time hearing the resolution, but am I correct that this is the resolution that will allow the House to go into recess for 2 weeks at the completion of our business today? Is that what is being voted on?

The SPEAKER pro tempore. The gentleman is correct.

Mr. CARDIN. Mr. Speaker, part of my parliamentary inquiry is, am I correct in understanding that if this resolution passes, we will not be able to consider the extension of unemployment benefits, and another 160,000 people will exhaust their benefits during this recess?

If I am correct, Mr. Speaker, I would urge my colleagues to vote against the resolution.

The SPEAKER pro tempore. The gentleman has not stated a proper parliamentary inquiry.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. CARDIN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 211, noes 201, not voting 21, as follows:

[Roll No. 115]

AYES—211

Aderholt
Akin
Bachus
Baker
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
Castle
Chabot
Chocola
Coble
Cole
Collins
Cox
Crane
Crenshaw
Cubin
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Houghton
Hunter
Hyde
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
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
Ose
Otter
Oxley
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Porter
Portman
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Tancredo
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)

NOES—201

Abercrombie
Ackerman
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Ballenger
Becerra
Bell
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Chandler
Clay
Clyburn
Conyers
Cooper
Costello
Cramer
Crowley
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
Gephardt
Gonzalez
Gordon
Green (TX)
Grijalva
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)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
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
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, 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
Sweeney
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Waters
Watson
Watt
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—21

Culberson
Cummings
DeMint
Foley
Goss
Granger
Gutierrez
Hulshof
LaHood
Majette
Miller (FL)
Miller, George
Osborne
Paul
Pryce (OH)
Reyes
Ros-Lehtinen
Sullivan
Tanner
Tauzin
Waxman

□ 1227

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 3108, PENSION FUNDING EQUITY ACT OF 2004

Mr. BOEHNER. Mr. Speaker, pursuant to the order of the House of April 1, 2004, I call up the conference report on the bill (H.R. 3108) 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 for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, April 1, 2004, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of April 1, 2004 at page H 1997.)

The SPEAKER pro tempore. The gentleman from Ohio (Mr. BOEHNER) and the gentleman from New Jersey (Mr. ANDREWS) each will control 30 minutes.

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

GENERAL LEAVE

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3108.

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

There was no objection.

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that 15 minutes of this time be controlled by the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means.

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

There was no objection.

Mr. THOMAS. Mr. Speaker, I thank the gentleman from Ohio for yielding me the time, and I yield myself such time as I may consume.

I want to thank everyone for bringing to fruition a modest bill which has a limited life, but which is extremely critical in today's economic environment. Twice the House has passed a short-term substitute for a financial structure that assists in pensions. Thirty-year Treasury bonds had been the standard. When the Treasury decided not to issue 30-year bonds anymore, we did not have a surrogate.

This surrogate is absolutely essential in the short term while we work out a long-term replacement for the 30-year Treasuries. As I said, twice the House passed this legislation, once in October of 2003 and then again in November of 2003. Neither time in passing this legislation did the House include multi-employer provisions.

Multi-employers tend to basically be the representatives for the unions.

Multi-employers determine their pension liabilities differently than other companies. It is important to make sure that there are provisions available for multi-employers, and what the conference did was work out a solution which we believe addresses those multi-employers in need and can be signed into law.

We are going to hear a lot of comments about what we did or did not do. It seems to me that when we look at those people who are willing to write letters in support and we get one letter from the United Auto Workers and the other from Ford, Daimler Chrysler, and General Motors, both management and labor in support of what we did in the short-term solution, we begin to think maybe we have it about right.

So as we look at this, this is not permanent legislation; it is legislation that needs to go to the President to be enacted, hopefully no later than next week; and we will then sit down and look at long-term, formal changes to the pensions in this country in a number of different ways, in the Tax Code and in the jurisdiction of the gentleman from Ohio's Committee on Education and the Workforce.

I want to compliment the gentleman from Ohio (Chairman BOEHNER) on the way in which he has conducted himself while working on this legislation in the House and especially his leadership in conference. It is a pleasure to work with my colleagues where, notwithstanding the jurisdictional differences in committee, we are able to work together to solve problems, because it is the problem that needs to be addressed and not the particular concerns or interests of any committee.

Mr. Speaker, I yield such time as he may consume to the gentleman from Connecticut (Mr. SIMMONS) for purposes of a colloquy.

Mr. SIMMONS. Mr. Speaker, the chairman is aware that some stock life insurance companies are facing taxes on their policyholder surplus accounts due to corporate reorganizations.

Is the chairman examining ways to prevent this tax from hitting companies in the process of reorganizing to be more competitive?

Mr. THOMAS. Mr. Speaker, if the gentleman will yield, I will tell the gentleman we have, and we are. I know the gentleman's interest in this issue based upon his State and one of the things his State is famous for.

We are working with a number of individuals on Joint Tax, in industry, to gather the information needed to craft an equitable proposal. Once the committee receives this information, I will tell the gentleman, we intend to seriously pursue relief options because of the current unfair relationships, as the gentleman described.

Mr. SIMMONS. Mr. Speaker, I thank the chairman for his insightful and reassuring response.

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio (Mr. PORTMAN) control the remainder of the time of the Committee on Ways and Means.

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

There was no objection.

□ 1230

The SPEAKER pro tempore (Mr. THORNBERRY). The gentleman from New Jersey (Mr. ANDREWS) is recognized for 30 minutes.

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

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

Mr. Speaker, I do want to begin by thanking the gentleman from Ohio (Mr. BOEHNER) who very ably and fairly chaired this conference and for all the participants and staff who worked very hard in the conference and did yeomen's work on both sides of the Capitol and both sides of the aisle.

As the chair of the Committee on Ways and Means said a minute ago, this bill solves a problem. I think he is correct, that there is a problem. I think he is correct that it solves the problem for some people who suffer that problem, but I would respectfully say he is most decidedly incorrect when he says it solves the entire problem.

The problem here is that people running pension plans, defined benefit plans, have suffered an unusual series of economic circumstances, declining stock prices, very low interest rates, which have given them great fiscal distress in their plans.

Under the existing law, it is necessary for the employers who pay into those plans to make huge increases in their contributions in the very near future. This translates, in my view, into lost jobs, slower growth, and significant economic problems for many industries. Commendably, this conference tried to address that problem and has, in fact, done so for many of our employers, but the conference report fails miserably to help a number of employers who need this help, and those are the employers in what is called the multi-employer plans.

Now multi-employer plan is a very antiseptic term. Who are we talking about? We are talking about air conditioning contracting companies. We are talking about people who build houses. We are talking about people that do plumbing repairs and heating repairs, that do sheet metal contracting. We are talking about 60,000 small businesses across this country affected by this change.

Now, the experts in the field have told us that about one in five of those small businesses is going to experience a significant problem in their pension plan within the next 5 years. Twenty percent of these air conditioning repair companies and plumbing companies and home builders are going to experience a problem in the next 5 years. So about 20 percent of these small businesses and their employees need help right now.

This bill helps about 3 or 4 percent of these small businesses in the country. Think about this. The experts tell us that 20 percent of these small businesses and their employees need help. This bill steps forward and helps 3 or 4 percent.

Now one might be inclined, Mr. Speaker, to think that this is a technical oversight or it is a problem that cannot be fixed because of some fiscal or budgetary reason. Nothing could be further from the truth. This bill represents a deliberate choice to exclude thousands of small businesses and their employees from the relief that they need to continue creating jobs, and I believe that deliberate choice is made because these plans are all affiliated with organized labor. That is what this is about.

There are a bunch of people that fell off the boat and they are drowning and need a life preserver and we are standing on the deck of the rescue ship throwing out life preservers so people can survive. And that is commendable. But we will not throw the life preservers for union plans and union workers. That is wrong. There is no substantive basis for that judgment. There is no fair basis for that judgment. And it is wrong.

We will have an opportunity to fix this injustice in the motion to recommit to conference that I will be offering. Under the rules of the House, there will be no debate on that motion, so I want to bring it up now.

What the motion will permit us to do is to reconvene the conference with the instructions that the small businesses adversely affected by this bill will have the chance to be included. We will go back to the bargaining table and say, as the experts have told us, that the 20 percent of small businesses who are drowning out there in the sea will also get thrown a life preserver.

To make a judgment based on dollars is reasonable. To make a judgment based upon technical disagreement is reasonable. But to make a judgment based upon ideological opposition to a certain segment of the American business community, those who employ unionized workers and against a segment of American workers, those who happen to exercise their right to collectively bargain, is wrong.

That is why the motion that I will submit is supported by, and final passage is opposed by, the Teamsters, the IBEW, the building and construction trades of the AFL/CIO, the bricklayers, the boilermakers, the roofers, the asbestos workers, the carpenters, the iron workers, the operating engineers, the laborers, the sheet metal workers, the plasterers, the plumbers and pipe fitters, the elevator trades and the painters.

The small businesses that employ these Americans should not be excluded from this bill, irrespective of

who they support in the election, irrespective of how they view things politically. It is wrong to throw a life preserver only to the favored few.

I would urge my colleagues to support the motion to recommit that will be offered and oppose final passage of the bill.

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

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

Mr. Speaker, I thank my colleague, the gentleman from New Jersey (Mr. ANDREWS) for his comments. I have enjoyed working with him over the years. He works closely with the gentleman from Ohio (Chairman BOEHNER) who we will hear from in a moment on pension issues.

I would say I cannot agree exactly with his analysis of this bill. This is a very strong bill that I strongly support. I commend those who played a role in putting it together, and the gentleman from New Jersey (Mr. ANDREWS) was there in the conference helping put it together.

The bill that came through the House, as my colleagues will recall, had no help from multi-employers because it was a 30-year bill. That was the issue that we started with, and that is the source of the legislation, also the reason for the legislation, and that legislation then got added to. But it is interesting that all but I think two Members of this House voted for the bill last go-around without any multi-employer relief and now somehow the bill is not good enough because it does not have enough multi-employer relief.

It does solve the 30-year problem, and that is extremely important to 34 million American workers. It is only a 2-year short term bill, as the gentleman knows; and in those 2 years the idea is that we will reform all of the pension rules and regulations, including the funding rules, the accounting rules, the disclosure rules, something that is long overdue, and including within that, of course, the multi-employer rules, which I believe do need to be altered. But this was never meant to be the bill to do that.

My colleague talked about problems that might come up in the next 5 or 10 years for these plans. We will have time to deal with that in the next 2 years. That is the whole idea. The critical thing here is, before April 15 when these quarterly payments are going to be made or not made, that we make a decision to save millions of employees from having their benefits frozen, from perhaps losing their benefits altogether, new entrants into the workforce. We know we had 300,000 new jobs last month. Let us be sure those people have an opportunity to get into a pension.

What is happening out there, as we know, is we not only have seen a precipitous drop in the number of plans that are insured by PBGC, meaning these traditional guaranteed, defined benefit plans, we have gone from roughly 114,000 plans to 32,000 plans just in the last 18 years.

More disturbing to me is that recently we have seen a lot of these plans freeze benefits for existing participants and not allow new participants in. The best study we have got shows that we have about 27 percent of plans that are not offering benefits to new hires as they do to existing hires. We have about 21 percent of plans, that is more than one in five, who are scaling back benefits through a freeze or other similar mechanisms.

We have got a crisis, and we need to deal with it. We have spent 2 years talking about it. I am delighted this bill is before us to finally correct the major reason that plans are freezing and cutting benefits and that is the fact that the interest rate they have to use, called the 30-year rate, is not accurate.

My colleague, the gentleman from Maryland (Mr. CARDIN), who I see is on the floor, and I introduced legislation to correct this problem. It is bipartisan legislation, strongly supported in this House. It provides for a long-term, conservative corporate bond rate to be used instead of this 30-year Treasury, as the gentleman from California (Chairman THOMAS) said earlier, which is now defunct and no longer a good interest rate. It provides a slightly higher interest rate, which allows companies to make the adequate and accurate contribution but not overcontribute. And this will help, again, 34 million American workers.

I am pleased to see the conference report we have before us incorporates that model. It only does it for 2 years. I wish we could have gotten 3 or 4. I would have loved it to be permanent. It would give the plans the predictability they need. We were not able to do that. But to have the 2-year change in the 30-year is extremely important to those 34 million workers, including, by the way, 12 million union workers.

To my friend, the gentleman from New Jersey (Mr. ANDREWS), he talked earlier about the fact that this somehow does not take care of union workers but it takes care of non-union workers. I would just remind him there are 9 million union workers in multi-employer plans, but there are 12 million union workers who get a very direct benefit from the 30-year Treasury fix in this bill.

I would also say that, for those folks who are concerned about who this covers and does not cover in terms of the multi-employer plans, we really do not know. It may be three 3 or 4 percent. It may be more than that. That is not what we intended to do, was to choose a percentage. We tried to put in place some screens to be sure that the benefits that were added to, again, the 30-year Treasury bill that went through this House with all but two votes, to be sure that those plans that were added to that were those plans most in need. That was the only criteria.

Mr. Speaker, I yield 1 minute to the distinguished gentleman from New York (Mr. HOUGHTON), my colleague on the Committee on Ways and Means.

Mr. HOUGHTON. Mr. Speaker, there are a lot of good things in this bill, a lot of things you can argue about. The two things that I think are important, one is the section 809, which we all know about. It is a conference report and permanently extends the suspension of section 809 on an antiquated tax on mutual life insurance companies. That is very important. But the most important thing for me is the temporary replacement of the 30-year Treasury bond.

Now, people have talked about that. A lot of people are going to discuss this. But, having been in business, this is very, very important. They are out now. They are gone. There is nothing to base a pension plan formula on. Something has to take its place, and what we want to do is to try to have something which is timely and can be voted on by April 15 when many of these companies have to make their decision.

So to protect the money that goes into the pension plans for employees, you must have a guideline. It is very important. It is very critical timewise. This is not an intellectual issue. This is not something we can have bandied about forever. People's very retirement depends on this. It is not so much the money, but it is the guideline. I hope very much we will support this.

Mr. ANDREWS. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. CARDIN), who is really one of our leading voices on pension reform in this country.

Mr. CARDIN. Mr. Speaker, let me thank the gentleman from New Jersey (Mr. ANDREWS) for his leadership on pension issues and protecting working people. I agree completely with what he has said with regards to multi-employer. I am very happy that my friend, the gentleman from Ohio (Mr. PORTMAN), is on the floor. I want to thank the gentleman from Ohio (Chairman BOEHNER) for all of his help on dealing with particularly the ERISA provisions as it affects pension rules.

It is interesting, in regards to the multi-employers, it was included in legislation that the gentleman from Ohio (Mr. PORTMAN) and I authored to try to deal with the current problems of funding a pension plan. I regret it is not included in this legislation.

Mr. Speaker, let me point out that when this bill passed this body I urged my colleagues to support the bill, but I pointed out that it is not going to correct the problem. It is a temporary Band-Aid, that we should have done more. We should have had a longer than 2-year replacement of the 30-year Treasury.

□ 1245

We should have had a permanent correction. We know what we should be doing. Using the formula that is in this

bill, we should have had it for more than just 2 years.

I also pointed out that there are many other provisions in funding of pension plans, defined benefit plans that need to be addressed. I know there is an attempt here to deal with the mortality schedules, but we should deal with it broader. There are a lot of blue collar workers that today their pension plans are overfunded in regards to the mortality schedules.

We had the issue of smoothing contributions to allow employers to make more predictable contributions to the defined benefit plans. All that needs to be dealt with.

So, Mr. Speaker, I hope that my colleagues will support this bill because it is important that we get this relief in effect before April 15, but I hope that we will do a lot more in protecting the defined benefits because, if we do not, if we do not take this issue up, next year when we talk about it or 2 years from now, we are going to find there are less defined benefit plans that are out there.

The well-funded plans are going to freeze or convert, but they are not going to do the current roles that are out there. We need to reform and make sure that plans are accurately funded, fully funded so that employees are protected, but we also have to make sure that there are incentives for companies to continue their defined benefit plans.

So I urge my colleagues to support this legislation, support my colleague's, the gentleman from New Jersey (Mr. ANDREWS), motion to recommit so we can then deal with the multi-employer issue, but let us get this bill to the President's desk as quickly as possible.

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

First of all, I want to thank my colleague from Maryland for all of his hard work and his support today and make that commitment with him and the gentleman from Ohio (Chairman BOEHNER), the gentleman from California (Chairman THOMAS), and the gentleman from New Jersey (Mr. ANDREWS) and others. We will work together on this issue for the next couple of years. We do need to reform our entire defined benefit pension system.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut (Mrs. JOHNSON), my distinguished colleague on the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I thank the chairman; and I want to congratulate my colleagues, the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Maryland (Mr. CARDIN), who have long been leaders on complicated pension issues, and to the whole conference committee for bringing a bill back that we can get to the President's desk to sign because there is literally nothing more important to working Americans than retirement security.

They have the right to know. We have the obligation to assure them that, when they retire, their retirement plans will come to reality and they will receive the benefits that they have long counted on.

When the rate on the 30-year Treasury bond plummeted after the bonds were discontinued, companies found themselves forced to make artificially high contributions to defined benefit pension plans. That is all this does. This just eliminates that requirement for companies with defined benefit pension plans, which we all know are extremely valuable to working people. It protects those companies from having to make artificially high contributions.

With the economy just coming back, this is about as important a jobs bill as we could pass right now because if we do not give these companies relief, they will be forced to divert funds from paying for current employees or hiring new employees because they will have to make sizeable, significant, new, higher contributions to their pension funds.

So this will free up $80 billion over the next 2 years to help grow this economy, and that is about jobs now. It is about retirement security later. So this is a must-pass bill. Is it everything? No, it is not everything. We need a permanent fix to this problem, and we have a permanent fix that needs to go to everyone; but this is a must-must-pass bill, and I urge the body to vote ''yes.''

Mr. ANDREWS. Mr. Speaker, I yield myself such time as I may consume, and I would just point out that the argument from the other side, we keep hearing the bill is not everything, that we cannot do everything all at once.

It seems like the things that we never quite get around to are the ones that most benefit the working people of the country. We never quite get around to extending unemployment benefits. We never quite get around to consideration of raising the minimum wage. We never quite get around to including pension relief for employees of small businesses, 60,000 small businesses across the country. We never quite get around to debating legislation that would help the 45 million people without health insurance in the country. We never quite get around to that.

We always do get around to helping very powerful players in our economy and our political system who, in fact, deserve help in this circumstance. I do not dispute that; but I hope one of these days, Mr. Speaker, we get around to helping the rest.

Mr. Speaker, I yield 3 minutes to my friend, the gentleman from Massachusetts (Mr. LYNCH).

Mr. LYNCH. Mr. Speaker, I too want to thank the gentleman from New Jersey (Mr. ANDREWS) and also the gentleman from Ohio (Chairman BOEHNER) and the gentleman from Ohio (Mr. PORTMAN) for their work on this bill.

Mr. Speaker, I rise today to express my concerns about the conference report for H.R. 3108, the Pension Funding Equity Act. Mr. Speaker, I am extremely disappointed that this conference report fails to address the real dangers facing multi-employer pension plans.

When we considered this bill last October, I supported the temporary extension of using a composite of corporate bond index to replace the 30-year Treasury. I think that is a good move. It is good to, I think, adjust in the current climate the funding obligation calculations that we include in this bill. Few of us doubt that this country's retirement system is in desperate need of reform. However, today we are missing an opportunity to meaningfully address the funding struggles that are crippling many of the multi-employer plans in this country.

When the Senate considered H.R. 3108, they recognized this growing crisis, and they included protections for multi-employer plans by an overwhelming vote. Sadly, this good work was undone yesterday by Republican conferees who gutted multi-employer pension relief with a so-called compromise that was strictly conducted on a party-line vote.

Mr. Speaker, the real losers today are our Nation's workers. Multi-employer pension plans cover 9.5 million workers and retirees who have put their faith in the retirement security system. Hardworking families should not be forced to pay the price of partisan politics. They deserve this body to comprehensively address this problem facing multi-employer plans. Congress should be taking a fair look at this issue and making a good faith effort to provide meaningful pension reform. The Senate tried to do just that; but sadly, the conference report failed in its similar attempt.

There is a pattern here, Mr. Speaker, of conduct that the gentleman from New Jersey (Mr. ANDREWS) has addressed in part; and I, too, find it troubling that unemployment benefits are blocked by the Republican leadership; that overtime pay for our workers is blocked by the Republican leadership; that minimum wage increases are blocked by the Republican leadership. And now, Mr. Speaker, again, because of the obstructions created by the Republican leadership, we are missing an opportunity here to provide real multi-employer pension relief.

I urge my colleagues to support the gentleman from New Jersey's (Mr. ANDREWS) motion to recommit and oppose this conference report.

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

Just briefly, I say to my colleague who just spoke, I appreciate his support. Last time through he said he did support the legislation without any multi-employer provisions. He should know that no one who has spoken on the floor today mentioned the multi-employer issue when it came to the floor last time. In fact, when we look

through the debate, not one Member of Congress on either side of the aisle mentioned the multi-employer issue or suggested that it be added.

I would also say with regard to all these small businesses, 23 million small businesses in America, let us assume all the multi-employer employers are small businesses which, of course, they are not. Let us assume they were, that would be .2 percent of our small businesses in America. So let us be careful about saying we are talking about 20 percent of the small businesses here.

We are talking about at the most .2 percent and of course, not all multi-employer employers are defined as small businesses.

Mr. Speaker, I yield 1½ minutes to the gentleman from Michigan (Mr. CAMP), a distinguished member of the Committee on Ways and Means.

Mr. CAMP. Mr. Speaker, I rise in support of this conference report, and I want to thank the gentleman from California (Chairman THOMAS) and the gentleman from Ohio (Mr. BOEHNER) for all their hard work on this important legislation.

This does make important, commonsense changes to help keep workers' pensions intact, and replacing the 30-year Treasury bond rate is one step in addressing the crisis companies with pensions face, especially the airline and steel industries. These companies are facing massive mandatory payments because of the simultaneous collapse of the stock market and record low interest rates.

Many defined pension plans have gone from an overfunded surplus to an underfunded deficit in just 3 years. Since these plans are now less than 90 percent funded, companies will be required to pay hefty surcharges, known as deficit reduction contributions. These payments are no less than a government-mandated surcharge requiring companies to make enormous additional payments in an unreasonable period.

This bill would provide relief to those affected employers without sticking taxpayers with the bill. More importantly, this legislation protects employee pensions and the ability of companies to keep the doors open for business. It is both pro-worker and pro-employer.

Under the bill, companies would continue to make their normal pension payments, but be allowed partial 2-year deferral for contribution payments.

In no way does this plan relieve any company from their pension liabilities. They must continue to make their normal pension contributions. This bipartisan plan is supported by both unions and management. This legislation is essential to maintaining healthy and viable employers and to protecting the pensions of thousands of workers, including the 305,000 new jobs and new pensions that were created last month.

Mr. ANDREWS. Mr. Speaker, I yield myself such time as I consume, and I know that there are elements of the union movement who support this bill. I understand that, but I want to reiterate, the Teamsters, the IBEW, the building trades, the bricklayers, the boilermakers, the roofers, the asbestos workers, the carpenters, the iron workers, the operating engineers, the laborers, the sheet metal workers, the plasterers and cement masons, the plumbers and the pipefitters, the elevator trades and the painters all oppose this bill.

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

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank, in particular, the gentleman from New Jersey (Mr. ANDREWS) for his leadership, courage, in fact, on a bill that looked like it was already ready to make the last mile and cross the finish line.

Many might wonder why we would come to the floor and allegedly interfere with a bipartisan legislative initiative that has the support of employers and unions. Well, I tell my colleagues why he has come to the floor, because he is absolutely right; and not only is he absolutely right, it is shameful that we would allow ideology to interfere with the rightness of making whole all of the pension funds.

Mr. Speaker, I come from Houston, Texas. I saw 4,500 employees laid off from Enron. I heard the stories of individuals who had lost their entire life's savings and ability to provide for their family. I am still being confronted by those families who lost homes and are not able to provide for the college education of their children.

Today, we have an opportunity to make better and to make whole prospectively thousands upon thousands of workers who are having a funding deficiency, but the actual insult of this motion to recommit, the actual insult and the actual, I think, outrage that caused the gentleman from New Jersey (Mr. ANDREWS) to come to the floor is that this was in the legislation, working on funding a deficiency, helping the neediest of needy who really did not suffer this loss through any fault of their own.

In fact, this is not an indictment of the companies or the unions. This is an indictment of the marketplace, the investments that were made that show that this underfunding came about, this funding deficiency, and this is clearly pointed to the marketplace, and why we had such a condition.

Why would we not today support helping 9 million workers and their families? Why would we yield to the White House that asked this language to be taken out?

Mr. Speaker, let me equate to a situation in our community right now in Houston. We are abandoning municipal employees, fire fighters and police employees by refusing to cast a positive vote to protect their public funds, not through any fault of the unions or the pension boards, because their moneys were also deficient because of investment; but because of their plight, they are now looking to suffer the loss by having the question raised as to opt-out of the State law that protects them from having their pension interfered with or changed, and so they are being attacked on an earned benefit right.

This motion to instruct is a motion that will provide an opportunity to protect the 9 million of those who are losing moneys now and to help their families and to make this bill, Mr. Speaker, whole and to help those who are needed to be whole. I ask for full support on the motion to recommit.

□ 1300

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

Mr. Speaker, the pension security measure that we have before us is of great urgency for American workers and their employers, and that is because the 30-year Treasury bond that is used to calculate the contributions and obligations for employers for single-employer defined benefit systems are so low that it is causing companies to have to take money that they would invest in their business, that they would invest in more jobs, and put it into their pension plans when, in reality, they do not need to put that money there.

Mr. Speaker, this issue of what we do with defined benefit pension plans is a very difficult path that we must follow. On one hand, we want to protect the obligations and the rights of employees who have been offered these plans and to maintain the retirement security that they have been promised and that they are expecting. At the same time, we need to find a way to make these plans work more smoothly so that employers do not continue to leave these plans in droves, as they have over the last 15 years.

That is why the bill we have before us today was intended to fix this discount rate for single-employer defined benefit plans, and we go from a 30-year Treasury bond to a blend of corporate bond indexes that we believe more appropriately reflects the marketplace in terms of what the discount rate should be as they calculate these obligations.

