causes of and risk factors associated with childhood brain tumors, and for other purposes.

S. 1096

At the request of Ms. SNOWE, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 1096, a bill to amend title XVIII of the Social Security Act to improve access to, and utilization of, bone mass measurement benefits under the Medicare part B program by extending the minimum payment amount for bone mass measurement under such program through 2013.

S. 1232

At the request of Ms. AYOTTE, the name of the Senator from Kentucky (Mr. MCCONNELL) was added as a cosponsor of S. 1232, a bill to modify the definition of fiduciary under the Employee Retirement Income Security Act of 1974 to exclude appraisers of employee stock ownership plans.

S. 1265

At the request of Mr. BINGAMAN, the name of the Senator from Connecticut (Mr. BLUMENTHAL) was added as a cosponsor of S. 1265, a bill to amend the Land and Water Conservation Fund Act of 1965 to provide consistent and reliable authority for, and for the funding of, the land and water conservation fund to maximize the effectiveness of the fund for future generations, and for other purposes.

S. 1275

At the request of Mr. DURBIN, the name of the Senator from New York (Mrs. GILLIBRAND) was added as a cosponsor of S. 1275, a bill to require the Secretary of Health and Human Services to remove social security account numbers from Medicare identification card and communications provided to Medicare beneficiaries in order to protect Medicare beneficiaries from identity theft.

S. 1280

At the request of Mr. ISAKSON, the names of the Senator from Maryland (Mr. CARDIN) and the Senator from Florida (Mr. RUBIO) were added as cosponsors of S. 1280, a bill to amend the Peace Corps Act to require sexual assault risk-reduction and response training, and the development of sexual assault protocol and guidelines, the establishment of victims advocates, the establishment of a Sexual Assault Advisory Council, and for other purposes.

S. 1301

At the request of Mr. LEAHY, the name of the Senator from Florida (Mr. RUBIO) was added as a cosponsor of S. 1301, a bill to authorize appropriations for fiscal years 2012 to 2015 for the Trafficking Victims Protection Act of 2000, to enhance measures to combat trafficking in person, and for other purposes.

S. 1310

At the request of Mr. DURBIN, the name of the Senator from Connecticut (Mr. BLUMENTHAL) was added as a cosponsor of S. 1310, a bill to improve the safety of dietary supplements by amending the Federal Food, Drug, and Cosmetic Act to require manufacturers of dietary supplements to register dietary supplement products with the Food and Drug Administration and to amend labeling requirements with respect to dietary supplements.

S. 1324

At the request of Mrs. BOXER, the names of the Senator from Connecticut (Mr. LIEBERMAN) and the Senator from Vermont (Mr. SANDERS) were added as cosponsors of S. 1324, a bill to amend the Lacey Act Amendments of 1981 to prohibit the importation, exportation, transportation, and sale, receipt, acquisition, or purchase in interstate or foreign commerce, of any live animal of any prohibited wildlife species, and for other purposes.

S. 1328

At the request of Mr. REED, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 1328, a bill to amend the Elementary and Secondary Education Act of 1965 regarding school libraries, and for other purposes.

S. 1335

At the request of Mr. INHOFE, the names of the Senator from West Virginia (Mr. MANCHIN) and the Senator from Michigan (Ms. STABENOW) were added as cosponsors of S. 1335, a bill to amend title 49, United States Code, to provide rights for pilots, and for other purposes.

S. 1340

At the request of Mr. LEE, the names of the Senator from Tennessee (Mr. ALEXANDER), the Senator from Indiana (Mr. COATS), the Senator from Wyoming (Mr. ENZI), the Senator from North Dakota (Mr. HOEVEN), the Senator from Texas (Mrs. HUTCHISON) and the Senator from Kentucky (Mr. MCCONNELL) were added as cosponsors of S. 1340, a bill to cut, cap, and balance the Federal budget.

S. 1349

At the request of Mr. JOHANNS, the names of the Senator from North Dakota (Mr. HOEVEN), the Senator from South Dakota (Mr. THUNE), the Senator from Kansas (Mr. ROBERTS), the Senator from Kansas (Mr. MORAN) and the Senator from Iowa (Mr. GRASSLEY) were added as cosponsors of S. 1349, a bill to amend the National Flood Insurance Act of 1968 to clarify the effective date of policies covering properties affected by floods in progress.

S. 1354

At the request of Mrs. HAGAN, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1354, a bill to authorize grants to promote media literacy and youth empowerment programs, to authorize research on the role and impact of depictions of girls and women in the media, to provide for the establishment of a National Task Force on Girls and Women in the Media, and for other purposes.