Yesterday, the House and Senate reached an agreement on a short-term bill that is good for the economy, it is good for American workers and the overall health of the Nation's pension system. I should say temporary. This is a 2-year bill. As the gentleman from New Jersey pointed out, the people who are opposed to this bill do not have funding obligation problems for 5, 6, 7 years; and for those multi-employer plans who do have problems here in the short term, over the next 3 years they will in fact, by and large, get the relief that they need.

The measure that was adopted by the conferees yesterday, I think, is a fair and responsible proposal that meets all of the goals that the conferees started with when we had the conference. The most critical urgent measure is the 30-

year Treasury bond fix. It also includes limited relief from deficit reduction contributions for airlines and integrated steel companies, and it targets funding relief for multi-employer pension plans that we believe are most in need. It is also a bill that the President of the United States has agreed he will sign into law.

It is important to note that the interest rate provision really is the sole reason that we are here. Last fall, when we passed this measure on a 397 to 2 vote, everyone voted for this bill except two Members from the other side of the aisle. There was never any discussion about multi-employer relief, and we worked with our Senate and Republican colleagues on both sides of the aisle, both sides of the Capitol.

Mr. Speaker, I want to thank the gentleman from California (Mr. THOMAS), Chairman of the Committee on Ways and Means, for his willingness to work closely with us, and the gentleman from Ohio (Mr. PORTMAN) on our side, along with the gentleman from Ohio (Mr. TIBERI), the gentleman from Texas (Mr. SAM JOHNSON), and the gentleman from California (Mr. MCKEON), and I guess that would be it on our side; along with the gentleman from New Jersey (Mr. ANDREWS) and the gentleman from California (Mr. GEORGE MILLER) and the gentleman from New York (Mr. RANGEL). We worked together very closely in an open and bipartisan process that I think speaks well of how we should legislate here in the House.

I think we have come an awful long way, and we need to get this bill finished, and we need to get it finished today. These funding obligations for employers are due on April 15, and if this conference report is not passed by the House and Senate and signed into law before then, companies will be making contributions that they really are not required, we believe, to make.

Beyond thanking all of the Members who have worked on this, I want to take a moment to thank all of our staff. As we all know, Members are only as good as the staff we have around us, and we have staff on both sides of the aisle who have done really an awful lot of hard work to get us here today.

From my own staff, I want to thank Paula Nowakowski, Ed Gilroy, Stacey Dion, Jo-Marie St. Martin, David Connolly, Jeff Dobrozsi, Kevin Smith, Greg Maurer, Dave Schnittger, Linda Stevens, Kevin Frank, and Deborah Samantar.

I would also like to thank Shahira Knight and Lisa Schultz from the staff of the gentleman from California (Mr. THOMAS); Kathleen Black from the staff of the gentleman from Texas (Mr. SAM JOHNSON); Kurt Courtney from the staff of the gentleman from California (Mr. MCKEON); Angela Klemack from the staff of the gentleman from Ohio (Mr. TIBERI); and Barbara Pate from the staff of the gentleman from Ohio (Mr. PORTMAN) for all her work on this as well.

I would also like to thank John Lawrence, Michelle Varnhagen and Mark Zuckerman from the staff of the gentleman from California (Mr. GEORGE MILLER), and Jody Calemine from the staff of the gentleman from New Jersey (Mr. ANDREWS), and Mildeen Worrell from the staff of the gentleman from New York (Mr. RANGEL) for an awful lot of really long, long nights in getting us here.

I also want to thank Wade Ballou and Larry Johnston of the House Office of Legislative Counsel. They were under a great deal of pressure yesterday to get this bill drafted so we could get it filed.

Now there are some groups out there opposing the bill we have before us today, but there are also a lot of people supporting the bill we have before us today: the Airline Pilots Association, the International Association of Machinists and Aerospace Workers, the United Auto Workers, the U.S. Chamber of Commerce, the Motor Freight Carriers Association, Delta Airlines, the Business Round Table, New York Life, United Parcel Service, Northwest Airlines, Ford Motor Company, Daimler Chrysler, General Motors, and the Financial Services Roundtable.

If you want to see a broad bipartisan nonideological coalition of people supporting the bill, I think the list I have just read does in fact do that.

I would urge all of my colleagues today to reject the motion to commit and to vote ''yes'' on final passage of this bill.

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

Mr. ANDREWS. Mr. Speaker, I yield 2½ minutes to the gentleman from North Dakota (Mr. POMEROY), who is a leading voice on pension issues.

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding me this time, and I commend him and the gentleman from Ohio (Mr. BOEHNER), Chairman of the Committee on Education and the Workforce, for their very hard work in trying to move this through conference committee. I also see my friend, the gentleman from Ohio (Mr. PORTMAN), in the Chamber. He has been a tireless advocate of moving in place this much-needed pension fix. I admire very much his leadership and work in this effort.

The bill before us must pass. It is estimated by Watson Wyatt, the consulting firm, that 20 percent of defined benefit pension plans, one in five, have been frozen or canceled within the last 3 years alone.

We are seeing a wholesale rout in the marketplace of defined benefit plans, and what is so sad about this is this is the old traditional pension. This is the thing that provides that guaranteed monthly payment upon retirement based upon a calculation of earnings and years served that really does provide secure retirement income in retirement.

We have some work ahead of us, Mr. Speaker, in trying to fix the underlying funding requirements of pension plans in this country. Because when times are good, we prohibit additional funding flowing into the plans. When times are bad, and we are asking these businesses to do everything they can to grow and hire more workers, we also require, under the formula, disproportionate funding of the pension program. At a time when they can least afford it, we make them fund it the most.

There are many industries hard hit with this, but the airline industry has been particularly hard hit. They have encountered the perfect storm of unfortunate circumstances. No need to go into them here. We are all aware of them. But we literally are going to be pushing airlines into bankruptcy if this legislation does not move. Now we need to again look longer term at addressing their pension funding issues and doing so in a way that comports with reason.

So I support the bill. Everything in it is good, but something is missing: support for the multi-employer pension plans.

I specifically asked the Secretary of Labor when she was before the Ways and Means if the administration opposed helping multi-employer plans. She refused to answer. She said she would get back to us. I am still waiting. But we know what is clear is the role they played in the conference committee in terms of trying to stop the conference from providing assistance to the multi-employer plans as well.

Our motion to recommit will fix that, which is why I will be voting for the motion to recommit and then for the underlying bill.

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

I also want to echo the comments of the chairman regarding the staff on both sides, here in the House and the other body. Staff put in innumerable hours, did very high-quality work on both sides, and we are very grateful to each of these ladies and gentlemen.

I have listened to the arguments from the other side, and I certainly respect their intent, but I want to clarify the record.

We have heard that the bill that is in front of us really does help the multi-employer plans, the small business plans who need help, and that it only excludes those who do not. I again state that The Segal Company, which is widely recognized as an objective and authoritative source in this field, has concluded that over the course of the next 5 years 20 percent of the multi-employer plans will experience grave trouble. As I understand their analysis of this bill, this bill will help fewer than 4 percent of those plans. So a lot of plans in distress are going to have further distress.

Another argument we hear is that not that many people are really left out. My friend from Ohio talked about the relatively tiny percentage of small businesses affected by this. But it is important that we understand that these businesses employ nine and a half

million people. Now, not all those nine and a half million people are in plans that are in distress, but a significant portion of them are. So it is nine and a half million workers who are affected and, I believe, left out of this important consideration.

We hear that this is only a temporary fix and we will come back and fix it later in 2 years. I hope that is true, and I have no doubt that is the intention of the majority. But we sometimes do not move very quickly in these areas. If someone is in trouble, and again I think the record shows about a fifth of these plans are in trouble, telling them they have to tread water for another 2 years until the life preserver comes is a rather unhelpful answer.

We have heard that no one in the House brought up multi-employer relief the first time this came through. That is true. The bill was brought up under a unanimous consent agreement in which no amendments were permitted, by agreement of both sides. Frankly, our side entered that agreement because we wanted the bill to move quickly and because I think we made a rather reasonable forecast, based upon our experience, that Democratic amendments that alter decisions by the majority are very often not considered under the rules passed by this House.

So the idea we could have come to the floor and offered an amendment that would have included the multi plans is rather at variance with the record.

Mr. BOEHNER. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS. I yield to the gentleman from Ohio.

Mr. BOEHNER. Mr. Speaker, when H.R. 3108 was brought to the floor, it was brought to the floor and developed in total agreement between myself, the chairman of the Committee on Ways and Means, the gentleman from California (Mr. GEORGE MILLER) and the gentleman from New York (Mr. RANGEL). We came to an agreement on what the bill would be, and that is why it was brought up the way it was.

Mr. ANDREWS. Reclaiming my time, Mr. Speaker, I certainly appreciate that. I also appreciate the fact that the record of this House is that Democratic amendments to bills very often do not get fairly considered.

Finally, we are told the President will not go any further than what is in this bill. Well, I certainly respect the Office of the Presidency and the man who holds it now, but we are a coequal branch of government. Our job here is not to limit our expression of what we think the right answer is to what the people at the other end of Pennsylvania Avenue think. We have both the right and the responsibility to stand up and be counted for what we think.

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

□ 1315

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

I just wanted to say again that I have enjoyed working with the gentleman from New Jersey. I look forward to working with him on multi-employer relief over the next 2 years. This is a short-term bill.

Mr. Speaker, I yield the balance of my time to the gentleman from California (Mr. THOMAS).

Mr. BOEHNER. Mr. Speaker, I yield 1 additional minute to the gentleman from California (Mr. THOMAS).

The SPEAKER pro tempore (Mr. THORNBERRY). The gentleman from California is recognized for 1½ minutes.

Mr. THOMAS. I thank the gentlemen for yielding me this time.

Mr. Speaker, the record really needs to be absolutely crystal clear. We are not talking about the minority offering amendments and amendments being rejected. We are talking about in consultation with the chairmen and the ranking members of the committees of jurisdiction, what is it that we want to do in terms of legislation. It was completely agreed upon, evidenced by the fact that in October we passed nothing but a short-term 2-year extension with two ''no'' votes. In November when we expanded it to cover airlines, an absolute opportunity to include multi-employers, it was never mentioned, it was never offered, never considered, never presented by the minority; and that measure passed on a voice vote.

So when we analyze what goes on around here, the record really needs to reflect that the House in a bipartisan fashion acted, the Senate in a bipartisan fashion acted, and the conference came together and melded two significantly different bills. It is incontrovertible, the House twice sent out bills with no multi-employer provisions in it. We have before us in the conference report a conference report that includes multi-employer. That is the way this place is supposed to work.

If you vote on the motion to recommit, understand that recommitting conference reports kills the conference report. Do not look at what they want to do. Understand what the action does. It kills the conference report.

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

I again would like to express my appreciation to the majority for the fair and evenhanded way in which the conference was handled. I dispute its result and disagree with its result. I do look forward to our cooperation over the next number of years in addressing the long-term problems.

I would urge my colleagues to vote in favor of the motion to recommit because I do not believe, as the distinguished chairman just said, it kills the chance for relief. I think it improves relief. I think this is a legislative body that is capable of producing a better product. I think that indisputably we have a situation here in which a number of small businesses who contribute to multi-employer pension plans are going to not receive the relief that they need in order to continue to generate and create jobs.

One of the ritualistic things that we say around here is that everyone loves small business, that they create three-quarters of the jobs created in the private sector in America, and we regularly have contests between each other to see who can be most in love with small business. The issue in front of us is 60,000 small businesses who pay into multi-employer pension plans. The record reflects that the best judgment of objective analysts concludes that 20 percent of the plans are at risk of being in financial jeopardy in the next 5 years. The bill in front of us helps only a tiny fraction of that group that is going to be in such trouble. It subjects thousands of those employers to difficult situations where they are going to have to steeply increase their contributions to their pension plans and thereby jeopardize their ability to keep handing out paychecks, which is so very, very important.

I would urge my colleagues to join the very broad and strong coalition of working men and women in supporting the motion to recommit and opposing final passage of the bill.

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

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

As we said before, this is a short-term, 2-year temporary effort to help with the Nation's ailing pension system. There is not an issue that is in the bill that any of the conferees disagreed with. There are more things that people would like to add to the bill; but the bill that is before us, everybody agrees to, other than some people have been disappointed because they want more. We all want more, but the gentleman himself said that the multi-employer relief that is not included in the bill is for firms and plans that have a problem 5 or 6 years from now. Trust me, we will be back here within the next 2 years with a broad overhaul of our Nation's pension laws, which is greatly needed. This is a broad bipartisan bill. I think it will be supported in a broad bipartisan way here today. The motion to recommit is nothing more than a way to kill the bill. We do not want that to happen. It would be bad for American workers and their employers.

I urge my colleagues to vote against the motion to recommit and to vote for final passage.

Mr. FLAKE. Mr. Speaker, in voting against the conference report on H.R. 3108, the Pension Funding Equity Act of 2003, I want to be clear that I voted for the original House version of the bill. When we considered this bill in the House of Representatives, it simply contained a replacement rate for the defunct 30-year Treasury rate used for calculating pension liabilities. Using a rate based on a blend of high-quality corporate bonds, companies with pension plans are expected to realize about $80 billion in appropriate funding relief.

When the other Chamber produced its version of the bill, however, the merits of the

House bill were more than offset by special interest favors for a few airline and steel companies. This version would give automatic waivers to airlines by law, but the relief would only benefit a few companies in these industries. The companies that would not benefit would then be at a competitive disadvantage. Such legislation puts Congress in the position of picking winners and losers.

I was joined by some of my colleagues in communicating to the House leadership and the conferees our concern over the direction the pension legislation was headed. We urged that, at the very least, companies that would benefit by the special provisions should be subject to an application and review process before being approved for relief. We also suggested that if any relief was granted, then it should be reduced in order to leave taxpayers less exposed.

What came out of conference, however, was even worse. The few companies who will benefit from the special provisions included in the legislation will be allowed to forego more of the payments to their pension plans than had been proposed prior to the conference.

These narrow waivers are expected to amount to about $1.6 billion in relief for these few companies. If this measure is necessary to keep these companies going, they must be dangerously close to failure as it is. Forgiving their deficit reduction contributions may only grow the size of their liabilities and delay inevitable failure. I am concerned that there we may be setting taxpayers up for a bailout like that of the savings and loan industry in the 1980s.

I am aware of the need for a replacement for the 30-year Treasury rate, and I support such a replacement. I understand that the broader business community supports this legislation. But I cannot support this conference report because of the special interest provisions included in it. While providing short-term relief for a few companies, this legislation may result in a taxpayer bailout that will hurt all taxpayers and result in much more long-term damage.

Mr. NORWOOD. Mr. Speaker, I rise today in order to voice my strong and unwavering support for the conference report on H.R. 3018, the Pension Funding Equity Act, and also to express my sincere appreciation for the hard work and dedication of Chairman BOEHNER in bringing this important legislation to the floor this afternoon.

Mr. Speaker, protecting and strengthening the retirement security of American workers is a top priority for my Republican colleagues and I. Indeed, since coming to Congress in 1995 I have sought a solution to the pension-funding shortfall that will soon face countless American workers.

The Pension Funding Equity Act Conference Report before the floor today is critical to protecting the pension benefits of millions of workers and their families. I strongly believe it will provide an effective and temporary replacement to the current 30-year Treasury interest rate, while at the same time allowing Congress the opportunity to craft a long-term solution to this issue in the weeks and months to come.

I was pleased to support the Pension Funding Equity Act of 2003 upon its original introduction and passage in the House of Representatives last year, and look forward to working alongside my colleagues on both sides of the aisle to develop permanent solutions to this issue that effects millions of American workers.

Mr. HOLT. Mr. Speaker, I rise in opposition to H.R. 3108. This bill passed both the House and the other body in a bipartisan manner, and I had hoped that we could conclude this process in a bipartisan manner. However, I must say that I am disappointed that the conference report is actually quite partisan.

The conference report would jeopardize the retirement security of millions of hard-working middle-class families who work for small businesses. Though it provides needed reform for some pensions, it ignores the need to provide relief to the more than 60,000 mainly small businesses that join together to pool resources and reduce risk for their employees' pensions. Without relief, these small businesses face excise taxes and mandatory additional contributions, putting the companies and the family-supporting jobs they produce at risk. The conferees have chosen to forget the retirement security of approximately 9½ million workers who rely on these jobs.

Mr. Speaker, I am pleased with the conference report's changes to pension plans that are sponsored by large, individual companies. The people who work for these companies deserve to have their pensions strengthened and improved. For example, replacing the current 30-year Treasury bond interest rate that employers use to determine their defined benefit pension contribution with an index based on corporate bonds will add stability to long-term pension growth. It is critical, however, that we provide the same pension security to people who work for small businesses. Congress should not pick and choose which pension plans can get relief—we should provide relief for all defined benefit plans regardless of the size of the company offering them. I ask my colleagues to oppose this bill so that we can come back with new legislation that would provide proper pension security for all employees.

Mr. KUCINICH. Mr. Speaker, I rise today in opposition to the conference report on H.R. 3108, the ''Pension Funding Equity Act'' and in strong support of the motion to recommit.

While the conference agreement contains needed assistance for single-employer pension plans, it is crafted to provide no assistance to multiemployer pension plans, which cover over 9½ million workers and retirees and some 600,000 small businesses.

Rather than enacting a reasonable and equitable package to offset the severe investment losses experienced by nearly all pension plans in the last few years, the effect of this conference report is to cynically distinguish between classes of business. It grants an estimated $80 billion in relief to large corporate sponsors of single employer plans, while rejecting real relief for multiemployer plans, which are jointly administered by small employers and unions. Even though multiemployer plans have a long history of sound funding and stability since their fortunes are not tied to the fate of a single corporation, only 4 percent of these plans are eligible for help under this bill. This is unacceptable.

Perhaps even worse, however, this conference report sets a dangerous precedent that could severely injure the integrity of the collective bargaining process for years to come. Employers that seek either Deficit Reduction Contribution or multiemployer relief would be precluded from increasing worker benefits during the relief period. Thus, under this agreement, employers could seek minimal relief not to further secure workers' retirement security, but as a way to prevent unionized employees from bargaining over benefit increases.

I urge my colleagues to vote for the Andrews motion to recommit, which would provide fair relief to multiemployer plans, and against final passage of this stilted and discriminatory conference report.

Mr. GEORGE MILLER of California. Mr. Speaker, I wish to begin by thanking the chairman, Mr. BOEHNER from Ohio, for trying to conduct a fair conference committee on this bill, H.R. 3108, the Pension Funding Stability Act.

Regrettably, however, I must oppose the conference report before the House today. However, I strongly urge support for the Andrews motion to recommit because it provides urgently needed relief for multi-employer plans.

The conference agreement was significantly weakened after intense lobbying by the Bush administration to strike provisions that would have protected the long-term stability of multi-employer pension plans.

While this conference report provides significant relief to many single-employer pension plans, it is outrageous that it does not provide relief to the many multiemployer plans across the country that need relief, plans that include many small businesses and others that need short-term relief. As a result of this deficiency, I oppose this bill.

Last week, House and Senate Democrats and Republicans on the conference committee had an agreement that the final bill would include pension funding relief for the 20 percent of multiemployer pension plans hardest hit by the recent economic and financial market downturn.

But then, 2 days later, the White House started to make clear to the Republicans that it did not want any help for multiemployer pension plans included in the agreement.

Not for any substantive reason—just political reasons, plain and simple.

The White House's opposition stemmed from the fact that multiemployer plans are administered jointly by employers and unions. And the Bush political appointees did not want any agreement that would help those unions.

Even if it meant they would hurt the tens of thousands of small and large employers that are unionized and contribute to these plans.

Even if it meant they would hurt the hundreds of thousands of working men and women and their families whose retirement security depends on the financial viability of these plans.

This is pure and simple hardball politics of punishing unions and undermining workers who earn decent wages and benefits. The Bush administration is doing everything it can to destroy middle-class America.

This is the same administration that is about to promulgate regulations that would take away overtime pay from millions of workers.

Let us remember that this administration has done nothing to protect workers' pensions.

I wrote the administration in July 2002 to take action when pension deficits skyrocketed from $26 billion to over $100 billion. It failed to act.

Now, over a year and a half later, the problem is substantially worse. The Pension Benefit Guarantee Corporation says that pension

plans are $400 billion in the red nationally, the largest liability in history, and the PBGC itself is reporting an $11.2 billion deficit as of December 31.

The General Accounting Office is so concerned that it has placed PBGC on its list of Federal programs that are at high risk of failure.

The Bush administration and Congress' failure to take decisive action on pensions, their failed economic policies and neglect of our manufacturing industries and the failure of some companies to honestly estimate their pension liabilities have together precipitated one of the largest underfunding of private pensions in history.

The conference agreement before us today is a short-term fix. Everyone recognizes that. And I agreed at the outset of this process that given the absence of any viable alternative at the moment, a short-term fix was better than nothing. But this conference report does nothing to reform defined benefit plans to ensure their future soundness. And as I have said, the final report fails to provide relief to the broader universe of plans that need it.

The conference agreement provides $80 billion in short-term funding relief for the largest corporations by letting them use higher interest rate assumption to value their pension plan liabilities. And it permits a handful of struggling airlines and steel firms to delay for 2 years their underfunded pension plan contributions.

But the conference agreement does almost nothing to help multiemployer pension plans that do not benefit from the other two provisions. The conference agreement only provides temporary funding relief to multiemployer pension plans that can meet five conditions. According to the respected Segal consulting company, almost no multiemployer plan could meet all of these five conditions.

The Republicans will claim that the conference agreement does provide some limited relief to multiemployer plans. But, they cannot cite a single plan or company that will be covered.

Once again, the Republican majority is exercising its political muscle at the expense of hard working Americans.

Mr. Speaker, the administration must get serious about pension reform. The retirement security of millions of Americans depends upon timely actions by this Government. What we do here today is important to provide this relief. Companies need to shore up their pension obligations. But the American people's anxiety about the future of the retirement security is highly justified in light of this administration's and this Congress' failure to seriously address the problems in our pension system.

Once again, I appreciate the hard work of Chairman BOEHNER to try to accommodate the many interests in this bill and to try to conduct a fair conference meeting. But the final product does not fairly address the many pension plans left without any relief here today and for that reason I regrettably oppose the conference agreement.

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

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

MOTION TO RECOMMIT OFFERED BY MR. ANDREWS

Mr. ANDREWS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. ANDREWS. I am, in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ANDREWS of New Jersey moves to recommit the conference report on the bill (H.R. 3108) to the committee of conference with instructions to the managers on the part of the House to disagree to section 104 (relating to election for deferral of charge for portion of net experience loss) in the conference substitute and amend, within the scope of conference, the conference substitute with a provision that provides an amortization hiatus for the 20 percent of multiemployer pension plans with the largest net investment losses.

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.

Mr. ANDREWS. 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.

Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of adoption of the conference report.

The vote was taken by electronic device, and there were—yeas 195, nays 217, not voting 22, as follows:

[Roll No. 116]

YEAS—195

Abercrombie
Ackerman
Alexander
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Bell
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Carson (OK)
Case
Chandler
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
Harman
Hastings (FL)
Hill
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (IL)
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Mollohan
Moore
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanders
Sandlin
Saxton
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Waters
Watson
Watt
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—217

Aderholt
Akin
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bereuter
Biggert
Bilirakis
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boyd
Bradley (NH)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Coble
Cole
Collins
Cox
Crane
Crenshaw
Cubin
Cunningham
Davis, Jo Ann
Davis, Tom
DeLay
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Houghton
Hunter
Hyde
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lucas (OK)
Manzullo
Marshall
Matheson
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Royce
Ryan (WI)
Ryun (KS)
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stenholm
Sullivan
Sweeney
Tancredo
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—22

Bishop (UT)
Brady (TX)
Culberson
Deal (GA)
DeMint
Diaz-Balart, L.
Fossella
Gephardt
Gutierrez
Hulshof
LaHood
McGovern
Miller, George
Moran (VA)
Norwood
Paul
Reyes
Ros-Lehtinen
Sanchez, Loretta
Tanner
Tauzin
Waxman

□ 1345

Messrs. SIMPSON, BOYD, BACHUS, and SMITH of Michigan changed their vote from ''yea'' to ''nay.''

Mr. KUCINICH and Mr. OWENS changed their vote from ''nay'' to ''yea.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. McGOVERN. I was unavoidably detained and did not vote on rollcall vote No. 116. Were I present, I would have voted "yea" on rollcall vote No. 116.

The SPEAKER pro tempore (Mr. THORNBERRY). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BOEHNER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 336, noes 69, not voting 28, as follows:

[Roll No. 117]

AYES—336

Ackerman
Aderholt
Akin
Alexander
Allen
Bachus
Baird
Baker
Baldwin
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bell
Bereuter
Berkley
Berry
Biggert
Bishop (GA)
Bishop (NY)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Cardin
Cardoza
Carson (IN)
Carson (OK)
Carter
Case
Castle
Chabot
Chandler
Chocola
Clay
Coble
Cole
Collins
Conyers
Cooper
Cox
Cramer
Crane
Crenshaw
Crowley
Cubin
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
DeLay
Deutsch
Diaz-Balart, M.
Dicks
Dingell
Doggett
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
English
Etheridge
Evans
Everett
Farr
Feeney
Ferguson
Foley
Forbes
Ford
Franks (AZ)
Frelinghuysen
Frost
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harman
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hill
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Honda
Hooley (OR)
Hostettler
Hoyer
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Keller
Kelly
Kennedy (MN)
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
Lampson
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
Lowey
Lucas (KY)
Lucas (OK)
Maloney
Manzullo
Marshall
Matheson
Matsui
McCollum
McCotter
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
Meek (FL)
Meeks (NY)
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller, Gary
Mollohan
Moore
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Nadler
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Nunes
Nussle
Oberstar
Obey
Ortiz
Osborne
Oxley
Pastor
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Renzi
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ross
Royce
Ruppersberger
Rush
Ryan (WI)
Ryun (KS)
Sabo
Sandlin
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
Souder
Spratt
Stearns
Stenholm
Stupak
Sullivan
Tancredo
Tauscher
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Tiahrt
Tiberi
Toomey
Towns
Turner (OH)
Turner (TX)
Udall (CO)
Upton
Van Hollen
Walden (OR)
Wamp
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NOES—69

Abercrombie
Andrews
Baca
Ballance
Becerra
Berman
Brady (PA)
Brown (OH)
Brown, Corrine
Capuano
Clyburn
Costello
Engel
Eshoo
Fattah
Filner
Flake
Frank (MA)
Gephardt
Green (TX)
Grijalva
Hastings (FL)
Holt
Kaptur
Kennedy (RI)
Kucinich
Langevin
Lee
Lewis (GA)
LoBiondo
Lofgren
Lynch
Majette
Markey
McCarthy (MO)
McCarthy (NY)
McNulty
Meehan
Menendez
Miller (NC)
Myrick
Napolitano
Olver
Ose
Owens
Pallone
Pascrell
Payne
Rothman
Roybal-Allard
Ryan (OH)
Sánchez, Linda T.
Sanders
Saxton
Solis
Stark
Strickland
Sweeney
Taylor (MS)
Thompson (MS)
Tierney
Udall (NM)
Visclosky
Walsh
Waters
Watson
Watt
Wexler
Woolsey

NOT VOTING—28

Bilirakis
Bishop (UT)
Burr
Culberson
Deal (GA)
DeMint
Diaz-Balart, L.
Fossella
Gallegly
Gutierrez
Houghton
Hulshof
LaHood
Miller, George
Norwood
Otter
Paul
Portman
Rehberg
Reyes
Ros-Lehtinen
Sanchez, Loretta
Tanner
Tauzin
Velázquez
Vitter
Waxman
Whitfield

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. THORNBERRY) (during the vote). Members are advised 2 minutes remain in this vote.

□ 1352

Mr. SWEENEY changed his vote from ''aye'' to ''no.''

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. PORTMAN. Mr. Speaker, because of a previous commitment I missed the recorded vote today on rollcall No. 117, final passage of the conference report on H.R. 3108, the Pension Funding Equity Act. Had I been present, I would have voted "aye."

PERSONAL EXPLANATION

Ms. LORETTA SANCHEZ of California. Mr. Speaker, on Friday, April 2, 2004, I was unavoidably detained due to a prior obligation. I request that the CONGRESSIONAL RECORD reflect that had I been present and voting, I would have voted as follows: Rollcall No. 116: "yea" (On Motion to Recommit Conference Report with Instructions for H.R. 3108); Rollcall No. 117: "aye" (On Final Passage of H.R. 3108).

FURTHER MESSAGE FROM THE SENATE

A message from the Senate by Mr. Monahan, one of its clerks, announced that the Senate has passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 1086. An act to encourage the development and promulgation of voluntary consensus standards by providing relief under the antitrust laws to standards development organizations with respect to conduct engaged in for the purpose of developing voluntary consensus standards, and for other purposes.

CONDITIONAL ADJOURNMENT OF THE HOUSE TO TUESDAY, APRIL 6, 2004

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 4 p.m. on Tuesday, April 6, 2004, unless it sooner has received a message from the Senate transmitting its concurrence in House Concurrent Resolution 404, in which case the House shall stand adjourned pursuant to that concurrent resolution.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, APRIL 21, 2004

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule be dispensed with on Wednesday, April 21, 2004.

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

There was no objection.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO FILE A REPORT ON H.R. 3866, ANABOLIC STEROID CONTROL ACT OF 2004

Mr. BOEHNER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary have until midnight tonight to file a report on the bill H.R. 3866.

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

There was no objection.

APPOINTMENT OF HON. FRANK R. WOLF OR HON. TOM DAVIS OF VIRGINIA TO ACT AS SPEAKER PRO TEMPORE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS THROUGH APRIL 20, 2004

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

WASHINGTON, DC,
April 2, 2004.

I hereby appoint the Honorable FRANK R. WOLF or, if not available to perform this duty, the Honorable TOM DAVIS to act as Speaker pro tempore to sign enrolled bills and joint resolutions through April 20, 2004.

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

The SPEAKER pro tempore. Without objection, the appointment is accepted.

There was no objection.

JOB PICTURE IMPROVING THANKS TO TAX CUTS

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

Mrs. BLACKBURN. Mr. Speaker, we are going on an Easter break and spending time back in our districts, and before I head back to the Seventh District of Tennessee I wanted to take just a couple of moments and talk just a little bit about the headlines that are out there today.

''U.S. job growth soars.'' That is from CNN Money. ''308,000 jobs: Far better than Wall Street's forecast.'' I have got other copies of articles here, Bloomberg, My Way, talking about jobs growth.

There are reasons for this, Mr. Speaker, and it is the Bush tax cuts that this body passed last year, the third largest tax cut in history. This check, $1,133, this is what the average family, 91 million American taxpayers, saw last year. Over 25 million small businesses are seeing about $2,800 in tax cuts. That is why the economy is growing.

The tax cuts are working, 308,000 new jobs.

THANKING MEL GIBSON AND WISHING A HAPPY EASTER BREAK

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

Mr. SHIMKUS. Mr. Speaker, I want to address a ''thank you'' to Mel Gibson and his movie ''The Passion of the Christ.''

I think it is appropriate during this Easter break that we understand that no greater love is this, than one lays down their life for someone else.

As we go back to our districts and work and try to address the concerns and problems of our constituents and the Nation, I think it is just appropriate to remember that we are all one family and we need to work together to solve our problems.

Mr. Speaker, I wish all my colleagues a happy Easter break.

MANUFACTURING JOBS NEEDED TO PUT AMERICANS BACK TO WORK

(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, it is very dramatic to come to the floor of the House to show the possibility of 300,000 jobs being created and provide a sense of relief. But, Mr. Speaker, we have lost 3 million jobs, and I can assure you that if you go to States like Texas, Ohio, Michigan, Indiana and States in the deep South, you still have individuals in some of our congressional districts that are more disadvantaged than others.

We have family members who are supporting their families by putting together hamburgers. I do not disrespect good, hard work for a good day's pay, but when the administration cites putting hamburgers together as ''manufacturing,'' you know we still have a problem.

Mr. Speaker, we still have a problem when you give a tax cut to the 1 percent richest of Americans who do not invest in job creation. You still have a problem when corporations are outsourcing and taking jobs overseas.

We have not answered the real question of job creation in America. Until we get back the manufacturing jobs that have been lost, 3 million of them, this celebration over 300,000 begs the question.

We need jobs in America, and it is time to put Americans back to work.

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 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 Ohio (Mr. BROWN) is recognized for 5 minutes.

(Mr. BROWN of Ohio addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

IGNORING CONSEQUENCES OF INCREASING BUDGET DEFICIT

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

Mr. MCDERMOTT. Mr. Speaker, we have had a great day today. It is really historic. The average American family could teach Congress a lot about budgets, and it appears that at least four Members of the other body may be listening, despite the roar out of the White House.

Today, some Republicans still do not want to face the consequences of their actions. The budget deficit under the Republicans is growing so fast and so high you cannot even see a ''debt ceiling'' any more. We are facing trillions of dollars of debt that will be shouldered by Americans not yet born. That is how bad it is.

It does not have to be that way. Years ago, the Congress established the pay-as-you-go rule. That is a shorthand way of saying what every ordinary American already knows: You look at both sides of the ledger, how much money you have, what are your expenses, before you do anything.

Instead of pay-as-you-go, the Republicans and the President have said they are going to give America a new policy. It is called ''pray-as-you-go.'' Pray. If you say things are fine long enough, somebody might believe it. Pray that something, anything, good happens somewhere in America. Pray that Americans are so consumed with the economic crisis caused by this President and the Republican leadership that they will not have to time to vote in November.

We are not voting on a budget today because the Republicans are rolling in the street fighting amongst themselves. Why?

□ 1400

Some of them are beginning to figure out there are consequences.

We cannot slash taxes and give millionaires $112,925 without paying for them. We are paying for these massive tax cuts for the rich with massive deficits for America. The economy has produced 300,000 jobs this month, and none last month, not a single one. This month they say they have 300,000. I do not know, maybe they saved last month's to build up this month's; or whatever they did, 250,000 jobs are required every month to simply maintain. They have not added anything to the economy; they are maintaining.

The administration remains in denial, but some Republicans are beginning to see the truth, and I hope the light, about extending unemployment benefits. Unemployment is getting worse in State after State. My State ranks fourth in the Nation, yet the administration refuses to extend unemployment benefits.

To every American I say this: the money is there in a trust fund to provide for this lifeline program. Not a single dollar in new taxes is needed to extend a helping hand to people who cannot find a job because this administration cannot create one. Not one job, remember, last month.

Now, the other day, Myra, a lady from Washington State who is part of the ''Show Me the Jobs'' bus trip across America, came here. Fifty-one people representing every State and the District of Columbia went from town to town telling their personal stories of grief and hardship as a result of economic policies of the administration. They ended their trip here the other day because they came to the place where you can actually do something. We tried in December, Scrooge said no from the White House. We tried after the first of the year, the President said no. We tried in February, and the President said no.

The money is there, set aside for this very purpose, paid for by the very people who are out of work, and the President continues to say no.

We have tried over and over again. Just the other day the Democrats tried to get the President and the Republican leadership to extend those benefits on a bill that was before us. Once again, the President, with his warm, compassionate conservative heart said, no.

Now, Myra, you do not have to feel bad. You can hold up your head. You have nothing to be ashamed of, but we do. Because this administration knows the truth of what is happening across America, but will not act.

You have to believe, folks. They want you to pray that there will be a job. People young and old are losing jobs and losing hope. People are graduating from college, they studied hard, they worked hard, they did everything they were supposed to do to get the American dream. Under this President and this Republican leadership, the American dream is turning into a nightmare for millions of Americans. Instead of pay-as-you-go and work-and-you-get, you get from these people, pray-as-you-go. Let us hope our prayers are answered on November 2.

In the meantime, the Congress on this day should pass extended benefits. The money is there, Mr. Speaker. Please tell the President the money is there. I told Myra the money is there. I hope some Republicans finally have the courage to do the right thing and extend benefits now.

OUR GROWING ECONOMY IS CREATING JOBS

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

Mr. DREIER. Mr. Speaker, as we have all seen by now, the Department of Labor released its payroll survey dated today showing that in the month of March the economy created 308,000 new jobs. Mr. Speaker, 308,000 new jobs created in the month of March. It also revised its new jobs data for January and February with sharp increases in both months.

Now, these strong numbers, Mr. Speaker, clearly demonstrate the vitality of our 21st-century economy. They are a reflection of what other indicators like the strength of the stock market, the level of homeownership, and the growth in gross domestic product have shown. They have been telling us for months that we have a growing economy that is creating jobs.

But the real significance of the job creation numbers is what it tells us about the best way to ensure job growth in this country. We would all like a job creation number like 308,000 every single month. It is a strong number that Americans would like to see more of; and everyone here would, of course, like to see that continue. The question is, How can we ensure that those kinds of job numbers continue?

There are always lots of ideas and proposals being touted as the best way to grow the number of American jobs, but they all boil down to essentially two fundamental approaches.

The first is to try, try very hard to keep any existing job that we have from being lost. We have seen this in proposals such as the one included in the presumptive Democratic Presidential candidate, JOHN KERRY's, economic plan. He proposes a tax increase for companies that invest in growing overseas markets in an attempt to prevent any American job from being lost.

Now, many of our colleagues have proposed different approaches like preventing globally engaged companies from bidding for Federal contracts or saddling them with further regulation. But the ultimate goal is always the same: to prevent any job from being lost.

These job-preservation proposals may be new here in the United States; but they are old news, they are old news in Western Europe. For years, countries like France and Germany have imposed strict regulations in an attempt to prevent any company from ever making an employment decision that would possibly eliminate a single job.

For example, both countries, France and Germany, require a significant notification period before a company can reduce its workforce. France guarantees all workers a hearing; and in Germany, a worker can go to court and get a preliminary injunction to stay on the job until the issue is resolved in the courts.

Now, at first glance, these ''job security'' measures may seem like a good idea. After all, they are clearly intended to save jobs and prevent hardship for workers. But have they worked? Are the French and German people better off than the American people are?

Well, let us look at the jobs data. It clearly shows that they are not. In France, the unemployment rate has been stuck around 10 percent, more than double the unemployment rate that we have here. In Germany, the job situation is almost as bleak, with a long-term average of over 8 percent unemployment.

Growth in GDP has been at a near standstill for many years in both of those countries as well. Neither country has seen an annual growth rate of over 2 percent in a long time. Remember, we had an 8.1 percent growth rate a couple of months ago, and we are going along now at an excess of 4 percent growth that is double what France and Germany have seen. New business start-ups, venture capital, research and development, by virtually every possible measure, the French and German economies and job markets are very, very weak in all of those areas.

Now, Mr. Speaker, these attempts at job preservation clearly failed the workers in France and in Germany. They will not help American workers, either. What will help Americans is encouraging greater job creation.

Fortunately, this is where Americans excel. While the French and Germans have cornered the market on stifling regulation, Americans have long been the global leader in innovation and entrepreneurship. We are the world leader in venture capital, new business start-ups, research and development, and new patents. Our emphasis on creativity, productivity, and free thinking has made our economy the most dynamic in the world. It has allowed Americans to constantly develop new ideas and create new jobs.

In fact, fully 25 percent of all Americans are working in fields that did not even exist in the Department of Labor's job codes 25 years ago; and today, a third of all job creation is in the entrepreneurship categories of self-employment and independent contracting.

If we continue to encourage the innovation that leads to new opportunities, we should be looking at the barriers to

productivity and job creation. We should be looking at ways to minimize the damaging effects of frivolous lawsuits, excessive regulation and taxation, and rising health care costs, just to name a few.

The critical part is that our job growth agenda has got to be a job-creation agenda. We need to recognize that we are on the right track and we can do even better.

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 MONEY IS THERE FOR EXTENDING UNEMPLOYMENT BENEFITS

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

Mr. STRICKLAND. Mr. Speaker, we are going to be leaving Washington, D.C. this afternoon and going back to our home districts, and it saddens me that we are leaving Washington without extending the unemployment benefits that are so desperately needed by so many unemployed Americans.

Just in Ohio alone, since George W. Bush became President of our country, we have lost 236,000 jobs, and 170,000 of those jobs have been high-wage jobs with good benefits. Across the Nation, some 3 million jobs have been lost under the President's watch, making him the first President since Herbert Hoover to actually have a net loss of jobs during his tenure as President. That makes it all the more troubling to me that with so much job loss in our country and so many unemployed workers in my State of Ohio, that we would leave Washington, D.C. for this extended vacation without extending unemployment benefits to our unemployed constituents.

The fact is that in Ohio alone, already, 31,300 workers have exhausted their benefits; and between now and June, this will be 2,200 workers per week who will have exhausted their unemployment benefits.

In my region of eastern Ohio in the Steubenville area, 380 workers have already exhausted their benefits; and by the end of June, that number will swell to 700 workers.

Mr. Speaker, these statistics are not merely numbers; they represent workers. They represent the heads of households. They represent parents who need to provide for themselves and their children, to be able to contribute to their communities and their churches.

That is what we are facing in Ohio. It just is amazing to me that in light of these circumstances, the President's Treasury Secretary, Mr. John Snow, came to Ohio last week and he verbally defended the outsourcing, the sending of American jobs to other countries, indicating that it strengthens our economy to do so. How can Treasury Secretary Snow or President Bush come to Ohio and look unemployed people in the eye and tell them that they care about them when they deny them these needed resources?

The money is there, Mr. Speaker. What I am suggesting and calling for will not result in an increase in taxes. There are multiple billions of dollars in the unemployment fund, money that has been placed there by workers and employees for just such a time as this. Yet it seems to me that perhaps out of an insensitivity to what is really happening, and unawareness of the tragedy of unemployment, or maybe a hardness of heart, this House and this administration will not support the extension of these benefits. I assume it is because if we extended the benefits it would be an admission that we have not solved the problem of joblessness in this country. Maybe we do not want to add to the accounting that would increase the amount of the deficit. But I want to tell my colleagues, the leadership of this House and the President of the United States have no hesitancy in increasing the deficit if it is necessary in order to give tax breaks to the richest people in this country.

Think of this: here we are leaving Washington, D.C. today, going home and knowing that there are thousands and thousands of unemployed workers who are, on a weekly basis, exhausting their benefits, and who, through no fault of their own, they have lost their jobs.

□ 1415

But through the resources of this government we can help them. We could lessen the pain that they feel. We could make it possible for them to continue to provide the needed resources for their families. And, yet, we are turning our back on them in their hour of need.

I hope that when President Bush comes to Ohio for his next visit the constituents in Ohio will ask him, Mr. President, why were you unwilling to support an extension of unemployment benefits to those who are out of work?

The SPEAKER pro tempore (Mr. BURGESS). 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 Illinois (Mr. DAVIS) is recognized for 5 minutes.

(Mr. DAVIS of Illinois 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 Michigan (Mr. CONYERS) is recognized for 5 minutes.

(Mr. CONYERS 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 New Jersey (Mr. PALLONE) is recognized for 5 minutes.

(Mr. PALLONE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

UNEMPLOYMENT BENEFITS

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

Mr. RYAN of Ohio. Mr. Speaker, it is always a pleasure to follow my fine colleague, the gentleman from Ohio (Mr. STRICKLAND), who I think touched on some very important points that we need to address in this Congress and we should not be leaving.

Many of us to go back to our districts, some of us to go on Easter vacation, before we address this issue of unemployment benefits; and I think this issue illustrates for the country exactly how removed the United States Congress actually is from the problems that we are dealing with in middle America.

It is easy for politicians to mouth words that somehow we are supposed to address the problems that we have in this country. But the American people are beginning to realize that the rhetoric that has been coming from the Nation's Capitol, the rhetoric that has been coming from this administration, has not been addressing the issues that face average working families in the State of Ohio. The unemployment rate actually crept up to 5.7 percent.

Do we want jobs to be created in this country? Absolutely. You will never hear me, or I think any other Member of this body, somehow downplay job growth as if it is a bad thing. Because we want the American people to go back to work.

But there is so much that needs to be done with this economy. Let us look for a second at the issue of the minimum wage. I want to talk about a couple of other issues, but for now we want to talk about the minimum wage.

During most of the 1960s and 1970s, working at the minimum wage kept a family of three out of poverty. Today, that same family is 24 percent below the poverty level.

The purchasing power of the current $5.15 per hour minimum wage is well below that of the 1960s and 1970s level. From its peak in 1968, the purchasing power of the minimum wage has declined over 36 percent.

If you are wealthy in the United States of America, you are doing pretty well, and you get all the benefits

and all the energy of this legislative body to help you in any way necessary. You need tax cuts? We are for tax cuts. You need subsidies? We are for subsidies. Whatever it is that corporate America, the top 1 and 2 percent of the people living in this country need, they get.

But people living in the United States of America who want unemployment benefits, they are not working, their unemployment benefits are going to run out, this legislative body has no time for you. If you are making the minimum wage and you are 36 percent below the purchasing power the same wage of 1968, we do not have time for you.

I think it is a shame that this Congress dictates its policies by who is contributing to the campaigns and who is making the biggest donations, and that is the problem. That is what the American people are going to have to decide in this next election that is coming up, is are the money people going to win out or the people who need help in this country?

Look at the kind of future we are leaving to our kids. Almost a $600 billion deficit. We give tax cuts now, we borrow money to pay for them, and we put the burden on our kids who are going to be left to foot the bill for this thing. It is wrong. It is a tax for our kids that they are eventually going to have to pay.

We talk about outsourcing jobs and competing on a global economy. We are underfunding No Child Left Behind by $1.5 billion a year in the State of Ohio, $1.5 billion a year. We say we want everyone to participate in the global economy, we say we want to move the last 25 percent of the kids in this country over the finish line, make them proficient, let them be happy, have the education they need to be able to compete in this country, but we are not willing to put the money up because we have to give tax cuts to the top 1 percent. That is the priority of this legislative body.

If we are going to outsource and if we are going to compete on a global level, which everyone has seemed to have agreed that we need to do, then we better put the resources in educating our kids. We better make sure we have an adequate, livable wage for people. Because there is going to be displacement. We better make sure everybody has health care in this country.

The American people are beginning to recognize that the rhetoric from this body and the rhetoric from this administration doesn't match the reality that needs to be addressed in middle America. It is time that we start addressing it.

OUR DEPENDENCE ON OPEC

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

Ms. KAPTUR. Mr. Speaker, it is very interesting to listen to some of the remarks on the floor this evening. We had a gentleman, one of our Members from California, say how good the economy looks to him. And yet if you read the newspaper today, U.S.A. Today indicates Gateway is going to be closing all of its stores around our country, the struggling PC computer maker, and laying off 2,500 more workers.

In the same newspaper we see a headline, ''No Shortage of Oil, Saudi Arabia Says.'' Saudi Arabia sought to quiet critics of OPEC's decision this week to cut oil production, arguing there are ample supplies, despite decade-high gasoline prices. Their foreign affairs advisor to the Crown Prince said there is no shortage of crude oil.

I would like to draw my colleagues' attention to this chart, which shows that the United States since the mid-1980s and every succeeding year has amassed more job loss and greater trade deficit than ever before in the history of our Nation. This year, the trade deficit is going to go over $580 billion. This is an unbelievable number. That means more imports coming into our country than our exports going out. We are exporting jobs and we are importing products from every other place in the world.

Someone ought to really pay attention in the executive branch, and the Members of Congress who brag how great this is better pay attention to the fundamentals that are driving us in the wrong direction. One of those fundamentals involves rising gasoline prices and rising petroleum prices because we are not energy independent here at home. We need a President and we need a Congress that will make America energy independent again.

Here is another chart. This chart shows over a period of 25 years every single year the amount of petroleum that we consume and how much every year comes from abroad. The Middle East, OPEC, controls half of what flows into this economy. Every time a U.S. consumer goes to the gas pump, at least 7 or 8 cents of what you spend per dollar for every gallon you buy goes to Saudi Arabia, a very undemocratic place, one of the worst dictatorships in the world, no matter how much sweetener they try to put on it; 2 or 3 cents goes to Kuwait and Iraq, all places without democratic governments in place.

It has been happening for a long time. It just did not start. But it has been getting worse, and the job loss in our country has really been getting worse. Good jobs with benefits that people can depend upon, retirement programs that cannot be taken away, and a chance for children to go on to college without becoming debtors, the hole we have been digging has been getting deeper every year.

A gentleman writes a letter to the editor today to U.S.A. Today. He is from out in Michigan. He says that everybody wants free trade, but it seems strange to me that the most powerful Nation on this earth can do nothing to stop the collusion, he says, among the organization of petroleum-exporting countries and our own oil companies to drive up the price of oil.

Here in Washington last night I was watching the television, and Chevron-Texaco had this big ad about how great they were except for one thing, all that oil comes from someplace else and contributes to this rising share of imported petroleum and to the amassing trade deficit that is a damper, a huge damper on creating wealth inside this economy because we are siphoning it out of our own pockets and giving it to someone else.

Imagine if we put those dollars to work to create a new industry across rural America, the biofuels industry, where we ripen ethanol production, soy diesel production, at a level where our farmers could be earning money from the marketplace, not from the Federal Government subsidy that goes to them. Imagine if we really were serious about fuel cell production, imagine if we really tried to bring modern hydrogen production to this country and push our photovoltaic production from the sun, energy from the sun to the limit, to the limit.

NASA has done a great job of helping us move the technology to where it is today, but that is where America needs to move. We do not have to have more job loss. We do not have to have rising trade deficits. We need a government in this country that is going to make us energy independent again and begin creating jobs here at home for the future.

Mr. Speaker, I include for the RECORD additional extraneous material.

PRESSURE OPEC TO LOWER GAS PRICES

Everybody wants free trade. But it seems strange to me that the most powerful nation on this earth can do nothing to stop the collusion I see among the Organization of Petroleum Exporting Countries and our own oil companies to drive up the price of oil (''OPEC votes to cut oil output, starting today,'' News, Thursday).

Why can't the U.S. work with our non-OPEC industrialized allies and other nations that also need a steady supply of cheap petroleum and take retaliatory economic action by withholding essential goods and services, or even military action? We need to give the OPEC cartel a taste of its own medicine.

DONALD SEAGLE,
Ishpeming, Mich.

GATEWAY TO CLOSE ALL STORES, FIRE 2,500

(By Michelle Kessler)

Struggling PC maker Gateway said Thursday that it plans to close all 188 of its retail stores and lay off 2,500 workers.

The stores will close April 9, Gateway says. Its computers will still be sold on Gateway's Web site and via phone.

NO SHORTAGE OF OIL, SAUDI ARABIA SAYS

Saudi Arabia sought Thursday to quiet critics of OPEC's decision to cut oil production, arguing there are ample supplies despite decade-high prices. ''There is no shortage of crude oil,'' said Adel Al-Jubeir, foreign affairs adviser to the Crown Prince of

Saudi Arabia. ''High oil prices are not good for consumers, and low oil prices are not good for producers.'' The country also said it remains in contact with President Bush. The 11-member Organization of Petroleum Exporting Countries voted Wednesday to cut production 1 million barrels a day, angering U.S. lawmakers who partly blame OPEC for record gasoline prices in the USA.

[From the Times of Oman, Apr. 3, 2004]

HIGHER OIL PRICE TO TAKE ECONOMY TO NEW HIGHS

(By K. Mohammed)

The Sultanate's economy is poised for better performance this year if the spiralling oil prices are any indication. Omani crude price, the single most important factor which drives the Omani economy, is currently staying at $31.44 per barrel and the market expects crude prices to stay at the current level in the rest of the year. According to statistics, the Omani crude prices realised $29.91 per barrel in January 2004, which is significantly higher compared to prices realised last year. Last year, the government had budgeted oil price at a conservative $20 per barrel but the actual realisation was much higher at $27.84. This had resulted in a substantial rise in government revenue with all sectors of the economy witnessing significant growth in 2003.

The government has budgeted Omani crude price at $21 for the current fiscal (2004) but the actual realisation may be much higher than the prices realised last year, considering the present buoyancy in the international oil market. The most heartening fact about AGCC economies, and Oman in particular, is that international oil prices have been staying above the Opec basket price band of $22–$28 per barrel in the new year, significantly higher than the prices achieved last year, and Opec is expecting a steady market this year. International oil prices are currently staying at around $34 a barrel.

Considering that the oil production will be maintained at the present level the prospects at the oil price front remains brighter for the country.