S. 1366

At the request of Ms. CANTWELL, the name of the Senator from Oregon (Mr. MERKLEY) was added as a cosponsor of S. 1366, a bill to amend the Internal Revenue Code of 1986 to broaden the special rules for certain governmental plans under section 105(j) to include plans established by political subdivisions.

S.J. RES. 17

At the request of Mr. MCCONNELL, the names of the Senator from Maryland (Ms. MIKULSKI), the Senator from Michigan (Ms. STABENOW), the Senator from Georgia (Mr. ISAKSON) and the Senator from Georgia (Mr. CHAMBLISS) were added as cosponsors of S.J. Res. 17, a joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003.

S. RES. 216

At the request of Mrs. BOXER, the names of the Senator from California (Mrs. FEINSTEIN) and the Senator from New York (Mrs. GILLIBRAND) were added as cosponsors of S. Res. 216, a resolution encouraging women's political participation in Saudi Arabia.

S. RES. 230

At the request of Mr. WHITEHOUSE, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. Res. 230, a resolution expressing the sense of the Senate that any agreement to reduce the budget deficit should not include cuts to Social Security benefits or Medicare benefits.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROBERTS (for himself and Mr. NELSON of Nebraska):

S. 1368. A bill to amend the Patient Protection and Affordable Care Act to repeal distributions for medicine qualified only if for prescribed drug or insulin; to the Committee on Finance.

Mr. ROBERTS. Mr. President, I rise today to introduce a bipartisan bill, the Restoring Access to Medication Act of 2011. This bill would repeal the portion of the Patient Protection and Affordable Care Act which requires individuals to have a prescription to spend the money they have saved in their Flexible Spending Accounts.

Flexible Spending Accounts, FSAs, Health Savings Accounts, HSAs, and other medical savings arrangements provide plan participants with an affordable, convenient and accessible means to manage their health care expenses.

More than 35 million Americans participate in FSAs and more than 10 million Americans participate in a HSA. These accounts allow plan participants to set aside their own dollars on a pretax basis to pay for health care expenses, giving individuals control over health care decisions and how to pay for that care.

A key benefit of these plans prior to enactment of the Patient Protection

and Affordable Care Act, PPACA, was the ability for participants to use the dollars they set aside in these plans to pay for the cost of over-the-counter medications.

However, under PPACA, plan participants may no longer use funds from these accounts to purchase over-the-counter medications, unless they have a prescription for the medication.

This prohibition takes away choice from individuals about how to manage their health care expenses and adds yet another burden to physicians, as some plan participants will seek a prescription for over-the-counter medications. And, worst of all, it injects increased costs into our health care system.

Rather than promoting cost-effectiveness and accessibility, this provision instead directs participants to potentially more costly, less convenient, and more time-consuming alternatives. Further, it injects unnecessary confusion and complexity into a system that was previously straightforward and easy for consumers to utilize.

This bill repeals Sec. 9003 of the PPACA and restores the ability of plan participants to use the funds in their FSA, HRA, HSA or Archers MSA to purchase OTC medications, allowing them to better manage the cost of their health care expenses.

A family physician from Leawood, Kansas told me, ''I am pleased that legislation is being introduced to reverse this policy. Many of my patients face undue burdens purchasing needed medications that are essential to their health maintenance and overall wellbeing. Reversal of this policy will allow my patients to continue to purchase the numerous beneficial over-the-counter products that are so important in our daily lives and will eliminate a substantial administrative burden on my practice.''

In Kansas, and throughout the U.S., a broad coalition of groups support this legislation, including the U.S. Chamber, NFIB, pharmacist groups, drug store organizations and consumer groups.

I would invite my colleagues to join me in this effort by cosponsoring this legislation.

By Mr. CRAPO (for himself, Mr. WYDEN, Mr. RISCH, and Mr. BEGICH):

S. 1369. A bill to amend the Federal Water Pollution Control Act to exempt the conduct of silvicultural activities from national pollutant discharge elimination system permitting requirements; to the Committee on Environment and Public Works.

Mr. CRAPO. Mr. President, over the last several months, this body has been focused on issues pertaining to our economy, such as the ailing jobs market and our debt and deficits. That is as it should be. However, while these important issues have commanded most of our attention here in the United States Senate, that is not to say that other matters and conflicts have suddenly taken a back seat to them. Even as we vigorously debate our economic future, home-state and regional issues continue to command our attention. It is one of those regional issues that brings me to the floor today.