Government's revenue receipts and public spending are other indicators of the economic growth. Last year, the corporate sector fared well on account of increased public spending. The government's actual public spending has increased from RO2,367.9 million in 2002 to 2,638.5 million as at the end of November 2003, an increase of 11.4 per cent. The budget for the year 2004 has estimated total spending at RO3,425 million. The actual public finance deficit for the year 2002 had come down drastically to RO124 million from the budgeted RO380 million. When government spending goes up the gross domestic product (GDP) will expand, triggering increased economic activity and generating more job opportunities and more revenue for the government. The increased spending coupled with the prevailing low interest rate scenario is expected to give the much-needed impetus to economic growth this year.

Figures on the revenue receipt side looks rosier. As of November-end 2003, the government's total revenue stood 8.7 per cent higher at RO2,942.5 million compared with RO2,705.9 million mainly on account of increased oil price realisation. As the average price for Oman crude stood $29.16 a barrel in December 2003, the government is expected to report a lower actual deficit for the year 2003 as against the projected RO470 million.

The country saw inflation remaining below 1 per cent last year. This year too, the inflation is expected to remain below 1 per cent level. However, the weakening of the dollar is a cause for concern as it may put downward pressure on the local currency triggering a mild flare up in the prices of euro-denominated goods and services. Like other AGCC countries, Oman too imports from European countries and euro-denominated goods are bound to become costlier with the weakening of the dollar.

The increased activities in the non-oil sector, especially a significant rise in LNG production will also contribute much to the strengthening of the economy.

Reflecting the pulse of the economy the local stock market has scaled new highs. The Muscat Securities Market General Price Index rose from 272.67 points as at the end of December 31, 2003 to 296.10 points on April 1, 2004, scoring 23.43 points. This shows a handsome gain of 8.59 per cent. The buoyancy is also reflected in the various sector indices.

On the economic reform front, a lot of action will be seen in the rest of the year. As part of its commitments to the WTO, the government is expected to divest a significant stake in Omantel. Last month, the much-publicized initial public offering of Al Maha Petroleum opened. The opening up of the telecom sector will see a second GSM licensee entering the market soon, paving the way for competition in the telecom market with consumers ultimately emerging as the winner with better and cheaper services.

[From Reuters News Service, Apr. 2, 2004]

BUSH IN TOUCH WITH SAUDIS, NON-OPEC ON OIL—W. HOUSE

HUNTINGTON, WV. (Reuters).—President Bush and the Saudi crown prince have been discussing oil prices for some time, and the administration is also talking with other OPEC and non-OPEC oil producers, a White House spokesman said Friday.

''We remain actively engaged with our friends in OPEC and other producers around the world to address these issues,'' White House spokesman Scott McClellan told reporters. ''Bush and the (Saudi) crown prince have been in touch on this subject for a while now.''

Earlier this week, OPEC agreed to a production cut of 1 million barrels per day despite Bush administration requests to delay it.

HONORING THE LIFE OF ARMY PRIVATE BRANDON LEE DAVIS

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

Mr. CUMMINGS. Mr. Speaker, I rise today to pay tribute to a true American hero who made the ultimate sacrifice while serving his country with honor and courage. 20-year old Army Private Brandon Lee Davis of Cresaptown in Garret County, Maryland, was among five soldiers killed when a bomb exploded under their vehicle in the Al Anbar province of Iraq.

The soldiers were conducting security and stability operations in the region just north of Fallujah. They were from the 1st Infantry Division's 1st Brigade, based in Fort Riley, Kansas.

I offer my deepest condolences to the family of Private Davis during this difficult time. I, along with the other Members of the Maryland federal delegation, mourn their loss. Our prayers are with Private Davis' mother, Jackie Weatherholt; his father, Jeffrey Davis; and his two siblings. Words cannot express the sense of loss felt by the Maryland community when one of our own, a young man who offered such promise and hope for the future, is taken from us. This tragedy makes the war in Iraq more personal for all of us.

Private Davis joined the Army shortly after graduating from Fort Hill High School in Cumberland, Maryland. Like many young men and women who seek direction in life after high school, Private Davis hoped to learn a trade while serving his country. His dedication to service to others would not have rested with his duty in the Army.

Private Davis dreamed of using his life to protect men and women by becoming a police officer. Sadly, that dream will never come true. The deadly consequences of war are a reality that all of us must face. However, the knowledge of what may happen in war does little to diminish the pain and anguish when that reality reaches your front door.

Mrs. Weatherholt will never have the opportunity to feel the joy of a mother who watches her youngest son experience all of the milestones in life. Mr. Davis will never get to see his son teach the lessons he learned about how to be a man. All this Maryland family now has are memories. Mrs. Weatherholt must hold on to the memory of that last telephone conversation on March 20th, when she gave her son these words of caution, ''Watch your back, Brandon.''

These parents have the memories of their son making others laugh with his outgoing and upbeat personality. They have the memories of their son going out of his way to show kindness to strangers and make his friends and family feel happy. There were no limits to Brandon's loving generosity. He gave up the opportunity to come home to his family for a two-week break in February, and, instead, donated his leave time to an Army buddy who wanted to return to the United States to get married. I am sure Private Davis longed to be with his family during this time, but he gave his priority to his desire to help a friend.

The Army deployed Private Davis to Iraq nearly six months ago. He never discussed his fear or worry with his family, although he was stationed thousands of miles from home in a foreign land with death and destruction as his bedfellows.

This brave young American knew of the dangers of the high-risk areas into which he was being sent, but he was proud to be a soldier. He was proud that, by serving in the United States Army, he was not only making a better for himself, but he was trying to make a better, safer life for us all.

Mr. Speaker, I must say that I opposed President Bush's decision to go to war with Iraq before exhausting every diplomatic measure and without clearly demonstrating an imminent threat of attack on the United States. But I will do everything within my power to support our men and women in uniform. I stand behind our troops in Iraq and pray for their safe return home.

Although I did not know Private Brandon L. Davis personally, I consider it a privilege to honor his life and to pay tribute to the sacrifice that this young man made for all Americans. This country has lost a true leader. Private Davis gave his life to set the Iraqi people free. I pray to God that we succeed.

God Bless you, Private Davis.

ENERGY AND JOBS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Iowa

(Mr. KING) is recognized for 60 minutes as the designee of the majority leader.

Mr. KING of Iowa. Mr. Speaker, first, I would like to thank my colleague on my left, the gentleman from New Mexico (Mr. PEARCE), who has pointed out quite accurately and correctly that if one side of the aisle is down here carrying a message to the American people relentlessly, if not logically, day by day by day, that is the only subject matter that Americans have to discuss.

As I sat in here for the last hour preparing, apparently, for this Special Order hour, and I have considered that I really did not have to do that, it was great preparation to sit and listen to the rhetoric that came from the string of Members, I think probably not coincidentally, from Ohio. So I am just going to start up working backwards through the list of things that were raised here while they are freshest in the minds of the people that are listening, the Members of the other body, and those in this Chamber and the people that are listening around the country.

The first is with regard to OPEC and the criticism of OPEC for the position that they have taken to limit the supply of hydrocarbons to the United States. Certainly that has been a factor in the 1970s. It was a factor in our Presidential elections after that, and we came out of that.

Our dependency has increased on foreign oil, and I regret that. But OPEC has taken a position that is going to be reflected by the Saudi Arabians who ruled more of the OPEC oil than anyone else.

I have with me a document that I will just read some quotes.

Prince Bandar has made some remarks speaking for the increase in supplies because he says the President and the Crown Prince have been in touch on this subject for a while now. Both leaders feel strongly that higher energy prices have a negative impact on world economy.

So I happen to know that there is a delegation on its way over to Saudi Arabia right now to thank the leadership in Saudi Arabia for their efforts to increase supplies as a way of holding down increases in costs of gasoline in the United States and thank them for the efforts that they have gone through to help us in the war on terror.

There have been significant improvements in that country over the last couple of months.

□ 1430

So these remarks that are made on the floor of Congress are not conducive to us solving the oil supply problem and I think are not conducive either for us solving this problem of worldwide terror.

Mr. PEARCE. Mr. Speaker, will the gentleman yield?

Mr. KING of Iowa. I yield to the gentleman from New Mexico.

Mr. PEARCE. Mr. Speaker, I heard the lady that preceded us on the floor say that we needed to do something about OPEC. I am sorry, what are we going to do? It is a free nation.

We did something about Iraq, and the accusation from their side of the aisle was that we went in to take the oil. When that was not proved correct, when it was absolutely proved false, now then they are here saying we should do something about OPEC. I am so sorry. What about the free nations? They can produce what oil they would like to.

I would continue to point out that the reason that the production in this country is decreasing is exactly the policies that our friends on the other side of the aisle insist on, that is, the lack of access to the public lands in this country. It is going to drive the cost of gasoline and electricity up throughout this country because of their restrictionist policies that they have put into place, and those policies live today from the Clinton administration on through this administration from the field level.

It is a question that I recently took to the BLM head, and have asked her what is she going to do to increase access to public lands so that we are not so dependent, she said, frankly, some of the extremists in our country will block every single attempt to drill more on American soil. Even the debates on this floor regarding ANWR say that we do not need that energy, that we do not need the oil; and the other side has persistently blocked every effort to try to drill in ANWR.

Mr. Speaker, also, the energy policy that currently resides in Washington, but unfulfilled, is not something that the administration is blocking. It is not Republicans who are blocking the energy bill in this town.

Mr. Speaker, the energy bill would not only create access to more domestic oil and gas, but it would begin to encourage the alternative sources of solar, wind, hydrogen, biomass, nuclear. If we will begin, Mr. Speaker, to deal with some of the pressures on the demand cycle for our energy with some of our alternative resources, then we can begin to see the prices of gasoline and electricity go down; but I will guarantee my colleagues, the headlines that I cut out from the Denver Post of last year telling the people in August of 2003 that they would be facing 70 percent increases in electrical costs because of the price of natural gas, those are things that we are going to continue to experience in this country until we pass an energy bill.

The energy bill by itself will create 100,000 jobs, and we have been treated by our friends across the aisle to continued talk about the lack of American jobs. We have seen the dramatic report from March where 300,000 new jobs were created. That is 600,000 now in the last 6 months since we passed the jobs and tax bill.

Mr. Speaker, the policies that the administration is submitting to us and that we are carrying out into actual votes and into bills are dramatically changing the environment for investment in this country.

EDUCATION IN AMERICA

Mr. PEARCE. Mr. Speaker, when we begin to look at the growth of jobs, we have to understand the importance of education in this country. No Child Left Behind is one of the dramatic things, dramatic policies that have been issued. It is a reform into the education system which literally says we are not going to leave any child behind. The President has dramatically increased funding, regardless of what our friends across the aisle say.

Under President Clinton, the spending on education through the Federal Education Department was about $27 billion. Under President Bush, the funding has increased to $60 billion, over a 100 percent increase, and yet somehow we get on the floor day after day that we are underfunding education.

Our friends especially like to talk about the way that we are not funding IDEA, our individuals with disabilities; and that has such a dramatic difference in previous funding levels under this President, that it is important to talk about funding levels.

The bill was passed in the 1970s, and historically throughout its tenure has had about $1 billion funding. It could never get up, and keep in mind, that was under 40 years of Democrats ruling in this House. It stayed at the $1 billion level. Finally, under President Clinton, it went up to $2 billion.

Now, what would my colleagues estimate that the actual spending on IDEA, the individuals with disabilities, is actually today under President Bush? If you were to listen to the rhetoric that is thrown out day after day, you would say, well, obviously it is much, much less. Actually, it is much, much greater.

The funding this year under IDEA will exceed $10 billion. That is a five-time, a 500 percent increase in the 3 years under President Bush; and yet we hear the shibboleth on the floor of the House that tries to put a truth out, put a falsehood out in the guise of truth.

The truth is that President Bush understands that if we are going to have careers for our young people, if our young people are to have expectations and hope into the future, they need more than jobs. They need educations. They need careers. They need a progression of learning throughout their lives.

No Child Left Behind is guaranteed to put those young people in a position to where they can continue the lifelong learning process.

We have moved from a time in our history when we could just learn one single task and do that our whole lives. For us to access the technology, the innovations, the creativity that is at move in the world today, our young people absolutely must be given every tool during their 12 years of public schools on into the junior college and

college years; but then throughout their entire life, we must continue to have on-the-job training. We must continue to have training when people are displaced.

Recently, this last week, I went into my district into Belen, New Mexico, and met with a group of employers there. We met at Cisneros Machine Shop. The Cisneros brothers really are one of the small businesses that characterize the desire on the part of our employers right now to be training their employees every day to a higher level, understanding that they cannot produce the same things yesterday that they produce tomorrow. Otherwise they will not continue to fight off the tremendous international competition that faces us.

I think the recognition of people like the Cisneros brothers will bring us all, in this Nation, if we will continue these training programs, no matter what stage of development our employees are in, if we will recognize that and continue to train, then we are going to be in good shape. But we have to ask the question, when jobs are moving offshore, when jobs are moving overseas, we have to ask ourselves why; and the education system is, at base, a root cause of the problem.

Under No Child Left Behind, one of the most important things we are striving to do is to put a competent teacher in every single classroom and especially those classrooms that teach math and reading. Those two basic skills are the foundations for the education process; and without them, our students simply do not have the tools to compete when they graduate.

We have seen dramatic changes even in my district in the education process. About 2 weeks ago, I recognized Roswell High School on this floor as being one of the 12 breakthrough schools in the Nation. That principal believes in No Child Left Behind. He has seen it work in his classrooms, turning around a population in his high school that is both high minority and then also lower-income status students, and he has turned that around into one of the 12 breakthrough schools in the Nation. It is the kind of example that No Child Left Behind is supposed to be creating in our schools.

I see the gentleman from Iowa standing.

Mr. KING of Iowa. Mr. Speaker, I would like to give a perspective of No Child Left Behind that is a little bit different perspective for some of the other States, those States that may not believe there is a significant advantage to them.

I have the privilege of being from the State of Iowa, and we rank in the top three every year in ACT tests; and we have for years put out Iowa basic skills and Iowa tests of educational development, that analysis that we do of students every year, comparing them against their growth from year to year, in a number of different subjects and a composite score that we do, something that goes back to the time that I was at least in grade school, and that is some years ago, and before that actually, and those tests have been given around the world, places as far away as China.

So the credibility that the Iowa public school system has worldwide is high, and our competitiveness in our graduates, particularly measured by ACT test scores and also the success of our young students as they go off and go on to higher education, is also high.

Arguably, the public school education in K–12 in the State of Iowa ranks in the top three, maybe as the best in the country; and so because of that long-standing tradition to education that we have, we have those kinds of results and standards, and yet we are faced with a No Child Left Behind policy that is a one-size-fits-all.

Those States that have high excellence in education may not see a significant marginal improvement, but we really do need to help those students in those States like Mississippi and Arkansas. We really need to lift them up and get them back into this educational stream.

I yield to my colleague from New Mexico.

THE SHOCKS TO OUR ECONOMY

Mr. PEARCE. Mr. Speaker, I thank the gentleman for yielding.

In addition to our energy bill, which would create jobs, we begin to defuse the increasing price of natural gas and fuel at the pump for our cars. In addition to those two important elements of the legislative agenda that we have passed in this House last year, this transportation bill that just was passed out of the House today is poised to create another 700,000 jobs.

Mr. Speaker, when I look at the continued bills that we are passing out of the House, I see responsibility. I see a patient attempt to cure the many problems that we are facing in this country; and keep in mind that we are facing the problems through no fault of our own, but 9/11 changed everything.

The first thing that happened in our economy that cost us jobs was the collapse of the dot-com industry. You all remember in the late 1990s that dot-com ramp-up where stocks were selling at an inflated price, sometimes $200 per share of a stock that really had no product, had no cash flow, had no sales, no revenue, no net profit; and yet enthusiasm was that these stocks are going to be great value. Well, that enthusiasm eventually will have to come home. A corporation either had to build a product or create a revenue of some sort; and when they did not and could not, the dot-com stock market price of those stocks collapsed down, and we found that it shocked our economy pretty drastically.

The second thing that shocked our economy, of course, was 9/11. The estimates are as high as a $2 trillion shock in one day, over 2,000 lives lost. I will tell you that businesses are still paying the cost for 9/11 today, and we cannot forget that the economy and the culture in this Nation changed so dramatically on that day when the unprovoked attack of terrorists, who would kill innocent lives in order to destabilize an economy, in order to destabilize a political system, after they made their attack, we in this country have got to deal with the results.

Now, the President has been very patient. He has worked very hard at going and taking away the root causes of terrorism. He has taken the Taliban out of Afghanistan. Al Qaeda is on the run. The training camp that used to crank out terrorists every month, who would spew hatred and anger toward the United States and try to sow destruction throughout our economy and throughout our Nation, that training camp has been closed down and the terrorists are on the run.

We continue to capture and to kill the terrorists who are here to kill us. This is not a police action. This is not something we can take into the courts and deal with there. This is an action where it is either their ideology or ours.

The insistence of terrorists to destabilize the entire world is one of the most looming threats that any of us face here.

□ 1445

It affects our ability to raise our children safely on the streets. It affects our ability to conduct just everyday commerce throughout our land. Terrorism seeks to destabilize. The paradigms of security and stability cannot exist coincidentally with terrorism and instability. The world is going to make a choice, and the United States is making a tremendous decision here to take on the fight.

It is like the Prime Minister of Britain said when he spoke on this House floor: You, as Americans, should ask, why us? Why would we be in this role? It is a fair question. His answer to us on the floor of this House, Mr. Speaker, I will remind you, was simply that destiny has placed the United States in a position where it can act and it must. That means that we have the resources, we have the will, we have the leadership, and if we do not respond, the world will suffer for it.

Mr. Speaker, I appreciate the leadership of our President as he pushes forward the concept of No Child Left Behind, as he pushes forward the idea of the tax cuts that are creating this economy which is growing at a tremendous pace, and the job growth is exactly what we were hoping for.

Mr. Speaker, as he has encouraged us to pass the energy bill, I would simply say to our friends, do your part to see that the energy bill is passed, because it is not the Republican side which is holding it hostage.

Mr. Speaker, I now yield back to the gentleman from Iowa.

Mr. KING of Iowa. Mr. Speaker, I yield now to the gentleman from Colorado (Mr. BEAUPREZ).

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman for yielding to me. It is good to join my colleagues, and I thank the gentleman from Iowa for taking this special order on a very timely topic.

My colleagues, today in this city, in this Chamber, there are a whole lot of people saying hallelujah and holy cow, because we have created some jobs, and there is news out saying just exactly that. Just a short while ago in this Chamber, we passed a transportation bill, and that transportation bill is going to put Americans to work, and it is going to put Americans to work building infrastructure that is critical to this Nation. Transportation is a jobs bill.

But there are also numbers out from the Department of Labor that are really encouraging. We have heard that 308,000 jobs were added in the United States in the month of March. That is 308,000 new payroll jobs. Now, everybody has a right to say, well, what does that mean? Compared to what? That is the strongest number in 4 years, the strongest in 4 years.

We have been through a bit of a tough cycle. Four years ago right now, we were in a recession. So 308,000 new jobs in the month of March and, in addition to that, numbers that we thought were a little softer than we expected in January and February have now been revised upward. So we are increasingly in better and better shape.

Now, that is good news. That is good news. And here is how I characterize it. Almost anybody can hang onto the wheel of a ship going through calm waters. But it takes a pretty good captain to guide a ship through a stormy sea. If we go back to late 2000, we were slipping into some rough waters. We now know that the recession was upon us in late 2000 when this President was sworn in. He grabbed ahold of a ship that was going into troubled waters. Then it really got rough, with 9/11 happening and SARS happening and on and on and on. We all know the litany.

Where are we today? We are in an expanding economy, with job creation now under way, which, as everybody knows, every economist will tell you, that is the lagging economic indicator.

So I will say it again, because it is happy news. We have 308,000 new jobs in the month of March alone. It is astounding. The policies of the captain of the ship, the Republican leadership in this House, the Republicans in this Congress, have set us on the right path and are calming the waters. It is not the time to change captains nor change course.

I was listening a moment ago to my colleague from New Mexico as he was talking about energy policy, and I could not agree more. Everybody is saying jobs, jobs, jobs; and that is why I am so happy right now, is because we have evidence we have jobs coming back. That is really good news.

But if you want to know where the jobs went, ask the people who have got a different policy. Ask the people who have got a different policy than the one that righted the ship, calmed the waters and set us on this course, the people that have been talking about raising taxes.

What did this House and this President do to set us on this course? We provided some tax cuts. We invested right back in the people in the United States of America who create jobs and who increase consumer demand. That is how an economy works. We understand that on our side of the aisle, and the President certainly understands that. So he set us on the right course. We passed the jobs and growth bill, and here we are, and it is good news.

Now there are some out there saying, no, we need to rescind those tax cuts, we need to increase the strong hand of regulation, and, worse yet, they have fought us on an energy bill, and they are still fighting us on an energy bill.

Now what have we got? Our own Department of Commerce tells us that for every $1 billion spent on imported oil that means 12,389 jobs. Maybe somebody does not think 12,389 jobs is all that much, but I submit, Mr. Speaker, when taken in the context of the billions that we are spending on imported oil, it adds up in a big hurry. How big a hurry? Well, by today's dollars, the amounts we are spending on imported oil equates to 1.7 million jobs, American jobs that are now somewhere else.

The very people who fought us on that energy bill are the ones screaming about outsourcing of jobs. They not only got outsourced, they got outforced, and they were forced out by the very people who fought us on the energy bill and now are raising their hands in wonder saying, where did our jobs go? Where did our jobs go?

What has happened since we have not had an energy bill? Gasoline prices have increased 30 percent; U.S. imports of oil increased another 10 percent. We are about two-thirds import, one-third domestic production. The price of crude oil has increased 65 percent. Natural gas has increased 92 percent.

That is especially sensitive for people like my colleague from New Mexico and me, from Colorado, from the Rocky Mountain States, and my friend from Iowa. You bet. Because we know where it is. It is right there underneath our ground, a lot of it Federal ground. And in places like Iowa, being an old farmer myself, I know how important energy is. It is not just gas and diesel, it is our commercial fertilizer that is produced from those same petroleum products.

Mr. Speaker, I have a potato farmer back home who told me that 35 percent of his operating overhead, 35 percent of his entire cost of production, is energy related, 35 percent. Fire up the electric motors to run his sprinklers to irrigate the potatoes; the commercial fertilizers, the diesel and the gasoline he puts in his vehicles, 35 percent.

Now when you have inflation of energy costs like I just cited, you know what that does to that potato farmer who is operating on a margin that thin already? Where did the jobs go? They were outforced. That is where they go when we have wrong-headed Federal policy like we have right now.

It is not a case of us needing to improve an energy policy that is already out there. We have none. We are just trying to establish one that is so woefully needed. Well, it is time. It is time we act. We need to pass not only an energy bill but continue on this course that has been charted that has got us finally into some calmer waters and headed on the right path. We need to continue that course, not alter that course. We need to stay the course on tax cuts, on deregulation, on sound policy, and bring American jobs home to Americans.

Mr. KING of Iowa. Mr. Speaker, I thank the gentleman from Colorado (Mr. BEAUPREZ) for his comments.

Picking up on that theme, I appreciate the gentleman's remarks about how sensitive natural gas prices are to the Corn Belt and the fact that the gentleman's background and experience as a dairy farmer and a banker and someone who has been all involved in this economy understands that the very foundation for all economies is that all new wealth comes from the land.

In our State, it is corn and beans and oats and hay and grass in our pastures, and we value add to that as close to the cornstalk as we can, as many times as we can; and we need the energy from the gentleman's State and from the State of New Mexico because we are extraordinarily susceptible to natural gas. We use it to dry grain with, we use it for anhydrous ammonia, our nitrogen supply, and we use it for all the other uses that the rest of the world does as well.

So I am extraordinarily sensitive to that and the significant point that the natural gas pipeline in the energy bill brings gas down now that is already discovered and already tapped into from the North Slope down to the lower 48 States.

The other tax is the outforcing, but I will also declare there is an ''E'' tax on everything we buy. That means there is an energy component. But the ''E'' does not stand for energy, it stands for environmental tax. It has become a cult in this Congress, a religion in this Congress to the extent that we cannot pass drilling in ANWR, as the gentleman from New Mexico (Mr. PEARCE) said earlier, which is the most logical place in the world to go get oil. It is up there and identical to deposits on the North Slope.

There has not been a single environmental problem on the North Slope since 1972 when they finally lifted the environmental embargo, which, by the way, kept me from going up there and actually actively participating in real jobs up there. So now today that oil sits under ANWR and we have gas on the North Slope that we cannot get here to the United States. We cannot get gas out of the State of Colorado.

Mr. BEAUPREZ. Mr. Speaker, if the gentleman would yield for just a moment.

Mr. KING of Iowa. I would be glad to.

Mr. BEAUPREZ. Mr. Speaker, I thank the gentleman. It is estimated that if we could construct that gas pipeline that my colleague referred to from ANWR, 400,000 new jobs, direct and indirect jobs, would be created from that one action alone, including increasing dramatically the supply of natural gas to the lower 48. I repeat, 400,000 new jobs and lower gas prices.

Now, the gas my colleague referred to, and I referred to as well under the Rocky Mountain States, I held a hearing in my district recently on this subject, and I learned a lot. I learned, for example, that under nonpark, nonwilderness Federal land, I repeat, nonpark, nonwilderness Federal lands, we have enough natural gas to take care of the demands of 100 million homes for 157 years.

Now what I cited earlier here, natural gas prices up 92 percent, this is akin to the old biblical tale of the people going through a famine, the granaries being full and the pharaoh being unwilling to unlock the doors.

We have natural gas. It is those crazy, environmentally overly-sensitive policies that have restricted us from going to get it; and the same people who now restrict us from going to get it were the very people who told us a few years ago that we need to convert to natural gas. Why? Because it is affordable, it is clean, and it is abundantly available.

Well, now they are telling us we ought to go get it somewhere else, from abroad, and ship it here in tankers as liquified natural gas. We do not have the storage for it. Somebody says we have a storage problem. Well, we have a storage problem: The natural gas is stored under Federal land. That is the storage problem.

The people that are in the way are us, the Federal Government. We need to change that with an energy policy.

I yield back to the gentleman and thank him.

Mr. KING of Iowa. An environmental tax.

Mr. Speaker, I would now like to yield to the gentleman from New Mexico (Mr. PEARCE).

Mr. PEARCE. Mr. Speaker, some of our friends on the other side of the aisle really do, when we are talking off the floor, ask us, can we do this in an environmentally sensitive manner, this drilling for oil on American soil? The case on the North Slope of Alaska is a really good case example.

When we first went there, we were building pads out of gravel or rock or stone. But we have stopped that now, and we build paths to put the equipment on out of ice. We build the roads into the pads out of ice, so that the equipment that goes into the location and then when it sits there to drill the hole in the ground, they are on ice roads and on ice paths.

□ 1500

When spring comes, the ice thaws and there is actually just the pipe sticking out of the hole that is causing the production to come to the surface. We have showed that we can dramatically change the way that we do our drilling and our exploration. We have the necessity in this country to find the balance, to balance our environmental concerns with our need for jobs and with the need for affordable electricity, with the need for affordable gasoline to put into our cars.

I think as we see gasoline approaching $3, we are going to find that the consumers in this Nation demand that we begin to produce in some of the areas where we can do so without destroying the environment. My friend from Colorado adequately pointed out that we have got a trillion cubic feet of natural gas available under his State. That gas, as he said, is not under national parks. It is not under environmentally sensitive areas. In fact, much of the gas is located in fields that have already been drilled. It is not like it is a pristine area there.

Yet we have extremists in this society who are willing to bring lawsuits. Every time an application for a permit to drill is issued by the BLM, they bring a lawsuit to stop that production. We must decide if we are going to have affordable energy in this country, keeping in mind that affordable energy is what drives this economy. We see that it is used in the production of fertilizers. Fertilizers are used in agriculture. Natural gas is used in the production of electricity because it is the cleanest fuel. We must begin to drill for more fuel, or we must begin to accept the fact that our utility bills are going to be double and triple, that our gasoline is going to actually cost three or more dollars per gallon.

Again on the subject of jobs, I have got friends on the other side of the aisle who maybe have not run a business. The gentleman from Iowa and myself and the gentleman from Colorado all come here as previous business owners. My friends on the other side of the field who maybe have not had a business, they really do have a curiosity. Why do we have this growth in our economy, why do we have an economy pushing upward at 8.2 percent in the third quarter, at 4 percent in the first quarter of this year? Alan Greenspan said it looks like we are on a sustained growth period for 4 percent through this year, probably next year. Why are the jobs not coming around?

If you will simply think about it, Mr. Speaker, in terms of when you had your first job, many companies are afraid to add people on for fear that they will have to lay them back off if the economy is still dipping up and down. We find that, as business owners, we do not hire immediately when we have a need. We begin to expand our capacity by increasing overtime hours. Maybe we just stay late and work every evening and have everybody work on the weekends. But you cannot sustain that, you cannot wear your people out, you cannot treat people like a commodity. You cannot do that indefinitely. In my perception, I have never expected to see the jobs react immediately when the growth in the economy came because I, as a businessperson, would not hire people right away.

But now we are seeing that our businesses are sustaining this growth, they are sustaining increased demand, they cannot continue to take care of the demand for labor with overtime hours, with temporary workers; and so it is not surprising that this job growth has lagged behind the growth in the economy. I would expect, Mr. Speaker, that we have such a volatility in the world economy that we will probably peak out and we will stabilize and level off here on job creation, and then we will see another ramp-up a couple of months down the road. It is just the way that I think businesses are very careful in these times to not hire too soon.

When we talk about the number of jobs being created and the number of jobs lost, a lot of times our friends on the other side of the aisle are talking about the number of jobs lost in the last couple of years and they make the numbers sound very good. It is important to remember, Mr. Speaker, that America has about 138 million jobs. While we hate to see any worker displaced, we have to keep it in perspective. We have to understand the balance that is there between 138 million jobs and even the creation of these 300,000 jobs, no matter how important it is, is still just a very small change, that most Americans are finding great stability and they are seeing in their daily lives the stability that this economy is bringing in.

We have to understand that the changes that occurred on 9/11 really were systemic changes. For a narrow period of time, people began to stay home. They did not travel. They did not go to the bowling alley at night. They did not go out to eat quite as much. The spending in this economy after 9/11 changed dramatically and shocked our economy into a recession that we are just now coming out of. It is not possible for an economy just to change itself and to grow out of its recession.

I think the stimulating effect of the President's tax cut is one of the most important things that we did. When people on the other side of the aisle are saying that we should give tax increases back to a certain piece of the population, we have to keep an element in mind, that when government spending increases beyond a certain level, and in general economists think that within the 20 to 24 percent level, if government spending increases beyond that, then the economy does not have the capital to reinvest in growth, to reinvest in new jobs and in new factories and in new equipment. What a tax cut

does is it lowers the amount that the government is actually spending as a piece of the gross domestic product.

If we want a good example of what high government spending will do to an economy, we look at Europe and especially we look at our friends in Germany. Their government spends approximately 40 to 44 percent of every dollar spent in Germany. Because of that, they have a sluggish economy that cannot create jobs, and they have been wrestling with that for some time. I visited in Germany on my way back from Iraq in early November. The Germans were telling us that maybe if you get your economy going in America that we can get our economy going here. They are unwilling, though, to give the tax cuts or to cut spending. Either one would cause a lessening of the percent of gross domestic product. Because of their unwillingness, their economy stays mired and stagnant.

Mr. Speaker, I am proud to be a part of the Republican Party, which has cast a pro-growth initiative in this entire 2 years that I have been in Congress. I am proud as a freshman to have participated in creating policies that will educate our young people, creating the opportunities for them for a lifetime, giving them hope and access to the potential that this great Nation has. I am proud that the President has created an initiative to continue that lifetime training for those young people as they prepare for technical careers. I am proud to have passed this transportation bill which will create many, many new jobs. I am proud to have voted for an energy bill that will create more domestic sources of energy, less dependence on international sources of energy. That bill needs to be passed. There are people in this town who are blocking it from being passed and it needs to be passed.

Mr. KING of Iowa. I thank the gentleman from New Mexico, and I would address some of the cleanup issues here. I would like to point out, also, that as Republicans, we stand here in this Congress together and we work toward a common goal. Those who have been listening here will hear a consistent voice about the progress that we have made, the Jobs and Growth Act, the transportation bill that just passed here in this Congress this afternoon, a number of other initiatives that have been good on balance for all of America. That is not to imply that we think our work is done. It is not to imply that we think our work is perfect. In fact, one of the approaches I have to life is I am always looking back and seeing what should we have done better, the lament I have about how we had an opportunity that could have been better capitalized on than the opportunities that we have had; and those are the things that motivate many of us to go forward into the future and try to perfect a policy that we always recognize is imperfect.

Some of the pieces hanging around out here that do need to be addressed is the regulation burden that is on the backs of American businesses. How do we move to another level? We have the strongest growth of any industrialized country in the world right now. We heard that in the President's speech in this city last night. We have the strongest growth, but that is not good enough. Those who rest on their laurels will soon be swallowed up by those who do not. It puts me in mind of a quotation that I recall, I cannot attribute it to an individual, but someone will know and, that is, that history is the sound of hobnail boots storming up the stairs and silver slippers coming down. That is what we are in danger of, is moving into these silver slippers and being complacent and settling into our easy chairs while those folks that are a little more hungry and a little more aggressive, those folks that will get out of bed and go to work a little earlier, work a little later and will maybe work for a little bit less are putting pressure on this economy. We need to do a number of things to improve our economy in the direction we are going.

We talked about energy. I am pleased with the animation that comes out of my colleagues on energy. It animates me. I was able to go to Alaska with the gentleman from New Mexico to ANWR. I recall flying over that 19.5 million acres of ANWR. Of that 19.5 million, 1.5 million is the area that has oil underneath it. It is the coastal plain. It is an arctic desert coastal plain. The elevations vary just a little bit from sea level across there. We flew over 1.5 million acres of that coastal plain looking for wildlife. ANWR stands for Arctic National Wildlife Refuge. One would think that place would be teeming with wildlife. In fact, they told us that the caribou come for about 4 to 6 weeks in the spring, have their calves and go back to Canada. The rest of the time they are gone. We looked around for wildlife from that plane ride over and back along that coastal plain, two different routes, all of us searching. I saw two white birds and four musk oxen. I did the math on that. I divided the 4 musk oxen into 1.5 million acres of coastal plain. It comes out to 375,000 acres per ox. I did not see them all. There were some more there, but there is plenty of room for people and for musk oxen and for caribou. In fact, the caribou herd on the north slope, a different herd that has lived now with the pipeline since 1972 when it began, that herd was 7,000 in 1972, and today it is 28,000. Caribou do very well in that kind of an environment.

But aside from energy and the policies that we need to promote ethanol, promote biodiesel. I have got wind in my district. Some of that wind is getting cost competitive. It is not just some States like New Mexico or Colorado that are energy States. Iowa and the Fifth Congressional District of Iowa is an energy export center. All of those policies we need to do to move forward with our domestic production puts me in mind of a commercial that I watched on television. I have to phrase it this way. The apparent Democrat nominee for President of the United States has a commercial that ran in Iowa for months and months. It made three points. It said, I blocked the oil drilling in ANWR, and I will never send your sons and daughters over to the Middle East to fight for foreign oil, and I will create 500,000 new jobs. That was the equation.

There are some smart people in this Congress, but I have yet to find anybody that can put that equation together and reconcile those three points. Stop domestic production and be proud of that and why, I have no idea. I want to promote domestic production consistent with sound environmental science, not religion, but science. And so blocking that production does not help new jobs except exports them overseas. And then never sending sons and daughters over to the Middle East to fight for foreign oil. If you declare it to be a police action, then you can fight on this country and you will turn this Nation into one huge Israel where we can only then guard every theater, guard every bus stop, guard every school and every hospital and every church and still see our women and children blown to bits. This is not a police action. This is not a law enforcement problem. This is a war on terror, and we are not in Iraq fighting for foreign oil. We are in Iraq having freed 25 million people in Iraq. And so that equation does not work.

And creating 500,000 new jobs, well, at the rate this economy is going, in another couple of weeks, we will have that done within the last 6 weeks. I can do the math on that. I did the math. 308,000 new jobs in the last month, times 12, that is just one month of growth, that comes out to be 3,696,000 jobs. That is an annual rate of job growth. I maybe would take issue with a couple of the gentlemen that spoke ahead of me. We do want job growth to go on. If it goes on at this pace, we will soon run out of people willing to do the work at any price. We will not have enough bodies to do it. This is excellent, extraordinary economic growth. I do not know that it is sustainable, but it is awfully good news.

One of the things we need to do to sustain our economy is to reduce this burden of litigation and regulation that is on us. I sat in on a presentation by some business executives, it has been about a year ago now, up in New York City. The presentation came down to this final number: 3 percent of our gross domestic product is being consumed by the litigation process, class action lawsuits. If you eat too many French fries, sue McDonald's, those kinds of ideas. The tobacco lawsuits which put a price on the cigarettes that goes regressively against the people that are the greatest users, Mr. Speaker.

And so as you add up the cost of the litigation in this country, and it adds up to 3 percent of our GDP, and you

think in terms of about 3.5 percent GDP is required in order for us to move forward and grow with our economy and sustain the necessities for the infrastructure that we need to build out, 3.5 percent required for that, but the trial lawyers get 3 percent off the top.

□ 1515

That means we have got to grow at 6.5 percent to sustain that, and I think we need to do some things with regard to tort reform. In the Committee on the Judiciary, we have passed a number of them. Nothing broad enough. Nothing broad enough that may have a real impact on this 3 percent.

Plus the burden of regulation in this country, just Federal regulations that are on the backs of all those businesses, the gentleman from New Mexico's (Mr. PEARCE) business and my construction business before I sold it to my oldest son, actually less than a year ago, and the gentleman from Colorado's (Mr. BEAUPREZ) business as well, the burden of those Federal regulations adding up across this country to over $850 billion a year. That is wasted money. That is not productive. It is not things in the productive sector of the economy where jobs are created.

Where we have jobs created in the productive sector of the economy, there are contributions that come from taxes that help to fund government, and when that happens then there is a little money left over for No Child Left Behind, and that is some cleanup.

The gentleman from Ohio made a statement that they are underfunded on No Child Left Behind by $1.5 billion. Well, I hope he is sitting over in his office listening to this, because he needs to take a look at the real process here, and America needs to understand it as well.

There is authorization, and then there is appropriation. Those two numbers do not match. Authorization says we can go ahead and appropriate maybe up to this amount, cap it there, no more, but use judgment to hold this into fiscal restraint. This number that is being claimed by the gentleman from Ohio on No Child Left Behind, this $1½ billion, I can only assume, if it is anchored on anything, it is anchored on authorization, not appropriation. There is not a way that one can calculate that and make that allegation that we owe $1½ billion to Ohio unless it has been appropriated, and if it is appropriated the money would be there, and the difference needs to be understood.

This claim, by the way, if we look back through the records, the last time the Democrats had a majority in the House and the Senate and the Presidency and they got a chance to fund education to their will, they had an authorization number and then they had an appropriation number, and they did not match. But the folks on the other side of the aisle were not here saying, ''We are underfunded, Mr. President.'' That is the issue here, is the credibility aspect between authorization, appropriation.

I yield to the gentleman from north New Mexico.

Mr. PEARCE. Southern New Mexico, Mr. Speaker, I border on the Mexico border, and my district is about as large as the State of Iowa.

I would like to go back to the cost of lawsuits to American business and what it costs each individual. Basically, the frivolous lawsuits in America cost each one of us 5 percent off of our wages. That is an approximate cost of $807 per U.S. citizen. That is across the board. Litigation costs increase insurance premiums, create higher medical costs. They cause less disposable income in our homes. They raise prices on goods and services. Businesses have to charge a higher price in order to cover the cost of litigation. This slows job growth and expansion of the economy.

The U.S. Chamber last year in my district ran ads. They were telling the New Mexico citizens that for every new car they buy, they pay over $500 for the costs of litigation that are acquiring on that car manufacturer somewhere.

One of my friends from Ohio said that we must stop making policy based on the contributions to campaigns. I would like to hold him to that statement. The single largest contributor to our friends on the other side of the aisle are the personal injury lawyers. They are the ones who are buying influence, and they are the ones who are blocking the reforms of lawsuit litigation abuses in this country.

This House has passed medical liability reform, it has passed asbestos liability reform, it has passed class action lawsuit reform, and they sit stalled out because of the special interests who are buying influence here exactly like my friend from Ohio from the other side of the aisle was talking about. I hope that he will join me with as much enthusiasm as he was displaying on the floor of the House to talk about the special interests purchasing the system here in Washington, and that special interest group being the personal injury lawyers of America.

Mr. Speaker, if we are going to consider the environmental cost, the environmental tax on each product in America, we also need to consider the lawsuit cost, the litigation cost, on every product in America. Because it comes from each one of us every time a lawsuit is filed. No one of us would block access to the courts for people who have a serious, legitimate legal claim, but the frivolous lawsuits are designed never to go to court but instead to extract a payment from a company without going to court for a perceived injustice.

Very rarely do the members of the class, those people, the class of the class action, the hundreds and hundreds of thousands of people who are put on the class action lawsuit by the lawyers, very rarely do they get anything. I have heard payments as low as 25 cents for each claimant in a class action lawsuit, while the lawyers get millions and sometimes billions of dollars.

If we are going to improve the business climate in America, if we are going to stop the outflow of jobs from this country, we will deal with the frivolous lawsuits that really affect the ability of any company in this country to continue to produce goods and services and produce jobs for the people who want to live here and to raise their children in just a peaceful, quiet neighborhood, knowing that they have the security of a job for tomorrow. Lawsuit abuse is one of the greatest penalties in our system, both personal and corporate, that we face.

I yield back to the gentleman to conclude. This is all of my statement, and I do thank the gentleman for bringing this conversation to the floor of the House on this day when it is announced that, under the President's policies, under President Bush's policies, 308,000 new jobs have been created in March. I thank the gentleman for his leadership on this issue.

Mr. KING of Iowa. Mr. Speaker, I thank the gentleman from New Mexico (Mr. PEARCE) for his comments.

Mr. Speaker, another subject matter I would like to raise is in rebuttal to the remarks made by the previous speakers from the Ohio delegation, and that would be with regard to unemployment and the very strong statements made on why we need to extend and expand unemployment benefits. We have done that in this Congress, and it has been up for a vote twice in a little more than a year that I have been here, and I will tell the Members that I come to the table with a little bit different viewpoint on that.

That is, first of all, the demand on a minimum wage increase and possibly the discussion that has to do with a living wage; and I want to argue that there is hardly a legitimate minimum wage in this country at all. Most people are working for more than the minimum wage. Our economy has grown past that, and the minimum wage itself sometimes keeps people from getting in entry level.

I pointed out that it used to be one could drive into a gas station anywhere and some young person would come out there, entry-level job, and wash the windshield, check the oil, check the air in the tires, and fill the gas tank up and bring them their change and send them along their way. That was kind of a nice service, and they learned a work ethic. We do not do that anymore, and one of the reasons is because of minimum wage.

But labor is an equation just like any other commodity. Labor is a commodity, and it is like corn and beans or oil, as we talked about earlier, or gold or shares in the marketplace. The value of labor is predicated upon two things: the supply and the demand of labor, just like the supply and demand of gold or oil, controls the price. So

when we start to interfere with that cost and we raise that cost of entry level labor up, then we are going to have some people who lose out on jobs.

If we can legislate, by the way, a minimum wage, then I would challenge then the next step is legislating a living wage. As I hear about living wages, then I say, well, if we can raise that price up, and living wage used to be claimed to be something like $8.56 an hour. So if we could legislate a living wage, then why in the world could we not just go ahead and legislate prosperity? If it does not cost jobs, if people are not going to get unemployed because of raising a minimum wage or moving up to a living wage, then let us all just be rich and let us set that level someplace at $20 or $25 or $30 an hour, and then we can all just share in this prosperity that would be legislated by the wise people from over here on the other side of the aisle.

That does not work, because it is supply and demand. It is working. That is why the real minimum wage is substantially higher than the legislative statutory minimum wage.

Transportation, we passed that today. That puts dollars and jobs out there. Transportation is the fundamental, foundational first building block in economic development. Transportation, education, high-speed telecommunications are those components today. Transportation was the first component. It is the most essential component. We have now started down the path of providing for those jobs and building the American economy, but it can be stronger, and the bill could have been better.

I cannot leave this closed without addressing some things that need to be better, and that is the environmental burden on the transportation cost. Eighteen point four cents of every American's gas, when they put the nozzle in their tank, goes into this highway fund. But of that 18.4 cents out of every gallon comes about 28 percent just to feed the E-tax, the environmental monster, the cult, a religious type of environmental cultism, rather than a responsible way of dealing with our environment. We cannot even inventory the offshore natural gas reserves off the coast of Florida because of the barrier here in this Congress because of the E-tax that is on us. So there is an environmental piece to this.

Then there is a wage scale piece to this, the Davis-Bacon wage scale. That will increase the cost of wages from 8 to 38 percent and actually some statistics show 5 to 35 percent. But I will just say average that all out and that comes to about 23 percent of this; this is higher than it needs to be because of federally mandated wage scales. So we add the 28 percent for environmental, let us say 20 percent for the wage scale. So we are at 48 percent, and we have not even dealt yet with mass transit, bike trails, money for scrubbing the graffiti off the walls. Come on. Do we not have some people in our prisons that we could give them a wire brush and send them out there? Why are we imposing that upon the taxpayers of America to clean off the graffiti? Is that not a local issue?

So when we add all these pieces up, I will argue that we can come to 68 percent, maybe 71 percent of this can go somewhere else to be funded if, in fact, we believe it should be a priority whatsoever. I want every dime possible out of those transportation dollars to go into concrete and earth moving and pipe work and transportation that can be used to grow our economy, and I pledge here and now to move forward with this over the next 6 years if they send me back to do so in order to try to turn those dollars in a more responsible fashion for transportation.

We are doing a lot of the right things, Mr. Speaker. We need to continue improving on every single component where we claim credit. We will get better, and we have got a lot to claim credit for, including 308,000 new jobs just in this past month alone.

OUR POROUS BORDERS

The SPEAKER pro tempore (Mr. BURGESS). Under the Speaker's announced policy of January 7, 2003, the gentleman from Colorado (Mr. TANCREDO) is recognized for 60 minutes.

Mr. TANCREDO. Mr. Speaker, we have a couple of towns in Colorado that are approaching 500,000. I believe a town in my district, Aurora, Colorado, would be in that area somewhere. Just the last 6 months this Nation has added at least one more, Aurora, Colorado, and not by the fact that a group of American citizens or anybody presently living in the country had a number of children that all of a sudden would create a whole new city. We got this because we have porous borders and because, from October 1 last year to the end of March, approximately half a million people came through just one sector of our southern border, just one sector, the Tucson sector. We can be sure that it was at least that many because we know from experience, by how many we catch coming into this country, that there are at least two to three that get by us.

So from the first of October to the end of March to the first of April, about a quarter of a million people were interdicted in that southern border in one sector, just the Tucson sector.

This is astronomical. The numbers are unbelievable. They are up like 50 percent. For every single person that we stop at the border, remember, two or three get by us, get by the Border Patrol. So that is why we know that in that 6-month period of time, a half million people came into this country illegally; and they did so in just one sector. We are not talking about the entire border of the United States of America, north and south.

What does this mean? And, by the way, why do my colleagues think they are doing that, Mr. Speaker? Why, I wonder, are we having so many people right now coming into this country illegally? Every year we have literally hundreds of thousands of people who sneak into the country. We take in a million and a half people approximately every year legally. We are one of the most generous nations in the world.

□ 1530

It is certainly the most liberal policy when it comes to immigration. But beyond that, beyond the people that we bring into this country every year legally, another 1 million or so come in through the back door, another 1 million or so we do not know who they are, we do not know where they are, we do not know what they are doing here. We trust most of them are ''doing these jobs,'' I hear this constantly, ''that no one else wants.'' They are only coming to do jobs that no other American will do.

I tell you, Mr. Speaker, with between 10 and 18 million Americans out of work today, I will bet you anything that there are millions of Americans who are willing to do the jobs, but they have been underbid, if you will, by people who have come here illegally. Their jobs have been taken by people who have said, I will do it for less.

Then the next wave of immigration comes, and they do the same thing. They take jobs from the people who just came in. So that over the last 10 years, our wage rates in this country have stayed flat; and wage rates, especially for low income people, have stayed very, very flat, because it is a depressing effect on wage rates when you have millions of people coming into the country illegally, especially people who are low-skilled and therefore low-wage people.

But half a million through just one sector over the last 6 months. And why? I will tell you why, because the President of the United States made a speech, and in this speech he said that he wants a program of amnesty. And there is no other way to put it.

He connected it with his plan for a guest worker program; but, in fact, because he allows people to stay in this country even if they are here illegally, it is an amnesty plan.

Every time I go to the border, and I go down to the border quite often, Mr. Speaker, and up to our northern border, and every time I do I talk to someone who is Border Patrol, and they will say to you every single time, they will say, whatever you do, do not even use the word ''amnesty'' when you start talking up there in the Congress, because every time you do that, then the flood that I am trying to stop down here turns into a tidal wave.

That is exactly what happened. The numbers went up dramatically right after the President gave his speech, and they continue to go up. On the border, our Border Patrol people are even asking the people they interdict, why

are you coming? They will tell them, to get the amnesty they think they are going to get. So now literally millions of people have come into this country illegally already to obtain this goal of amnesty, which we should never give to anyone.

No one ever should get rewarded for breaking the law, and that is exactly what any amnesty plan is. And no one, no one as an employer, should be exempt from the law, simply because they hire a lot of people who are here illegally. In fact, they should be fined; they should face the full force of the law of the land here, because it is against the law, as you know, Mr. Speaker. It is against the law to hire people who are here illegally, although we do it. We do it quite consistently, and we do it by the millions, and we ignore it. It is because we have learned with immigration policy. We have learned that the law is like a Chinese menu in a Chinese restaurant. We will accept this, we will take that, we will not take this or will not take that. So we do not enforce the law against people who are hiring people who are here illegally, and we should.

There are consequences to massive immigration, consequences that nobody wants to talk about, I know. Many people are concerned about this discussion.

I am a Republican, Mr. Speaker, and I recognize that I many times rile my colleagues and even certainly the White House, because I do talk about this issue as often as I can. And I talk about it because I believe it is one of the most important public policy issues we can deal with here.

It is something to live in Washington, D.C., or in Chicago, or in Billings, Montana, or Omaha, Nebraska. You will see the effects of illegal immigration, certainly. But you do not see them like you see them on the border, where in your backyard every night people are coming across by the thousands, and it is happening on our southern border especially. There are consequences to that.

I want to read a letter I got from a constituent, not of mine, a lady that lives in Arizona. I will condense it. She says: ''This is my story.''

This puts a face on this issue of illegal immigration, because it is not just numbers. When I come here and talk about the fact that a quarter of a million people were interdicted in just one sector in 6 months' time coming in here, that is just a number to most of us. But to this lady and to the thousands of people who live on that border, it is far more than just numbers. It is a way of life that is being destroyed down there. And, believe me, what is happening on the border is going to be happening farther and farther north as time goes on.

She says, ''I live in a world,'' she called this ''My Story.'' She says, ''I live in a world where I do not count. I am not a minority. I am poor, I do not have coalitions rallying for what I feel is important. I do not have news reporters writing about poor me. But I have views, I vote, I pay taxes, and I know there are millions of people in America just like me.

''I live next to a shelter built by politicians who are afraid to have an opinion about closing the border. Daily, 1,500 illegal aliens visit that shelter. It was supposed to keep those poor people from urinating and defecating on the streets. It did not. Now, if I were to defecate on the streets,'' she said, ''I would be fined.

''My home and vehicles have been broken into 22 times in 5 years. I stopped calling the police each time they do now, because they do not come anyway. Instead, we bought a gun. We scared off the last illegal alien trying to steal our truck. He knew enough English to say 'sorry' as we pointed the gun at him. Three months later, we still have a towel over the smashed driver's side window.