Two months ago, a three judge panel of the U.S. Court of Appeals for the 9th Circuit handed down a final decision that could have far reaching negative impacts on public and private forests, and the communities that rely on them, throughout the United States. In the case of Northwest Environmental Defense Center v. Brown, the Court ruled that logging road runoff when managed with a system of ditches and culverts and deposited into rivers and streams qualifies under the Clean Water Act as point source pollution. This means that storm water when mixed with dirt and rocks will now be subject to some of the most stringent environmental protection laws in the United States. America's Federal forests are already heavily litigated, but with one fell swoop, this decision threw out over 35 years of precedent, opening the door for even more litigation on Federal forest lands, and subjecting private and state forest lands to the same specter.

There was a time when forest jobs supported millions of Americans and their communities. But a lot has changed since then. Endless litigation, cheap imports, disease and a general shift in Federal forest management policy have drastically changed the landscape for forest jobs and the families and communities that rely on them. Working on the forests used to make up a considerable amount of the tax base in many rural communities, particularly in my State of Idaho. However, that has shrunk dramatically in recent decades.

Forest communities that were once prosperous now find themselves in a state of perpetual economic jeopardy, with young people searching for employment elsewhere and tax bases that can barely cover the cost of basic public services. This has become so dire that in 2000, Congress had to pass legislation to provide funding to rural communities with Federal public lands to make up for lost revenues from timber harvests on those lands.

Given all of this, I am disappointed that another impediment is being added to the economic survival of our forest communities.

This decision will impact both public and private forests. In the case of Federal forests, we have millions upon millions of acres that are in need of active management and restoration. Our Federal forests have suffered from under management, disease, wild fires and other factors, and to address these problems, the U.S. Forest Service needs to be able to get to work on much needed fuels reduction, thinning and other forest health projects. But litigation has made that very difficult, and this decision is only going to make it worse.

Then, there are private forests. The people who own, manage and work on these private forests need roads to have access to them. But, this judicially-mandated permit requirement will inevitably lead to increased costs for businesses that are already operating on the margins. Furthermore, this decision will impose the Federal Government into the management of private lands as these permits, even if issued by a State agency, will be subject to Environmental Protection Agency oversight under the Federal Clean Water Act, as well as citizen suits that are intended to further reduce timber harvests.

We need to do something about this unfortunate and unwise decision out of the Ninth Circuit Court of Appeals. As such, I am introducing legislation along with my friends Senator WYDEN, Senator RISCH and Senator BEGICH to overturn it. This legislation is entitled the Silviculture Regulatory Consistency Act of 2011. Our forests and the communities that they have long supported are already in considerable jeopardy, and we need to do everything in our power to help these rural communities. Passing this legislation is only one step in that process, but it is a very necessary one.

I hope that the Senate can pass this bipartisan legislation as soon as possible.

Mr. WYDEN. Mr. President, today I am joining with my colleagues from Idaho, Senator CRAPO and Senator RISCH, and my colleague from Alaska, Senator BEGICH, to correct a regulatory problem that left uncorrected will bury private, State and tribal forest lands in a wave of litigation. If we have learned anything from the court battles that have contributed to the widespread gridlock and mismanagement of our Federal forests, it is that this is not the best path to ensure our forests' future and should be considered only as a last resort. Now those battles threaten to spill over onto private forest lands.

Since the advent of the Clean Water Act, Democratic and Republican administrations have held that most silviculture activities were nonpoint sources for purposes of the act and would be best regulated at the State level, under the States' individual forest practices laws. Under this rule, known as the ''silviculture rule, '' silvicultural activities, such as nursery operations, site preparation, reforestation and subsequent treatment, thinning, prescribed burning, pest and fire control, harvesting operations, surface drainage, or road construction and maintenance, from which there is natural runoff, were regulated through the Clean Water Act by States best management practices.

This rule for forest roads has now been explicitly invalidated by the Ninth Circuit Court of Appeals, which—in a series of two decisions—implicitly undermined the long-held ''silvicultural rule,'' stemming from

litigation over the use of forest roads in Oregon State-owned forests.

According to the Ninth Circuit, stormwater runoff collected and directed by a system of ditches and culverts creates a discrete point source and therefore, must be regulated as industrial stormwater runoff. This judicial interpretation of the Clean Water Act means that every source of runoff on forest roads will now require an industrial stormwater runoff permit. Not only will new roads need to be permitted, but the hundreds of thousands of miles of existing roads in Oregon and around the country, on both public and private lands, will now need to be reviewed and issued permits.

If this one court's decision to overturn 35 years of widely-accepted, Environmental Protection Agency, EPA, policy is allowed to stand, private, State, and tribal forest owners will also likely be subjected to litigation as part of the permitting process or through lawsuits under the citizen suit provisions of the Clean Water Act. The outcome could well deny States the use of their forests which they depend on to pay for schools and services, while significantly depressing the investment required to sustain private forestry.