''Not too long ago a car ran into the rear end of my car. The policeman came and said I would have to wait while he called for a back-up. My baby was screaming. The police had no film in the camera. The backup policeman had no fingerprinting ink or film. The illegal alien who hit me had an ID, but the police said there was nothing that could be done. The illegal would just get another fake ID and would never show up for court. He did not have insurance.

''The illegal alien who hit me said 'sorry,' as he walked away. He was free to go. I was free to pay the deductible on my car and the chiropractor bills for my children and myself. If I drove without insurance and hurt someone or their possessions, I would be forced to pay for the damages.

''My husband works 6 days a week as a framing contractor. He pays FICA, Social Security, State taxes, Federal taxes, general liability insurance, workman's comp insurance, and probably others I do not even know about. His workman's comp just skyrocketed from $5,000 to $28,000 a year. Now, I ask you, where am I going to come up with the extra $23,000? We had no claims. Should I take it from my food budget? My home insurance costs me $100 more annually because I live in a border State.'' She says, ''How long before Kansas becomes a border State?

''I have no medical insurance and have had no medical insurance for years. I cannot afford it. At 33, I got cancer. My doctor told me to go to the hospital, ACCHS. I do not remember how to spell the State's medical system, since they declined me anyway. My husband's company had no profits for 6 months due to theft. Without studying my receipts, I was declined. Interestingly, hundreds of illegal aliens standing in line were being given food stamps and medical care. They did not have Social Security numbers; they did not speak English.

''My son cries nightly because his arms and legs hurt. He has cried for almost 7 years. They do not know what is wrong with him.''

They do not have insurance, and therefore are hesitant to just take him to the doctor, because they cannot afford to pay. But she goes on to say that when she has gone eventually to the emergency room, they cannot even take them, because there are so many people there ahead of them who are here in this country illegally.

''Two years ago,'' she says, ''I announced to my family there would be no turkey for Thanksgiving. We would eat pasta and be thankful we are a family. My Catholic friend made arrangements for me to get a box of food from her church. I went reluctantly. I drove up in my broken old van. I saw a lot of new stickers on new Suburbans. My van was the worst vehicle there, and it hit me that I really was poor.

''I stood in line for 20 minutes, amazed by the number of illegal aliens who could not show an ID when they were asked. When it was my turn to show an ID, I was told to leave. There was not enough food for me to take a box. I looked around, there were boxes of food everywhere. For a minute, I forgot: I did not count.

''Our church, our pastor, reminds us to stay hopeful. I struggle to make sense out of a system that has taken from me and given to those who have more than I do. Who will be my voice? Where is my coalition? I thought it was the leaders of America. I was wrong. They have sold me out, and millions like me. What is worse, I do not know why.'' Rhonda Rose is her name.

We get literally hundreds in my office, hundreds of e-mails. When I come on the floor here, as I try to do often, to speak on this issue, we go back and the e-mails start. And I want to hear from these people, because, you know, they all tell stories like this, and they ask us to continue to work and try to do something about this illegal immigration problem. I feel like I am overwhelmed by their cries for help.

I know that there are other colleagues who care about this issue, Mr. Speaker, but I do not see it translating in any sort of way into help for these people. We are fearful of doing anything that would actually secure those borders. We are fearful of doing anything that would actually enforce the law in this country.

Why are we fearful? What are we afraid of in this Congress? Why will we ignore the laws on the books? Why will we tell people like her that we will abandon them? Because, Mr. Speaker, as you and I both know, on that side of the aisle they will do nothing about immigration, legal or illegal. They want to encourage it, because they know it turns into votes for them. On our side of the aisle, we do nothing to stop it because we believe that it is cheap labor. And those two powerful interests have stopped us from doing anything significant about this issue.

It is the fear of the political ramification. What would happen? You

know, we have been on this floor for days talking about jobs, about how we cannot possibly go on outsourcing jobs, how many jobs Americans have lost in every industry and what each candidate for President is going to do about it, and candidates for the House of Representatives, what they are going to do.

We discuss how we are going to change this. Should we put on tariffs? Should we try somehow to be protectionist and stop allowing imports? Should we actually pass laws saying corporations cannot offshore, as if we could actually stop it, considering the Internet and the movement of jobs-to-jobs to workers all over the world in an instant?

But we say those things. We are thinking. We are pulling our hair out trying to think about how to create more jobs in this country, how to stop the offshoring of jobs, because we know it is going to be a political issue. But we cannot seem to come up with a real plan, because no one will want to address this issue.

Mr. Speaker, where do you think those 500,000 people are today that came in in the last 6 months through the Tucson sector? Do you think they all just simply went on welfare? Many of them, of course, most of them, are working somewhere in this Nation. And where did they get this job? Was it a job no American wanted? Was it a job that happened to be posted in a newspaper, or was it a job that somebody else had that they have now displaced?

I am told every day that there are not enough jobs available for Americans who want to work, and we are trying to think of ways to create jobs. Yet, we refuse to secure the border; we refuse to do anything about the people who are already working here illegally.

We can create 10 million jobs tomorrow if we just enforce our own laws against illegal immigration. We would not have to do anything. We would not even have to get involved with the World Court because we introduced a concept, an idea, that could be seen as being protectionist.

This would only be enforcing the laws that America actually has on the books, and we will not do that. We do not have the political will.

How are we going to answer these people, or the hundreds of others that call our office, and, I know, other offices of other Members? Not too long, after the President's speech, we had almost 1,000 calls into our office in 2 days. I came on this floor and I talked to other people; and they told me the same thing, that there in fact had been hundreds of thousands of calls coming in to all the offices for all the Members.

□ 1545

So I know people did respond. And we know what that means, Mr. Speaker, because so many people called their Congressmen and Congresswomen in their districts: that plan that the President proposed is dead on arrival. It is not going to pass, my colleagues and I all know it. I am glad that it is not going to pass, and he is a President of my party, and I respect him and admire him and I will support him in many ways, but he is as wrong as he can be on this issue, Mr. President, and Mr. Speaker, and Mr. President, if you are listening.

I see a colleague of mine has joined me. I am going to make an assumption that he has joined me because he wants to join in this debate. I say that because I know him and I know his heart, and I know where he is on this issue.

We are now going to confuse a lot of people, because we are told often that we look very similar, and we are confused often as we go around the House here. I am sorry for him if that is the case, if he does look like me. He is much more handsome than I. But my colleague, the gentleman from Iowa (Mr. KING), has joined me; and I will be glad to yield to him.

Mr. KING of Iowa. Mr. Speaker, I appreciate the gentleman's assumption that I came here asking for you to yield and saying that that is where my heart is and my head is. Without preparation, I did want to also listen to your presentation, which I did last night on C–SPAN, by the way, and I know millions of Americans were listening as well. I thank the gentleman for the leadership he has provided on this issue.

In this Congress and in politics around the country, whether it is State legislatures or city councils or county supervisors, there is a thing that has to happen in the dynamics in order for good public policy to be formed, and that is that there are always two sides to an issue, or it would not be an issue. As those issues get pulled and tugged and massaged and people in the middle start to weigh in for and against the increments of that policy, over time, that policy is shaped in such a way where you finally get to the point where there is enough agreement where we can pass such a policy. We are a long, long ways from that in this immigration policy in the United States today.

I look back to the years when Pat Buchanan was running for President and he insisted that we have a nationwide debate on immigration. I regret that we were not able to move that debate forward at that time, shape this policy before we got to this critical situation that we are in today, with massive numbers flowing over the border and not a policy to deal with it.

I understand the President's motivation. I think his head and his heart want to go down that path to help 10 or 12 or 14 million people. The other side of this equation is one the gentleman from Colorado and I agree on, and many, many members of this Congress and even a greater percentage of people across the country that intuitively understand, that an immigration policy which by Constitution is vested within the responsibility of the United States Congress, an immigration policy must be designed to enhance the economic, the social, and the cultural well-being of the United States of America. What other purpose would we have?

I look at some things that happened in my State. We have an affirmative action program within our universities that has been approved by the board of regents. It is an 8.5 percent, we cannot call it a quota, it is an 8.5 percent minority ''goal.'' Well, this minority goal almost moved some State legislation that would have imposed the equivalent of a high burden on the taxpayers of the State to try to reach this 8.5 percent. In Iowa, we have about a 3 percent minority, but we would do an 8.5 percent minority goal.

Well, in an effort to reach that goal, within one of our regents' institutions, that institution set up a recruitment center down in San Antonio, Texas. I would like to be recruiting those folks of the same ethnicity if we need to do that from Iowa. We have sufficient numbers that are not accessing education, but yet the recruitment office in San Antonio was recruiting Hispanics to meet part of this 8.5 percent goal for minorities, and then they got overzealous and they went across the border and they brought in Mexican nationals from Mexico City to meet a goal for a minority set-aside in Iowa.

What is going on, America? I cannot connect my logic with this.

I will go back to affirmative action. If we take it back to its inception, it was designed to correct the institutionalization of segregation of American blacks in the South. That was the specific, narrow goal of affirmative action, and it is preferential treatment in jobs and educational opportunities. I do not know how we would have fixed that. That is a sin against this Nation. And maybe there was a better way, but I am not wise enough to tell what we should have done. So I am going to let that one pass for a moment and just say we needed to fix that. And we have, to a large degree, repaired the institutionalization of segregation of American blacks in the South. Now they are coming up in job opportunities.

But that affirmative action program that was instituted then, for what arguably was a good cause, now has grown into this monstrosity of a policy that decides that every family reunion has to take place in the United States; it cannot take place in any other country. So we have a repatriation policy that allows someone to reach out and bring their family members into the United States, and that does not fit that equation of what is good for the economic, social, and cultural well-being of the United States.

Mr. TANCREDO. Mr. Speaker, if the gentleman will yield, the economic, social, and cultural well-being of the United States, now that is an interesting phrase; and it is an important one. Because it is important to understand that massive immigration into

the country, both legal and illegal, that phenomenon has, in fact, huge, huge implications for America, for who we are, where we are going, and what we are going to be. And this is an even more dangerous situation than what we were talking about earlier in terms of just the numbers and how they affect us.

Mr. Speaker, there is an assault. People ask me all the time, I am sure they ask the gentleman from Iowa also, they ask, why is this different now? Why are you arguing this issue? What makes immigration today different than when your grandparents, and it was my grandparents, by the way, who came? My folks did not come over on the Mayflower. I am a relatively new American. What is the difference? Why was it okay then and not okay now?

I said, well, there are two main reasons, as far as I am concerned, two things. First of all, it is a different country. We are a different country than the country to which my grandparents came in many ways. One, of course, is that when my grandparents came, and I will bet the gentleman from Iowa's too, there were either of two choices for them: they either worked or they starved. That was it. There was nothing else. There was no such thing as a welfare plan. And there was also no such thing as a radical multiculturalism that permeated our society.

Now, what do I mean by that? I am talking about a philosophy, an idea that has seeped into the absolute soul of our society, and it is what we teach our children in schools, that there is nothing of value in America.

Example: Los Angeles, I heard this on radio just the other day. A Los Angeles school, Roosevelt High School, where an eleventh grade teacher told a nationally syndicated radio program that she ''hates the textbooks she has been told to use and the state-mandated history curriculum'' because they ''ignore students of Mexican ancestry,'' because the students do not see themselves in the curriculum. The teacher has chosen to modify the curriculum by replacing it with activities like mural walks that are intended to open the eyes of the students to their indigenous culture.

Another person who actually created one of these murals was on the radio talking to the students; and he said to them, this is not your country. You should have absolutely no allegiance to this country. Your education has been a big lie, he told them, one big lie after another. And we know that this is one tiny example of something that happens in schools all over this Nation, where children are told that they, in fact, should not attach themselves to what we called the American dream when my grandparents came here; that they should stay separate; that they should keep their separate language and cultural and even political affiliation with the country from which they came. This is what we tell them today. That is why it is a different country. And it may be also that we have a different type of immigration policy.

I met recently with the bishop of Denver, Bishop Gomez; and he said something I will never forget. This was at a breakfast and we were discussing this issue, and he said to me, Congressman, I do not know why you are so worried about immigration from Mexico. And by the way, it is not just Mexico; he happened to be talking about Mexico. He said, I do not know why you are so worried about immigration from Mexico. He said, The Mexicans that are coming here do not want to be Americans. Those were his exact words.

I said, well, Bishop, to the extent that that is true, if what you said is true, then that is the problem. That is what I am worried about. It is not them coming here; it is them coming here not wanting to be Americans on one side and us on the other side telling them we do not want you to either, we want you to stay separate, Balkanized and divided. This is a serious problem for America. I yield to my friend.

Mr. KING of Iowa. Mr. Speaker, I would add to that there is a different philosophy today than there was when your grandparents came here or when mine came here. My grandmother came over from Germany.

I remember her advice to my father who went off to kindergarten on his first day speaking German only and when he came home from the first day, walked into the house and said hello to his mother in German, and she turned to him and said, speaking German in this household is for you from now on verboten, because we came here to be Americans, and you are going to learn English in school and bring it home and teach to it me.

I wish I could say that in German today, but it conveys a philosophy of buying into this culture and this civilization. Yes, there are many immigrants that come into this country who do buy into the philosophy; but sadly, millions of them are met at the border with radical multiculturalists, the cult of multiculturalism with, I used to say hundreds of millions of dollars funding, and now today I say it is in the billions of dollars, funding this multiculturalism that is infused into every level of our curriculum, every level of our lives, and it rejects a greater American civilization. It rejects the very concept that America is a great Nation or that we have the lead culture, economy, and military in the world, or that we are the unchallenged superpower in the world. They focus on the things that they can be critical of, what they call America's failures.

Mr. Speaker, multiculturalism draws a new line. This new line is, everybody belongs to a group, except for the gentleman from Colorado (Mr. TANCREDO) and myself and other folks who fit in our category.

I went to a college campus, and before I went there to speak, I went to their little search engine on their home page and I typed in ''multiculturalism'' and I hit search. What came back was 59 different multicultural groups registered on campus, starting with Asians, ends with Zeitgeists, and in between, and every one, virtually, a victim's group. As I talked to those young people and I said, look at this. When you arrive here as a freshman on the first day, there might as well be 59 card tables set up out here in the parking lot and you can go down through here and choose your victims group. Start with Asians, ends with Zeitgeists, you will belong to 5, 6, 7, 8, or 10 of them before you get down through this line, and everyone will tell you why you ought to have the sweat off of somebody else's brow, everyone will tell you that you are a victim and you deserve special rights and group rights by virtue of this merit of being a victim.

But if I might conclude, then, so your grandparents and my grandparents that came here did not see themselves as victims. They saw themselves as being extraordinarily fortunate individuals that had the opportunity to pull themselves up by their bootstraps. I yield back to my colleague.

Mr. TANCREDO. Mr. Speaker, let me give some more examples of exactly what the gentleman is saying here and the problems we face. A school district in New Mexico, the introduction of a textbook called ''500 Years of Chicano History in Pictures,'' and it was written, now listen to this, it states that it was written in response to the bicentennial celebration of the 1776 American Revolution and its lies. That is why this textbook was produced, because of the lies of the bicentennial. Its stated purpose is to celebrate our resistance to being colonized and absorbed by racist empire builders. The book describes defenders of the Alamo as slave owners, land speculators and Indian killers, Davy Crockett as a cannibal, and the 1847 war on Mexico is an unprovoked U.S. invasion.

The chapter headings include Death to the Invader, U.S. Conquest and Betrayal, We are Now a U.S. Colony in Occupied America, and They Stole the Land. This is a textbook, mind you, that was introduced into classrooms in New Mexico.

This, by the way, this is a quote by a gentleman who is the president of La Raza. La Raza is probably one of the most significant of the Hispanic organizations and it means the people, La Raza. Many would suggest that the positions that they take are antithetical to true democratic principles and that they are part of the problem of dividing people up into these victimized groups. Here is what the president of La Raza said. By the way, this is traditionally supported mass immigration, but today sees a more pressing issue for Hispanics. This is his quote: ''I think the biggest problem we have is a culture clash, a clash between our values and the values in American society.'' That is what he told the Fort Worth Star.

This is a clash of values, he said, that they are not our values. Well, of course, I believe to a large extent they are common values. But if we do not teach children in our public school system to believe and understand who they are and what their heritage really is, the value of a Western Civilization that they can share, if we do not do that and we are not doing it, we are afraid of doing it, then how can we ever expect them to in fact support and defend that concept?

I went into a school in my district not too long ago, brand-new school, built in Douglas County, Colorado, which is one of the fastest growing and also one of the counties with the highest per capita income in the country. Needless to say, I do not live in that particular county, but it is a county of fairly wealthy people.

□ 1600

These kids were great kids and bright, and they had all the advantages of having a school in that area and all the accoutrements of a beautiful school. They came in and talked. We were in an auditorium. There were about 200 kids. They were good kids. I do not mean for a moment to suggest that they were not. But they got to the end, and one of them sent a note up to the thing and said, ''What do you think is the most significant problem facing the country?''

I said, ''Well, I am going to ask you a question and maybe it can help me make that decision.'' I said, ''How many people in this auditorium right now will agree with the following statement: You live and we live in the greatest country on earth?''

Two hundred people, 200 kids, brightest, best educated, healthiest, the product of Western civilization that has created that we have today, and maybe 2 dozen raised their hands out of 200.

I stood there in shock in a way. I have been a teacher. When I looked out at those kids, I saw on a lot of faces something I had seen it before, a lot of kids wanted to say yes to the issue. They did not hate America. They wanted to say yes. But I have seen that look where they said, if I put my hand up, he might actually call on me. So they did not.

They were afraid to put their hand up to say yes to that question because they were intellectually disarmed. They could not possibly have made the case. They were afraid if they said yes, yes, I believe I live in the best country in the world, what if I would have said, ''Okay. Prove it. Why?'' And that is what they were fearful of. Because they had not been taught why they should.

As a teacher, kids come into schools, some have an innate knowledge and love of music. Very few. Some have just an innate knowledge and love of great art or great literature. Very few. Our task as teachers is to teach them why they should appreciate it.

It is exactly the same thing with our society. They do not come in with an innate knowledge and appreciation of Western civilization. They need to be taught. If we do not do so, then it is to our peril.

The children around the room, I could tell, they even looked at the teachers who were standing along the aisles leading down to the stage, and there was some degree of hesitancy that made them very uncomfortable to be placed in this position of having to try to defend this concept.

I suggest that this is because we have become so captivated by the cult of multiculturalism that we are afraid to say the obvious, that we are in the greatest Nation, we do live in the greatest Nation of the world. If we do not tell our children that and if we tell immigrants that that is not the truth and they should never connect us to that kind of a country, will we have a country at all? What will it look like? I do not mean by color, I just mean by division. Is it Balkanized America or is it united America?

Mr. KING. Mr. Speaker, I think I have an anecdote on this scenario that I painted here. That is, some years ago I drafted some legislation, and I began to identify these same things. What is great about this Nation and what are the weaknesses that we have within our educational system that does not infuse this into the minds of young people anymore like it was infused into our mind as we grew up? It was part of our family and educational system, something we learned in church as well.

I drafted legislation, and I called it the God and Country Bill. It simply states that each child in America shall be taught that the United States of America is the unchallenged greatest Nation in the world, and we derive our strength from biblical values, free enterprise capitalism, and Western civilization.

Now, unless you have been there you cannot imagine how many names I got called, how many nasty letters and e-mails and phone calls came my way for stating something that I believe ought to be obvious to the vast majority of Americans. One particular e-mail came, and I noticed it had an educational e-mail address. It said, ''We get plenty of Western civilization. You are trying to impose something on America, and we do not really believe we are the greatest nation in the world.'' It gave a whole list of these things.

By the way, it was not friendly toward Christopher Columbus. I point that out particularly.

But, nonetheless, ''We get 2 years of American history. We get enough Western civilization. We do not need to teach anymore.''

I thought, okay, I am going to help this student out. I did not know how to explain it, so I just typed back an e-mail response that said, go see your teacher about Western civilization. Your teacher will explain to you what Western civilization is.

The answer I got back was, ''I am the teacher.''

There is the problem, at least one of the problems.

Mr. TANCREDO. Mr. Speaker, we will be wrapping this up. I want to thank my colleague very much for joining me for this special order.

About 2 weeks ago, 3 weeks ago now, I introduced a resolution; and it is a very, very simple resolution. It is a Sense of Congress that all children graduating from any school in this country should be able to articulate an appreciation for Western civilization, and I was astounded by the reaction I got.

I mean, first of all, the NEA, the National Education Association, of course, they came unglued. How dare I suggest such a thing? How dare I?

We get e-mails from people who have seen it, and it is the same thing. In fact, an article that was in a newspaper, a Houston Chronicle article written by two individuals co-authored it, they were vilifying me and also an author by the name of Samuel Huntington for writing a book in which he brings this issue out.

They said, ''What is so good about assimilation any way?'' That was their way of addressing it. ''Why should we assimilate into your society?''

These are supposedly Americans. These are people writing in a newspaper that they were regular columnists and they were suggesting that there was some separation there between their America and mine.

Well, I suggest and I would really and truly like for people to go to the Web site. I always get a lot of calls when I do this, people asking how can we get more information about this. I tell them all the time, Mr. Speaker, they should go to the web site www.house.gov/Tancredo. On there you will see a page to go to called ''Our Heritage, Our Hope.''

There is a resolution that we have in front of this Congress. I have another resolution that we have given to State legislators; and I believe in Iowa, if I am not mistaken, we were able to get a State legislator there to introduce it into Iowa. Same exact resolution, that is all we are asking for, is to have children be able to articulate an appreciation for Western civilization.

That does not mean they should demean any other. It does not mean they cannot be critical of our own. It just means they have to have the ability to understand where we came from, who we are, and where we are going.

It does not matter if you come here from Azerbaijan or Albania. It does not matter. It does not matter because, once you get here, there has got to be a canon, a set of standards or ideas that we all will buy into no matter whether we came from and no matter all the other cultural distinctions we have; and we can all appreciate the fact that there are these differences, but something has to hold us together.

It is a set of ideas, because this Nation is the only nation on earth that

was actually started on ideas. It is the only thing. We have enormous pride in that, and we should be able to take pride in it. We should be able to take pride in the fact that there are these tenets of the Western civilization like the rule of law and the value of the individual and the freedom of religion. These things are Western. We should be proud of it, no matter where one comes from, because they are coming to take advantage of it and should be willing to say, look, even in my culture we did not have that, and that is why I am coming here. I want to be part of it.

We need to have things that hold us together. We have to stop doing things that keep tearing us apart and keep telling our own and we have to begin teaching it in schools and we have to tell immigrants that that is exactly what is expected of them.

We have to secure our borders. Because no State can call itself a State if it does not control its own borders. The kind of thing we hear all the time, I know my colleague hears it and I do, racist, racist, racist. That is the word they want to throw at you and other epithets. But, in fact, of course, this has nothing to do with race. Nothing. And a significant number of the e-mails and letters I get are from Hispanic Americans who say, ''Right on. You are absolutely right.''

I say, God bless those people and God bless them for being here and God bless them that they are Americans, Americans first, before anything else. Some of them in my State have been here for generations, far longer in the United States of America and in Colorado than me or my family; and they see exactly the problem that exists.

So it has got nothing to do with race. It has nothing to do with ethnicity. It has nothing to do with country of origin. It has everything to do with this country and whether or not we will still be a country.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CULBERSON (at the request of Mr. DELAY) for today on account of medical reasons.

Mr. HULSHOF (at the request of Mr. DELAY) for today on account of a family emergency.

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. ANDREWS) to revise and extend their remarks and include extraneous material:

Mr. BROWN of Ohio, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Mr. CONYERS, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. MCDERMOTT, for 5 minutes, today.

Mr. STRICKLAND, for 5 minutes, today.

Mr. RYAN of Ohio, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. CUMMINGS, for 5 minutes, today.

The following Members (at the request of Ms. HARRIS) to revise and extend their remarks and include extraneous material:

Mr. DREIER, for 5 minutes, today.

SENATE BILL REFERRED

A joint resolution of the Senate of the following titles was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 28. Joint resolution recognizing the 60th anniversary of the Allied landing at Normandy during World War II; to the Committee on Armed Services.

ENROLLED BILL SIGNED

Mr. Trandahl, Clerk of the House, reported and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4062. An act to provide for an additional temporary extension of programs under the Small Business Act and the Small Business Investment Act of 1958 through June 4, 2004, and for other purposes.

ADJOURNMENT

Mr. TANCREDO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly, pursuant to the previous order of the House of today, the House stands adjourned until 4 p.m. on Tuesday, April 6, 2004, unless it sooner has received a message from the Senate transmitting its adoption of House Concurrent Resolution 404, in which case the House shall stand adjourned pursuant to that concurrent resolution.

Thereupon (at 4 o'clock and 11 minutes p.m.), pursuant to the previous order of the House of today, the House adjourned until 4 p.m. on Tuesday, April 6, 2004, unless it sooner has received a message from the Senate transmitting its adoption of the House Concurrent Resolution 404, in which case the House shall stand adjourned pursuant to that concurrent resolution.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

7508. A letter from the Secretary, Department of Agriculture, transmitting a draft of proposed legislation, ''To authorize the Secretary of Agriculture to prescribe, adjust, and collect fees to cover the costs incurred by the Secretary for activities related to the review and maintenance of licenses and registration under the Animal Welfare Act''; to the Committee on Agriculture.

7509. A letter from the Administrator, Environmental Protection Agency, transmitting a report of a violation of the Antideficiency Act by the EPA's response to oil spills in inland waters under the Clean Water Act, pursuant to 31 U.S.C. 1351; to the Committee on Appropriations.

7510. A letter from the Administrator, Environmental Protection Agency, transmitting a report of a violation of the Antideficiency Act, pursuant to 31 U.S.C. 1351; to the Committee on Appropriations.

7511. A letter from the Acting Under Secretary, Department of Defense, transmitting a report identifying, for each of the armed forces (other than the Coast Guard) and each Defense Agency, the percentage of funds that were expended during the preceding two fiscal years for performance of depot-level maintenance and repair workloads by the public and private sectors, pursuant to 10 U.S.C. 2466(d)(1); to the Committee on Armed Services.

7512. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report on transactions involving U.S. exports to Mexico, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Financial Services.

7513. A letter from the Director, Regulations Policy and Management Sta., FDA, Department of Health and Human Services, transmitting the Department's final rule—Change of Name; Technical Amendment—received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

7514. A letter from the Secretary, Department of the Treasury, transmitting as required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and pursuant to Executive Order 13313 of July 31, 2003, a six-month periodic report on the national emergency with respect to persons who commit, threaten to commit, or support terrorism that was declared in Executive Order 13224 of September 23, 2001; to the Committee on International Relations.

7515. A letter from the Assistant Secretary for Export Administration, Bureau of Industry and Security, Department of Commerce, transmitting the Department's final rule—Removal of ''National Security'' controls from, and imposition of ''Regional Stability'' controls on, certain items on the Commerce Control List [Docket No. 031201299–3299–01] (RIN: 0694–AC54) received March 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

7516. A letter from the Senior Vice President, Potomac Electric Power Company, transmitting a copy of the Balance Sheet of Potomac Electric Power Company as of December 31, 2003, pursuant to D.C. Code section 43—513; to the Committee on Government Reform.

7517. A letter from the Director, Office of Human Resources Management, Department of Energy, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Government Reform.

7518. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Deep-Water Species Fishery by Vessels Using Trawl Gear in the Gulf of Alaska [Docket No. 031125292–4061–02; I.D. 031504C] received March 31, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7519. A letter from the Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—

Fisheries of the Exclusive Zone Off Alaska; Pacific Cod by Catcher Vessels 60 Feet (18.3 M) Length Overall and Longer Using Hook-and-line Gear in the Bering Sea and Aleutian Islands [Docket No. 031124287–4060–02; I.D. 031704C] received March 31, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7520. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Northeastern United States; Atlantic Deep-Sea Red Crab Fishery [Docket No. 031229327–4073–02; I.D. 121603B] (RIN: 0648–AR58) received March 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7521. A letter from the Deputy Director, Office of Protected Resources, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Taking and Importing Marine Mammals; Taking Marine Mammals Incidental to Space Vehicle and Test Flight Activities from Vandenberg Air Force Base (VAFB), CA [Docket No. 031112277–4018–02; I.D. 080603B] (RIN: 0648–AR70) received March 30, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7522. A letter from the Assistant Administrator for Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Gulf of Alaska; Final 2004 Harvest Specifications for Groundfish [Docket No. 031125292–4061–02; I.D. 111703E] received March 25, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7523. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Species in the Rock Sole/Flatehead Sole/''Other Flatfish'' Fishery Category by Vessels Using Trawl Gear in the Bering Sea and Aleutian Islands Management Area [Docket No. 031126295–3295–01; I.D. 022304D] received March 25, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7524. A letter from the Assistant Administrator for Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Bering Sea and Aleutian Islands; Final 2004 Harvest Specifications for Groundfish [Docket No. 031124287–4060–02; I.D. 111703C] received March 25, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7525. A letter from the Assistant Administrator for Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Pacific Halibut Fisheries; Catch Sharing Plan [Docket No. 040217059–4059–01; I.D. 021004A] (RIN: 0648–AR95) received March 25, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7526. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Zone Off Alaska; Pollock in Statistical Area 610 of the Gulf of Alaska [Docket No. 031125292–4061–02; I.D. 031204A] received March 30, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7527. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of th Exclusive Economic Zone Off Alaska; Pacific Cod by Catcher/Processor Vessels Using Trawl Gear in the Bering Sea and Aleutian Islands Management Area [Docket No. 031124287–4060–02; I.D. 031204B] received March 30, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7528. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Pacific Cod by Catcher/Processor Vessels Using Hook-and-line Gear in the Bering Sea and Aleutian Islands Management Area [Docket No. 031124287–4060–02; I.D. 031104A] received March March 30, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7529. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Zone Off Alaska; Pacific Cod by Catcher Vessels Less Than 60 Ft. (18.3 m) LOA Using Jig or Hook-and-Line Gear in the Bogoslof Pacifc Cod Exemption Area in the Bering Sea and Aleutian Islands Area [Docket No. 020718172–2303–02; I.D. 030804B] received March 30, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7530. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Pollock in Statistical Area 630 of the Gulf of Alaska [Docket No. 031125292–4061–02; I.D.0504] received March 30, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7531. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Northeastern United States; Summer Flounder; 2004 Specifications [Docket No. 021122284–2323–02; I.D. 030304B] received March 25, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7532. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Northeastern United States; Atlantic Mackeral, Squid, and Butterfish Fisheries; Closure of the Quater I Fishery for Loligo Squid [Docket No. 031104274–4011–02; I.D. 022604C] received March 25, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7533. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries Off West Coast States and in the Western Pacific; Coastal Pelagic Species Fisheries; Annual Specification [Docket No. 031125290–4058–02; I.D. 111003D] (RIN: 0648–AQ97) received March 25, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7534. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries Off West Coast States and in the Western Pacific; Coral Reef Ecosystems Fishery Management Plan for the Western Pacific [Docket No. 020508114–3291–02; I.D. 030702C] (RIN: 0648–AM97) received March 25, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7535. A letter from the Acting Director, Office of Sustainable Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone off Alaska; Pacific Cod by Catcher Vessels Using Trawl Gear in the Bering Sea and Aleutian Islands Management Area [Docket No. 031124287–4060–02; I.D. 032204H] received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7536. A letter from the Deputy Assistant Administrator for Regulatory Programs, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Snapper-Grouper Fishery off the Southern Atlantic States; Amendment 13A [Docket No. 031107275–4082–02; I.D. 102803A] (RIN: 0648–AP03) received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

7537. A letter from the Director, NMFS, National Oceanic and Atmospheric Administration, transmitting the 2004 Annual Report Regarding Atlantic Highly Migratory Species, pursuant to 16 U.S.C. 971 et. seq.; to the Committee on Resources.

7538. A letter from the Attorney, TSA, Department of Homeland Security, transmitting the Department's final rule—Security Threat Assessment for Individuals Applying for a Hazardous Materials Endorsement for a Commercial Drivers License; Final Rule [Docket No. TSA–2003–14610; Amendment No. 1572–3] (RIN: 1652–AA17) received April 2, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7539. A letter from the Paralegal Specialist, FAA, Department of Transportation, transmitting the Department's final rule—Modification of Class E Airspace; Gideon, MO. [Docket No. FAA–2004–17150; Airspace Docket No. 04–ACE–16] received March 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7540. A letter from the Paralegal Specialist, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 767 Series Airplanes [Docket No. 2004–NM–17–AD; Amendment 39–13505; AD 2004–05–10] (RIN: 2120–AA64) received March 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7541. A letter from the Paralegal Specialist, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Bombardier Model DHC–8–400, –401, and –402 Airplanes [Docket No. 2002–NM–311–AD; Amendment 39–13440; AD 2004–02–05] (RIN: 2120–AA64) received March 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7542. A letter from the Paralegal Specialist, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–10–10, DC–10–10F, DC–10–15, DC–10–30, DC–10–30F, DC–10–30F (KC–10A and KDC–10), DC–10–40, DC–10–40F, MD–10–10F, and MD–10–30F Airplanes; and Model MD–11 and MD–11F Airplanes [Docket No. 2003–NM–43–AD; Amendment 39–13441; AD 2004–02–06] (RIN: 2120–AA64) received March 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7543. A letter from the Paralegal Specialist, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 737–300, –400, and –500 Series Airplanes [Docket No. 2001–NM–88–AD; Amendment 39–13443; AD 2004–02–08] (RIN: 2120–AA64) received March 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7544. A letter from the Paralegal Specialist, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–9–81 (MD–81), DC–9–82 (MD–82), DC–9–83 (MD–83), DC–9–87 (MD–87), and MD–88 Airplanes [Docket No. 2002–NM–82–AD; Amendment 39–13444; AD 2004–02–09] (RIN: 2120–AA64) received March 26, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7545. A letter from the FMCSA Regulations Officer, Federal Motor Carrier Safety Administration, Department of Transportation, transmitting the Department's final rule—Safety Performance History of New Drivers [Docket No. FMCSA–97–2277] (RIN: 2126–AA17) received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7546. A letter from the FMCSA Regulations Officer, Federal Motor Carrier Safety Administration, Department of Transportation, transmitting the Department's final rule—Minimum Training Requirements for Longer Combination Vehicle (LCV) Operators and LCV Driver-Instructor Requirements [Docket No. FMCSA–97–2176] (RIN: 2126–AA08) received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7547. A letter from the FMCSA Regulations Officer, Federal Motor Carrier Safety Administration, Department of Transportation, transmitting the Department's final rule—Transportation of Household Goods; Consumer Protection Regulations [Docket No. FMCSA–97–2979] (RIN: 2126–AA32) received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7548. A letter from the Trial Attorney, Federal Railroad Administration, Department of Transportation, transmitting the Department's final rule— Railroad Locomotive Safety Standards: Clarifying Amendments; Headlights and Auxiliary Lights [Docket No. FRA–2003–14217; Notice No. 2] (RIN: 2130–AB58) received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7549. A letter from the Senior Attorney, RSPA, Department of Transportation, transmitting the Department's final rule—Pipeline Safety: Pipeline Integrity Management in High Consequence Areas (Gas Transmission Pipelines); Correction [Docket No. RSPA–00–7666; Amendment 192–95] (RIN: 2137–AD54) received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7550. A letter from the Regulations Officer, Federal Highway Administration, Department of Transportation, transmitting the Department's final rule—Federal Lands Highway Program; Management Systems Pertaining to the National Park Service and the Park Roads and Parkways Program [FHWA–99–4967] (RIN: 2125–AE52) received April 1, 2004, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

7551. A letter from the Chairman, Defense Nuclear Facilities Safety Board, transmitting the Fourteenth Annual Report describing the Board's health and safety activities relating to the Department of Energy's defense nuclear facilities during the calendar year 2003; jointly to the Committees on Armed Services and Energy and Commerce.

7552. A letter from the Chairman, Christopher Columbus Fellowship Foundation, transmitting the FY 2003 Annual Report of the Christopher Columbus Fellowship Foundation, pursuant to Public Law 102—281, section 429(b) (106 Stat. 145); jointly to the Committees on Financial Services and Science.

7553. A letter from the Secretary, Department of Energy, transmitting the Annual Report for calendar year 2003, entitled ''Department of Energy Activities Relating to the Defense Nuclear Facilities Safety Board, as required by Section 316(b) of the Atomic Energy Act of 1954, pursuant to 42 U.S.C. 2286e(b); jointly to the Committees on Energy and Commerce and Armed Services.

7554. A letter from the Administrator, Agency for International Development, transmitting a report required by Section 653(a) of the Foreign Assistance Act of 1961, as amended, for the funds appropriated by the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2004, as enacted in Public Law 108–199, for Development Assistance and Child Survival and Health Programs; jointly to the Committees on International Relations and Appropriations.

7555. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of completed negotiations with the Republic of the Marshall Islands (RMI) to bring two of the amended subsidiary agreements to the amended Compact of Free Association, as negotiated and signed with the RMI, into conformity with sections 104(j) and 105(f) and (i) of the Compact of Free Association Amendments Act of 2003 (Pub. L. 108–188); jointly to the Committees on International Relations and Resources.

7556. A letter from the Secretary, Council of the District of Columbia, transmitting a copy of Council Resolution 15–468, ''Sense of the Council in Support of Protection of Civil Liberties Resolution of 2004,'' pursuant to D.C. Code section 1–233(c)(1); jointly to the Committees on Government Reform and the Judiciary.

7557. A letter from the Secretary and Commissioner, Department of Health and Human Services and Social Security Administration, transmitting the Plan For The Transfer of Responsibility for Medicare Appeals, in response to the requirements of Section 931 of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA); jointly to the Committees on Ways and Means and Energy and Commerce.

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. OXLEY: Committee on Financial Services. H.R. 27. A bill to amend the United States Housing Act of 1937 to exempt small public housing agencies from the requirement of preparing an annual public housing agency plan; with an amendment (Rept. 108–458). Referred to the Committee of the Whole House on the State of the Union.

Mr. HYDE: Committee on International Relations. H.R. 3818. A bill to amend the Foreign Assistance Act of 1961 to improve the results and accountability of microenterprise development assistance programs, and for other purposes; with an amendment (Rept. 108–459). Referred to the Committee of the Whole House on the State of the Union.

Mr. SENSENBRENNER: Committee on the Judiciary. H.R. 3866. A bill to amend the Controlled Substances Act to provide increased penalties for anabolic steroid offenses near sports facilities, and for other purposes; with an amendment (Rept. 108–461 Pt. 1). Ordered to be printed.

DISCHARGE OF COMMITTEE

Pursuant to clause 2 of rule XII the Committee on Transportation and Infrastructure, Resources, and House Administration discharged from further consideration. H.R. 1081 referred to the Committee of the Whole House on the State of the Union.

Pursuant to clause 2 of rule XII the Committee on Resources and Transportation and Infrastructure discharged from further consideration. H.R. 1856 referred to the Committee of the Whole House on the State of the Union.

Pursuant to clause 2 of rule XII the Committee on Science discharged from further consideration of H.R. 3266.

Pursuant to clause 2 of rule XII the Committee on the Judiciary discharged from further consideration. S. 1233 referred to the Committee of the Whole House on the State of the Union.

REPORTED BILL SEQUENTIALLY REFERRED

Under clause 2 of rule XII, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. COX: Select Committee on Homeland Security. H.R. 3266. A bill to authorize the Secretary of Homeland Security to make grants to first responders, and for other purposes, with an amendment; referred to the Committee on Science for a period ending not later than April 2, 2004, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee pursuant to clause (n), rule X (Rept. 108–460, Pt. 1). Ordered to be printed.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 2 of rule XII the following action was taken by the Speaker:

H.R. 3266. Referral to the Committees on Transportation and Infrastructure, the Judiciary, and Energy and Commerce extended for a period ending not later than June 7, 2004.

H.R. 3866. Referral to the Committee on Energy and Commerce extended for a period ending not later than April 27, 2004.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. KIND (for himself and Mr. UPTON):

H.R. 4127. A bill to amend the Public Health Service Act to authorize grants to hospitals for measurement-based strategies to improve the quality and efficiency of health care; to the Committee on Energy and Commerce.

By Mr. WELLER (for himself, Mr. NEAL of Massachusetts, Mr. UPTON, Mr. TIAHRT, and Mr. ENGLISH):

H.R. 4128. A bill to amend the Internal Revenue Code of 1986 to permanently extend the 50-percent bonus depreciation added by the Jobs and Growth Tax Relief Reconciliation Act of 2003, and for other purposes; to the Committee on Ways and Means.

By Mr. PICKERING:

H.R. 4129. A bill to provide a clear and unambiguous structure for the jurisdictional and regulatory treatment for the offering or provision of voice-over-Internet-protocol applications, and for other purposes; to the Committee on Energy and Commerce, and in

addition to the Committee on the Judiciary, 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. RUPPERSBERGER (for himself, Mr. LEWIS of California, Mr. MURTHA, Mr. HUNTER, and Mr. SKELTON):

H.R. 4130. A bill to amend title 10, United States Code, to authorize the Secretary of Defense to accept the donation of frequent traveler miles, credits, and tickets for the purpose of facilitating the travel of members of the Armed Forces who are deployed away from their permanent duty station and are granted, during such deployment, rest and recuperative leave and certain other forms of leave and the travel of family members to be reunited with such a member, and for other purposes; to the Committee on Armed Services.

By Mr. HOUGHTON:

H.R. 4131. A bill to amend the Internal Revenue Code of 1986 to limit the increase in the number of individuals affected by the alternative minimum tax and to repeal the alternative minimum tax for individuals in 2014; to the Committee on Ways and Means.

By Mr. HOUGHTON:

H.R. 4132. A bill to amend the Internal Revenue Code of 1986 to provide a uniform definition of child for purposes of the personal exemption, the dependent care credit, the child tax credit, the earned income credit, and the health insurance refundable credit, and for other purposes.; to the Committee on Ways and Means.

By Mr. HOUGHTON:

H.R. 4133. A bill to change the name of the head of household filing status to single parent or guardian to describe better those individuals who qualify for the status; to the Committee on Ways and Means.

By Mr. HOUGHTON:

H.R. 4134. A bill to amend the Internal Revenue Code of 1986 to simplify the deduction for points paid with respect to home mortgages; to the Committee on Ways and Means.

By Mr. HOUGHTON:

H.R. 4135. A bill to amend the Internal Revenue Code of 1986 to simplify the taxation of minor children; to the Committee on Ways and Means.

By Mr. HOUGHTON:

H.R. 4136. A bill to amend the Internal Revenue Code of 1986 to combine the Hope and Lifetime Learning credits and to provide a uniform definition of qualifying higher education expenses; to the Committee on Ways and Means.

By Mr. HOUGHTON:

H.R. 4137. A bill to amend the Internal Revenue Code of 1986 to provide for unified income taxation with respect to pass-thru entities; to the Committee on Ways and Means.

By Mr. HOUGHTON:

H.R. 4138. A bill to amend the Internal Revenue Code of 1986 to repeal the tax on personal holding companies; to the Committee on Ways and Means.

By Mr. HOUGHTON:

H.R. 4139. A bill to amend the Internal Revenue Code of 1986 to simplify the taxation of partnerships; to the Committee on Ways and Means.

By Mr. LANGEVIN (for himself, Mr. SHAYS, Mr. MATSUI, Mr. SIMMONS, Mr. PASCRELL, Mrs. MCCARTHY of New York, Mr. VAN HOLLEN, Mr. KENNEDY of Rhode Island, Mr. LARSON of Connecticut, Mrs. DAVIS of California, Ms. MCCOLLUM, Mr. TIERNEY, Ms. SCHAKOWSKY, Mr. KUCINICH, and Mr. NEY):

H.R. 4140. A bill to amend title 5, United States Code, to provide for a corporate responsibility investment option under the Thrift Savings Plan; to the Committee on Government Reform.

By Mr. KOLBE (for himself, Mr. MCHUGH, Mr. FLAKE, Mr. HAYWORTH, Mr. SHADEGG, Mr. RENZI, and Mr. HINOJOSA):

H.R. 4141. A bill to authorize appropriations for the Homeland Security Department's Directorate of Science and Technology, establish a program for the use of advanced technology to meet homeland security needs, and for other purposes; to the Committee on Science, and in addition to the Committees on Ways and Means, and the Judiciary, 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. BURGESS (for himself, Mr. NEUGEBAUER, Mr. CARTER, Mr. AKIN, Mr. HENSARLING, and Mr. FEENEY):

H.R. 4142. A bill to amend title XXI of the Social Security Act to prohibit the approval of section 1115 waivers to provide coverage of childless adults under the State Children's Health Insurance Program; to the Committee on Energy and Commerce.

By Mrs. CAPITO:

H.R. 4143. A bill to amend title 18, United States Code, to combat terrorism against railroad carriers and mass transportation systems on land, on water, or through the air, and for other purposes; to the Committee on the Judiciary.

By Mr. CARDIN:

H.R. 4144. A bill to amend the Internal Revenue Code of 1986 to provide for the exclusion from gross income of certain wages of a certified master teacher, and for other purposes; to the Committee on Ways and Means.

By Mr. CRAMER:

H.R. 4145. A bill to establish the President's Council of Advisors on Manufacturing; to the Committee on Energy and Commerce.

By Mr. CRAMER:

H.R. 4146. A bill to establish a comprehensive research program aimed at understanding and predicting the natural processes that lead to the formation of tornadoes; to the Committee on Science.

By Mr. CUMMINGS (for himself, Mr. BISHOP of Georgia, Ms. CORRINE BROWN of Florida, Ms. CARSON of Indiana, Mrs. CHRISTENSEN, Mr. CLYBURN, Mr. CLAY, Mr. CONYERS, Mr. FATTAH, Mr. FORD, Mr. HASTINGS of Florida, Ms. JACKSON-LEE of Texas, Ms. KILPATRICK, Mr. MEEK of Florida, Mr. OWENS, Mr. PAYNE, Mr. RUSH, Mr. THOMPSON of Mississippi, Mr. TOWNS, Mrs. JONES of Ohio, and Ms. WATERS):

H.R. 4147. A bill to establish a servitude and emancipation archival research clearinghouse in the National Archives; to the Committee on Government Reform.

By Mr. FEENEY:

H.R. 4148. A bill to designate the information center at Canaveral National Seashore as the ''T.C. Wilder, Jr., Canaveral National Seashore Information Center''; to the Committee on Resources.

By Mr. GRAVES (for himself, Mr. HONDA, Mr. INSLEE, and Mrs. KELLY):

H.R. 4149. A bill to amend the Internal Revenue Code of 1986 to permit business concerns that are owned by veture capital operating companies or pension plans to participate in the Small Business Innovation Research Program; to the Committee on Small Business, and in addition to the Committee on Science, 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 Ms. HARRIS (for herself, Mr. LAMPSON, Mrs. BLACKBURN, Mr. HAYES, Mr. GOSS, Ms. PRYCE of Ohio, Mr. REGULA, Mr. KIRK, Mr. CARTER, Mr. KELLER, Ms. HART, Mr. CANTOR, Mr. BURNS, Mr. GOODE, Mr. STEARNS, Mr. MILLER of Florida, Mr. MARIO DIAZ-BALART of Florida, Mr. SHAW, Ms. GINNY BROWN-WAITE of Florida, Mr. CULBERSON, Mr. PEARCE, Mr. KING of Iowa, Mr. MANZULLO, Mr. MCCOTTER, Mr. SMITH of Texas, and Mr. PUTNAM):

H.R. 4150. A bill to amend title 18, United States Code, and other laws to protect children from criminal recidivists, and for other purposes; to the Committee on the Judiciary, and in addition to the Committee on Transportation and Infrastructure, 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. KLINE (for himself, Mr. KENNEDY of Minnesota, Ms. MCCOLLUM, Mr. RAMSTAD, Mr. PETERSON of Minnesota, Mr. GUTKNECHT, Mr. SABO, Mr. OBERSTAR, Mrs. MUSGRAVE, Mr. MCINNIS, Mr. HEFLEY, and Mr. BEAUPREZ):

H.R. 4151. A bill to amend the Public Health Service Act to authorize the Commissioner of Food and Drugs to conduct oversight of any entity engaged in the recovery, screening, testing, processing, storage, or distribution of human tissue or human tissue-based products; to the Committee on Energy and Commerce.

By Mr. LEVIN (for himself and Mr. CAMP):

H.R. 4152. A bill to amend section 337 of the Tariff Act of 1930 to make unlawful the importation, sale for importation, or sale within the United States after importation, of articles falsely labeled or advertised as meeting a United States Government or industry standard for performance or safety; to the Committee on Ways and Means.

By Mrs. LOWEY (for herself, Mr. RAHALL, Mrs. MCCARTHY of New York, Mr. GRIJALVA, Mrs. MALONEY, Mr. LEWIS of Georgia, Mr. OWENS, Mr. PALLONE, Mr. CASE, Mr. CROWLEY, Mr. CARDOZA, Ms. LEE, and Mr. WEINER):

H.R. 4153. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to allow the Attorney General to award grants under a homeland security overtime program to reimburse law enforcement agencies for past overtime expenditures and to require the Attorney General to waive the matching funds requirement for such grants; to the Committee on the Judiciary.

By Mrs. MALONEY (for herself and Ms. HART):

H.R. 4154. A bill to amend the Public Health Service Act and Employee Retirement Income Security Act of 1974 to require that group and individual health insurance coverage and group health plans provide coverage for qualified individuals for bone mass measurement (bone density testing) to prevent fractures associated with osteoporosis; to the Committee on Energy and Commerce, and in addition to the Committee on Education and the Workforce, 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. MARKEY (for himself, Mr. KING of New York, Mr. WELDON of Pennsylvania, Mr. WAXMAN, Mr. LYNCH, Mr. TOWNS, Mr. MEEHAN, Mrs. CHRISTENSEN, Mr. MCGOVERN, Mr. OLVER, Mr. FRANK of Massachusetts, Mr. MCNULTY, Ms. SLAUGHTER, Mr. DELAHUNT, Mr. CONYERS, Mr. HOLT, Ms. SCHAKOWSKY, Mr. KENNEDY of

Rhode Island, Mr. MORAN of Virginia, Ms. LOFGREN, Mr. NEAL of Massachusetts, Mr. PALLONE, Mr. RANGEL, Mr. BOEHLERT, Mr. WEINER, Mr. WYNN, Mr. LIPINSKI, Mr. CAPUANO, Mr. SHERMAN, Ms. NORTON, Mrs. JONES of Ohio, Mr. ACKERMAN, Ms. JACKSON-LEE of Texas, Mr. STUPAK, Mr. SERRANO, Ms. DELAURO, Mr. VAN HOLLEN, Mr. BLUMENAUER, and Mr. ROTHMAN):

H.R. 4155. A bill to provide for fire safety standards for cigarettes, and for other purposes; to the Committee on Energy and Commerce.

By Mr. MORAN of Kansas (for himself, Mr. TOWNS, Mr. OSBORNE, Mr. STENHOLM, and Mr. DOGGETT):

H.R. 4156. A bill to improve access to physicians in medically underserved areas; to the Committee on the Judiciary.

By Mr. NEAL of Massachusetts (for himself and Mr. ISRAEL):

H.R. 4157. A bill to amend the Internal Revenue Code of 1986 to prevent the alternative minimum tax from effectively repealing the Federal tax exemption for interest on State and local private activity bonds; to the Committee on Ways and Means.

By Mr. ORTIZ (for himself, Mr. GONZALEZ, Mr. HINOJOSA, Mr. REYES, Mr. RODRIGUEZ, and Mr. GREEN of Texas):

H.R. 4158. A bill to provide for the conveyance to the Government of Mexico of a decommissioned National Oceanic and Atmospheric Administration ship, and for other purposes; to the Committee on Resources.

By Mr. PORTMAN (for himself, Mr. LEVIN, Mr. PORTER, Mr. SOUDER, Mr. COSTELLO, Mr. LATOURETTE, Mr. RAMSTAD, and Mr. HOBSON):

H.R. 4159. A bill to amend title 23, United States Code, to research and prevent drug impaired driving; to the Committee on Transportation and Infrastructure, and in addition to the Committee on the Judiciary, 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. RENZI:

H.R. 4160. A bill to authorize the Secretary of Energy and the Secretary of the Interior to jointly establish a program, in partnership with the private sector, to support research, development, demonstration, and commercial application activities related to advanced hydrogen-based motorboat propulsion technologies suitable for operations in sensitive resource areas such as national parks, and for other purposes; to the Committee on Science.

By Mr. RUSH:

H.R. 4161. A bill to amend the Public Health Service Act to revise and expand the section 340B program to improve the provision of discounts on drug purchases for certain safety net providers; to the Committee on Energy and Commerce.

By Mr. RYUN of Kansas (for himself, Mr. FATTAH, Mrs. JONES of Ohio, Ms. DELAURO, Mr. MCDERMOTT, Ms. LEE, Mr. CRANE, Mr. GRIJALVA, Ms. KILPATRICK, Mr. CUMMINGS, Mr. JEFFERSON, Mr. OWENS, Mr. THOMPSON of Mississippi, Mr. CONYERS, Ms. CORRINE BROWN of Florida, Mr. MEEK of Florida, Mrs. CHRISTENSEN, Mr. TOWNS, Ms. CARSON of Indiana, Ms. WATERS, Mr. PAYNE, Mr. GREEN of Texas, Mr. TIAHRT, Mr. WAMP, Mr. HAYWORTH, Mr. TERRY, Mr. WILSON of South Carolina, Mr. FOLEY, Mr. KELLER, Mr. KINGSTON, and Mr. DAVIS of Illinois):

H.R. 4162. A bill to posthumously award a congressional gold medal to the Reverend Oliver L. Brown; to the Committee on Financial Services.

By Mr. SHUSTER (for himself and Mr. HOLDEN):

H.R. 4163. A bill to provide for a greater number of members on certain combined Farm Service Agency county committees; to the Committee on Agriculture.

By Mr. SHUSTER:

H.R. 4164. A bill to amend the Internal Revenue Code of 1986 to index for inflation the exemption amount for individuals under the alternative minimum tax and to repeal the alternative minimum tax on individuals in 2010; to the Committee on Ways and Means.

By Mr. SMITH of Michigan:

H.R. 4165. A bill to amend the Internal Revenue Code of 1986 to provide tax incentives to encourage the use of biodiesel as fuel; to the Committee on Ways and Means.

By Mr. SMITH of Texas (for himself, Mr. CARTER, Mr. FLAKE, Mr. CHABOT, Mr. GOODLATTE, and Mr. MCKEON):

H.R. 4166. A bill to amend the Immigration and Nationality Act with respect to nonimmigrants described in subparagraphs (H)(i)(b) and (L) of section 101(a)(15) of such Act, and for other purposes; to the Committee on the Judiciary.

By Mr. STEARNS (by request):

H.R. 4167. A bill to authorize appropriations for the motor vehicle safety and information and cost savings programs of the National Highway Traffic Safety Administration for fiscal years 2005 through 2007, and for other purposes; to the Committee on Energy and Commerce.

By Mr. TAUZIN (for himself, Mr. BURTON of Indiana, Mr. DEMINT, and Mr. NORWOOD):

H.R. 4168. A bill to promote freedom, fairness, and economic opportunity for families by repealing the income tax, abolishing the Internal Revenue Service, and enacting a national retail sales tax to be administered primarily by the States; to the Committee on Ways and Means, and in addition to the Committee on Rules, 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. WELDON of Florida (for himself and Mrs. MALONEY):

H.R. 4169. A bill to amend the Federal Food, Drug, and Cosmetic Act to reduce human exposure to mercury through vaccines; to the Committee on Energy and Commerce.

By Mr. ROHRABACHER:

H.J. Res. 92. A joint resolution proposing an amendment to the Constitution of the United States relating to Congressional succession; to the Committee on the Judiciary.

By Mr. DELAY:

H. Con. Res. 404. Concurrent resolution providing for an adjournment or recess of the two Houses; considered and agreed to.

By Mr. DEAL of Georgia (for himself, Mr. TOWNS, Mr. BURR, Mr. NORWOOD, Mr. RAHALL, Mr. WAMP, and Mr. WHITFIELD):

H. Con. Res. 405. Concurrent resolution expressing the sense of Congress with respect to the need to provide prostate cancer patients with meaningful access to information on treatment options, and for other purposes; to the Committee on Energy and Commerce.

By Mr. PAYNE (for himself, Mr. CUMMINGS, Mr. CONYERS, Mr. RANGEL, Mr. OWENS, Mr. TOWNS, Mr. LEWIS of Georgia, Mr. JEFFERSON, Ms. NORTON, Ms. WATERS, Mr. BISHOP of Georgia, Ms. CORRINE BROWN of Florida, Mr. CLYBURN, Mr. HASTINGS of Florida, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. SCOTT of Virginia, Mr. THOMPSON of Mississippi, Ms. JACKSON-LEE of Texas, Ms. MILLENDER-MCDONALD, Ms. CARSON of Indiana, Mrs. CHRISTENSEN, Mr. DAVIS of Illinois, Ms. KILPATRICK, Ms. LEE, Mr. MEEKS of New York, Mrs. JONES of Ohio, Ms. WATSON, Ms. MAJETTE, Mr. MEEK of Florida, Mr. RUSH, Mr. WATT, Mr. WYNN, Mr. FATTAH, Mr. JACKSON of Illinois, Mr. BALLANCE, Mr. TANCREDO, Mr. DAVIS of Alabama, and Mr. CLAY):

H. Con. Res. 406. Concurrent resolution remembering the victims of the genocide that occurred in 1994 in Rwanda and pledging to work to ensure that such an atrocity does not take place again; to the Committee on International Relations.

By Mr. HOUGHTON:

H. Res. 595. A resolution amending the Rules of the House of Representatives to prevent the consideration of any tax measure unless it contains a title simplifying the Internal Revenue Code of 1986; to the Committee on Rules.

By Mr. BURTON of Indiana (for himself, Mr. BELL, Mr. CHABOT, Mr. TANCREDO, Mr. LEACH, and Mr. EMANUEL):

H. Res. 596. A resolution condemning ethnic violence in Kosovo; to the Committee on International Relations.

By Mr. OWENS:

H. Res. 597. A resolution congratulating the American Library Association (ALA) as it celebrates its first annual National Library Workers Day on April 20, 2004; to the Committee on Education and the Workforce.

MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

269. The SPEAKER presented a memorial of the Senate of the State of Michigan, relative to Senate Resolution No. 215 supporting President George W. Bush's Healthy Marriage Initiative; to the Committee on Education and the Workforce.

270. Also, a memorial of the House of Representatives of the State of Michigan, relative to House Resolution No. 113 memorializing the United States Congress to support the Lifespan Respite Care Act of 2003; to the Committee on Energy and Commerce.

271. Also, a memorial of the House of Representatives of the State of Michigan, relative to House Resolution No. 167 memorializing the United States Congress and the Michigan Department of Community Health to develop collaborative relationships with pregnanccy care centers in Michigan; to the Committee on Energy and Commerce.

272. Also, a memorial of the Legislature of the State of Utah, relative to House Joint Resolution No. 3 memorializing the United States Congress to dissolve the membership of the United States in the United Nations; to the Committee on International Relations.

273. Also, a memorial of the Senate of the State of Ohio, relative to Senate Resolution No. 1550 memorializing the United States Congress to direct the Election Assistance Commission to develop standards and security accreditation guidelines for all electronic voting devices, to establish standards for the design and use of reasonably affordable voter-verifiable paper ballots for electronic voting systems, and to expedite its efforts to provide for the testing and certification of voting system hardware and software and to adopt voluntary voting system guidelines, and to reaffirm the Ohio Senate's commitment to make electronic voting as safe and secure to the Committee on House Administration.

274. Also, a memorial of the Legislature of the State of South Dakota, relative to House

Concurrent Resolution No. 1002, memorializing the Secretary of Agriculture and the Secretary of Game, Fish, and Parks immediately institute a program to control prairie dogs on private land that are encroaching from public lands, and, as part of that program, establish a buffer zone within the public lands affected wherein the prairie dog population is controlled so that they are not migrating to the adjacent private lands; to the Committee on Resources.

275. Also, a memorial of the General Assembly of the State of Ohio, relative to House Concurrent Resolution No. 31 memorializing the United States Congress to reauthorize the abandoned mine land fee collection authority, to disperse shares of that fee without an appropriation, to release the unappropriated balance in the Abandoned Mine Land Fund, and to consider reevaluating the administration of the Abandoned Mine Land Reclamation Program and the Fund; to the Committee on Resources.

276. Also, a memorial of the Legislature of the Commonwealth of The Mariana Islands, relative to House Joint Resolution No. 14-3 memorializing the United States Congress to provide for a nonvoting delegate in the House of Representatives to represent the Commonwealth of the Northern Mariana Islands (CNMI); to the Committee on Resources.

277. Also, a memorial of the House of Representatives of the Commonwealth of The Mariana Islands, relative to House Resolution No. 14-9, memorializing the United State Congress to provide for a nonvoting delegate in the House of Representatives to represent the Commonwealth of the Northern Mariana Islands (CNMI); to the Committee on Resources.

278. Also, a memorial of the House of Representatives of the State of Michigan, relative to House Concurrent Resolution No. 24 memorializing the United States Congressto enact legislation to grant a federal charter to the Korean War Veterans Association; to the Committee on the Judiciary.

279. Also, a memorial of the House of Representatives of the State of Michigan, relative to House Resolution No. 168 memorializing the United States Congress and the United States Department of Transportation to permit the use of 75-foot crib carrier log hauling equipment; to the Committee on Transportation and Infrastructure.

280. Also, a memorial of the House of Representatives of the State of Michigan, relative to House Resolution No. 128 memorializing the United States Congress to enact the Great Lakes Controlled Data Collection and Monitoring Act; to the Committee on Transportation and Infrastructure.

281. Also, a memorial of the House of Representatives of the State of Michigan, relative to House Concurrent Resolution No. 198 memorializing the United States Congress to establish a minimum return rate of 95 percent of Michigan's federal transportation funding for highway and transit programs; to the Committee on Transportation and Infrastructure.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 302: Mr. DUNCAN.

H.R. 327: Mr. EVANS.

H.R. 348: Mr. TANNER.

H.R. 525: Mr. BURTON of Indiana, Mr. CAMP, Mr. CARTER, Mr. CHABOT, Mr. COLLINS, Mr. COX, Mrs. CUBIN, Mrs. JO ANN DAVIS of Virginia, Mr. CRANE, Mr. DEAL of Georgia, Ms. DUNN, Mr. EHLERS, Mr. EVERETT, Mr. GINGREY, Ms. GRANGER, Ms. HART, Mr. HENSARLING, Mr. ISTOOK, Mr. JENKINS, Mrs. JOHNSON of Connecticut, Mr. LEWIS of Kentucky, Mr. LUCAS of Oklahoma, Mrs. MILLER of Michigan, Mr. MILLER of Florida, Mrs. MYRICK, Mr. NEY, Mr. OSBORNE, Mr. PETERSON of Pennsylvania, Mr. RAMSTAD, Mr. ROGERS of Michigan, Mr. TIBERI, Mr. WHITFIELD, Mrs. WILSON of New Mexico, Mr. YOUNG of Florida, and Mr. LATOURETTE.

H.R. 548: Mr. JACKSON of Illinois and Mr. STARK.

H.R. 785: Mr. BRADLEY of New Hampshire.

H.R. 847: Mr. GREEN of Texas.

H.R. 857: Mr. FOLEY, Mr. KING of New York, and Ms. VELÁZQUEZ.

H.R. 918: Mr. SESSIONS, Mr. BASS, and Mr. JOHNSON of Illinois.

H.R. 1068: Mr. KING of New York.

H.R. 1206: Mr. FEENEY and Mr. TIBERI.

H.R. 1214: Mr. MORAN of Virginia and Mr. RYAN of Wisconsin.

H.R. 1258: Mr. HONDA.

H.R. 1264: Mr. NEAL of Massachusetts.

H.R. 1310: Mr. REHBERG.

H.R. 1311: Mr. FORD, Mr. BERRY, Mr. MCGOVERN, Mr. FRANK of Massachusetts, Mr. JOHNSON of Illinois, Mr. OBERSTAR, and Mr. REHBERG.

H.R. 1313: Mr. CLYBURN.

H.R. 1336: Mr. ISSA and Mr. REHBERG.

H.R. 1406: Mr. DOOLITTLE.

H.R. 1448: Mr. WOLF.

H.R. 1480: Ms. SCHAKOWSKY.

H.R. 1684: Ms. SLAUGHTER and Mr. NEAL of Massachusetts.

H.R. 1886: Mr. RANGEL.

H.R. 2042: Mr. SHERMAN and Mr. EVANS.

H.R. 2157: Mr. BECERRA and Mr. GREEN of Texas.

H.R. 2176: Mr. FILNER and Mr. DEFAZIO.

H.R. 2238: Mr. HOYER.

H.R. 2262: Mr. LIPINSKI.

H.R. 2277: Mr. NADLER.

H.R. 2284: Mr. GRIJALVA.

H.R. 2442: Mr. MOORE, Mr. LOBIONDO, Mr. HEFLEY, Mr. COSTELLO, Mr. DELAHUNT, Mr. CRAMER, Mrs. JOHNSON of Connecticut, Mr. SERRANO, Mr. PASCRELL, Mr. GEORGE MILLER of California, Mr. WEXLER, Ms. MCCARTHY of Missouri, Mr. UDALL of New Mexico, and Mr. BOSWELL.

H.R. 2585: Mr. OLVER.

H.R. 2635: Mr. SHUSTER, Mr. VITTER, Mr. GOODE, Mr. MILLER of Florida, and Mr. HERGER.

H.R. 2735: Mr. GINGREY and Mr. CAPUANO.

H.R. 2747: Mr. GREEN of Wisconsin.

H.R. 2811: Mr. STENHOLM.

H.R. 2814: Mr. HERGER and Mr. LINDER.

H.R. 2824: Mr. MCINNIS.

H.R. 2832: Mr. PLATTS.

H.R. 2890: Mr. HUNTER and Mr. CUNNINGHAM.

H.R. 2932: Mr. RAHALL.

H.R. 2944: Mr. BROWN of Ohio.

H.R. 2959: Mr. GREEN of Wisconsin, Mr. BONNER, Mr. BAKER, Mr. ENGEL, Mr. PUTNAM, Mr. CARSON of Oklahoma, Mr. STENHOLM, Mr. BERRY, Mr. NORWOOD, and Mr. CARDIN.

H.R. 2978: Mr. KIND.

H.R. 2983: Ms. JACKSON-LEE of Texas and Mr. HASTINGS of Florida.

H.R. 3015: Mr. SULLIVAN.

H.R. 3085: Mr. PAYNE.

H.R. 3142: Mr. CAMP, Mr. BLUMENAUER, Ms. DELAURO, Mr. HINCHEY, Ms. JACKSON-LEE of Texas, Mr. LARSEN of Washington, Ms. MILLENDER-MCDONALD, Mr. PASCRELL, and Mr. RANGEL.

H.R. 3184: Mr. SABO.

H.R. 3191: Mr. CANNON.

H.R. 3204: Mr. DUNCAN, Mr. PAYNE, Mr. MCHUGH, Mrs. NORTHUP, Mr. SWEENEY, Mr. HOLT, Mr. LINCOLN DIAZ-BALART of Florida, and Mr. HOSTETTLER.

H.R. 3215: Ms. GINNY BROWN-WAITE of Florida, Mr. SWEENEY, Mr. BEAUPREZ, Mr. CHOCOLA, and Mr. RENZI.

H.R. 3270: Mr. HASTINGS of Washington.

H.R. 3360: Mr. LEWIS of Georgia.

H.R. 3361: Mr. BELL, Mr. SPRATT, and Mr. RANGEL.

H.R. 3386: Ms. WOOLSEY.

H.R. 3412: Mr. MURPHY.

H.R. 3436: Mr. HASTINGS of Florida and Mr. BISHOP of New York.

H.R. 3441: Mr. KIND, Mr. MATSUI, Mr. HOLT, and Ms. MAJETTE.

H.R. 3444: Ms. JACKSON-LEE of Texas, Ms. LOFGREN, and Ms. MILLENDER-MCDONALD.

H.R. 3446: Mr. FILNER, Mr. ACKERMAN, and Mr. BROWN of Ohio.

H.R. 3447: Mr. OWENS, Mr. RANGEL, and Mr. HONDA.

H.R. 3474: Mr. COLLINS.

H.R. 3482: Ms. MCCOLLUM.

H.R. 3515: Mr. PASTOR.

H.R. 3519: Ms. MCCARTHY of Missouri.

H.R. 3539: Mr. COSTELLO.

H.R. 3545: Mr. FRANK of Massachusetts.

H.R. 3558: Mr. PAYNE and Mr. BASS.

H.R. 3574: Mr. COOPER, Mrs. MUSGRAVE, Mr. BELL, Mr. BOEHLERT, Mr. DICKS, Mr. HENSARLING, and Mr. CANNON.

H.R. 3596: Mr. BONNER, Mr. DUNCAN, Mr. MCHUGH, Mrs. NORTHUP, Mr. MURPHY, and Mr. BISHOP of Utah.

H.R. 3602: Mr. FORD, Mr. STENHOLM, Mrs. DAVIS of California, and Mr. HALL.

H.R. 3660: Mr. GUTIERREZ, Ms. MILLENDER-MCDONALD, and Mr. FATTAH.

H.R. 3707: Mr. KIND, Ms. GUTKNECHT, and Mr. GUTIERREZ.

H.R. 3719: Ms. SOLIS, Mr. WEINER, Ms. MCCOLLUM, Mr. PASTOR, Ms. DELAURO, Ms. BALDWIN, Mr. SHAYS, Ms. MILLENDER-MCDONALD, Mr. MENENDEZ, and Mr. CUMMINGS.

H.R. 3729: Mr. LANTOS, Mr. BOSWELL, Mr. BISHOP of New York, Mr. DEFAZIO, Ms. WOOLSEY, Mr. PAUL, Mrs. MALONEY, and Mr. INSLEE.

H.R. 3736: Mr. DAVIS of Tennessee and Mr. OTTER.

H.R. 3758: Mr. SNYDER.

H.R. 3773: Mr. MCCOTTER.

H.R. 3779: Mrs. BIGGERT and Ms. DELAURO.

H.R. 3800: Mr. ROHRABACHER, Mr. SHUSTER, Mr. BOEHNER, Mr. MURPHY, Mr. LUCAS of Oklahoma, Mr. DEAL of Georgia, Mr. CANNON, Mr. RADANOVICH, Mr. HEFLEY, Mr. TIAHRT, Mr. MCCRERY, Mr. SHIMKUS, and Ms. HARRIS.

H.R. 3802: Mr. SMITH of Michigan.

H.R. 3803: Mr. BACA.

H.R. 3818: Mr. HASTINGS of Florida, Mr. FRANK of Massachusetts, and Mr. TOM DAVIS of Virginia.

H.R. 3858: Mr. SMITH of New Jersey, Mr. LINCOLN DIAZ-BALART of Florida, Mr. FORD, Mr. LAHOOD, Mr. BELL, Mr. OSBORNE, Ms. NORTON, Mr. BOSWELL, Mr. GUTKNECHT, Mr. ENGLISH, Ms. CARSON of Indiana, Mr. CHOCOLA, Mr. MURTHA, Mr. SAXTON, Mr. SCHROCK, and Mr. PORTER.

H.R. 3867: Mr. FRANK of Massachusetts.

H.R. 3881: Ms. CARSON of Indiana, Mr. LUCAS of Kentucky, Mr. CARSON of Oklahoma, Ms. MCCOLLUM, Ms. MILLENDER-MCDONALD, and Mr. BRADY of Pennsylvania.

H.R. 3888: Mr. DOYLE and Mrs. NAPOLITANO.

H.R. 3914: Mr. POMEROY and Mr. MILLER of Florida.

H.R. 3922: Mr. COSTELLO and Mr. HOBSON.

H.R. 3927: Mr. BROWN of Ohio.

H.R. 3953: Mr. GARY G. MILLER of California.

H.R. 3963: Mr. THOMPSON of Mississippi.

H.R. 3968: Ms. LOFGREN, Mrs. DAVIS of California, and Mr. BISHOP of New York.

H.R. 3991: Mr. LEWIS of Georgia, Mrs. MCCARTHY of New York, Mrs. MALONEY, Mr. THOMPSON of Mississippi, and Mr. EMANUEL.

H.R. 4006: Mr. BOSWELL.

H.R. 4016: Mr. FORD.

H.R. 4020: Mr. FILNER.

H.R. 4023: Mr. WICKER.

H.R. 4032: Mrs. CHRISTENSEN, Mr. ACEVEDO-VILÁ, Ms. JACKSON-LEE of Texas, and Ms. LOFGREN.

H.R. 4041: Mrs. CUBIN, Ms. BORDALLO, and Mr. BRADLEY of New Hampshire.

H.R. 4053: Mr. SCHIFF, Mr. ACKERMAN, Mr. BERMAN, and Mr. BLUMENAUER.

H.R. 4061: Mr. KILDEE and Mr. MCDERMOTT.

H.R. 4067: Mr. DOGGETT and Mr. FRANK of Massachusetts.

H.R. 4069: Ms. WATSON.

H.R. 4101: Mr. GEORGE MILLER of California and Mr. GRIJALVA.

H.R. 4102: Mr. HASTINGS of Florida and Mr. CONYERS.

H.R. 4103: Mr. LEVIN.

H.R. 4116: Mr. EVERETT, Mr. COOPER, Mr. WAMP, Mr. DAVIS of Tennessee, Mrs. BLACKBURN, Mr. TANNER, Mr. CHABOT, Mr. BACHUS, Mr. LEWIS of Kentucky, Mr. DUNCAN, Mr. ROGERS of Kentucky, Mr. SHAW, Mr. WHITFIELD, Mr. ADERHOLT, Mr. PICKERING, Mr. SHIMKUS, Mr. MCKEON, Ms. JACKSON-LEE of Texas, Mr. MICA, Mr. FOLEY, Mr. WELDON of Florida, Mr. STEARNS, Mrs. EMERSON, Mr. MCINNIS, Mr. CRENSHAW, Mr. SIMPSON, Mr. MARIO DIAZ-BALART of Florida, Mr. SWEENEY, Mr. MCINTYRE, Mrs. MUSGRAVE, Ms. HARRIS, Mr. BALLANCE, Mr. KENNEDY of Minnesota, Mr. PORTMAN, Mr. CHOCOLA, Mr. GILLMOR, Mr. BURR, Ms. DUNN, Mr. MANZULLO, Mr. GIBBONS, Mr. NETHERCUTT, Mr. NEUGEBAUER, Mr. MORAN of Kansas, Mr. HOEKSTRA, Mr. RYAN of Wisconsin, Mr. BLUNT, Mr. BOOZMAN, Mr. COBLE, Mr. GREEN of Wisconsin, Ms. GRANGER, Mr. TIAHRT, and Mr. GUTKNECHT.

H.R. 4120: Mr. GEORGE MILLER of California.

H.J. Res. 72: Mr. STARK, Mr. MILLER of North Carolina, and Mr. OWENS.

H.J. Res. 83: Mr. NADLER.

H. Con. Res. 111: Mr. RANGEL and Ms. LORETTA SANCHEZ of California.

H. Con. Res. 200: Mr. SNYDER.

H. Con. Res. 314: Ms. BORDALLO.

H. Con. Res. 321: Mr. BISHOP of New York.

H. Con. Res. 332: Mr. CAMP and Mr. YOUNG of Alaska.

H. Con. Res. 336: Mr. WOLF and Mr. MCCOTTER.

H. Con. Res. 360: Mrs. CHRISTENSEN, Mr. THOMPSON of Mississippi, Ms. LEE, Mr. RANGEL, Mr. TOWNS, Mr. LEWIS of Georgia, Mr. OWENS, Mrs. JONES of Ohio, Ms. WATERS, Mr. SCOTT of Virginia, Ms. CORRINE BROWN of Florida, Ms. NORTON, Ms. CARSON of Indiana, Mr. FRANK of Massachusetts, Mr. FORD, Mr. FATTAH, Ms. JACKSON-LEE of Texas, Mr. DAVIS of Illinois, Ms. KAPTUR, and Mr. CONYERS.

H. Con. Res. 366: Mr. UDALL of New Mexico, Mr. HOYER, Ms. WOOLSEY, Mr. VAN HOLLEN, Ms. MCCOLLUM, Mr. BOUCHER, and Ms. LORETTA SANCHEZ of California.

H. Con. Res. 367: Mr. HAYWORTH.

H. Con. Res. 371: Mr. GORDON and Mr. YOUNG of Alaska.

H. Con. Res. 375: Mr. BELL, Mr. BISHOP of New York, and Mr. VAN HOLLEN.

H. Con. Res. 384: Mr. ACKERMAN, Mr. MCDERMOTT, Mr. BROWN of Ohio, Mr. PAYNE, Mr. EMANUEL, Mr. OWENS, Mr. WEXLER, and Mr. BRADY of Pennsylvania.

H. Con. Res. 390: Mr. WEXLER and Mrs. MCCARTHY of New York.

H. Con. Res. 392: Mr. MCGOVERN and Mr. THOMPSON of Mississippi.

H. Con. Res. 396: Mr. BLUMENAUER and Mr. NADLER.

H. Res. 112: Mr. GREEN of Texas, Mr. FROST, Mr. KENNEDY of Rhode Island, and Mr. OWENS.

H. Res. 387: Mr. ANDREWS.

H. Res. 466: Ms. ROS-LEHTINEN, Mr. VAN HOLLEN, and Ms. LINDA T. SÁNCHEZ of California.

H. Res. 543: Mr. VAN HOLLEN.

H. Res. 550: Mr. FILNER.

H. Res. 556: Mr. ACEVEDO-VILÁ and Mr. FROST.

H. Res. 570: Mr. RUSH, Ms. LOFGREN, and Mr. TOWNS.

H. Res. 572: Mr. NADLER.

H. Res. 575: Mr. RAMSTAD and Ms. LOFGREN.

H. Res. 579: Mr. COSTELLO.

DISCHARGE PETITIONS—ADDITIONS OR DELETIONS

The following Members added their names to the following discharge petitions:

Petition 5 by Mr. HILL on House Resolution 534: ADAM SMITH.

Petition 6 by Mr. TURNER of Texas on House Resolution 523: DENNIS A. CARDOZA and DENNIS J. KUCINICH.