If this decision is allowed to stand, every use of forest roads will require permitting and will therefore be subject to challenge by citizen lawsuits. This will not only overburden landowners and managers in the Ninth Circuit states by adding significant compliance and permitting costs, it will create an opportunity for administrative appeal and litigation every time a permit is approved.

Initially, the court's ruling will apply solely to my region of the country, but we can expect lawyers to quickly beat a path to other Federal courts and the EPA itself, seeking to extend the ruling to all other forested regions of the country, and giving an immediate and perhaps permanent competitive advantage to our foreign competitors who have far lesser environmental standards and enforcement.

The fact of the matter is that forests and forest roads—even private ones—have multiple economic and environmental uses and users—from wildlife habitat to recreation to timber production—over decades long growing and harvesting cycles. The ''silviculture rule'' existed because forestry is different from other industries, even other agricultural production. This is why, in this instance, I believe the courts have gone too far in reinterpreting the law and why legislation is needed to make the long-accepted ''silvicultural rule'' the legal basis for Clean Water Act regulation of forestry practices.

The Clean Water Act is one of the cornerstones of environmental protection. In the past two Congresses, I cosponsored the Clean Water Restoration Act because I believed that the U.S. Supreme Court went too far in reinterpreting decades of Clean Water Act law by excluding wetlands and intermittent streams that had long been protected under that law. Here too, I believe that the courts have gone too far in reinterpreting what has been a longstanding understanding of how silvicultural activities should be regulated. The Ninth Circuit concluded that only Congress can authorize EPA's original reading of the law. Senators CRAPO, RISCH, BEGICH and I are introducing legislation today in response to that conclusion.

That is not to say that the persons who orchestrated this litigation were not well-intentioned in their desire to address the water quality issues that can arise from silviculture, as they can in virtually every other agricultural activity. Rather, I believe they had the best of intentions. In fact, I share their intentions. I have labored for decades and will continue to work to address the poor condition of forest roads on Federal lands. I will also be the first to argue that the Federal Government has much to do in that regard. Efforts can also be made on State and private lands. In many instances, what is needed is simply more technical assistance and financial incentives to help landowners and managers that are seeking to do the right thing. I certainly care about keeping the pristine quality of our streams and the impacts that sediment can have on salmon and aquatic creatures. It is part of the reason why I have championed wilderness and wild and scenic river legislation to protect Oregon's special places, including its beautiful waterways.

But I can't agree with their decision to first fight this out in court. Their litigation tries to impose an outcome on my region without ever attempting to address the concerns and needs of the thousands of people in my State who earn their living as responsible stewards of private forest land. Oregon is still struggling to come back from the economic crisis and many of our forested counties continue to suffer from double digit unemployment. Where will the 120,000 people in Oregon who make their living on private forest land go when private lands experience the same gridlock as their Federal land counterparts? How will small woodlot owners in Oregon—mostly mom and pop investments—survive when subjected to Federal regulation and lawsuits for the first time in our State's history? How many millions of acres of private, shareholder-owned forest land will be converted to nonagricultural purposes when companies are no longer able to carry out needed forest management? To my knowledge, the litigants did not make a meaningful effort to address any of those challenges before initiating the lawsuit that now threatens to throw my State into a dangerous economic trajectory.

I should point out that this issue transcends partisan concerns, as evidenced by the prominent Democrats who have found common ground with Republicans on this issue. Oregon's Governor, John Kitzhaber, one of the most prominent environmental champions in the Nation, has consistently fought against the Northwest Environmental Defense Center ruling and continues to do so. Senator BEGICH, who is known for his thoughtful and balanced approach to natural resource issues, joins me as an original cosponsor. On the House side, I am joined by Democratic Congressman KURT SCHRADER, who knows better than most the unintended consequences of well-intentioned, but poorly aimed efforts at regulation.

To my friends in the environmental community who raise legitimate concerns about a range of issues surrounding this policy I encourage you to sit down with us in a dialogue, at both the Federal and State levels. Bring your ideas for how we can monitor and protect water without sacrificing what remains of Oregon's forest industry. You will be heard and I stand ready to work with you. But it is not enough to simply dictate outcomes. We have to first look for solutions that avoid the epidemic of litigation and appeals that threaten the sustainability and survival of our timber industry. You are, of course, right to expect that we arrive at those solutions within a reasonable period of time.

By Mrs. BOXER (for herself, Ms. MURKOWSKI, and Mrs. MURRAY):

S. 1370. A bill to reauthorize 21st century community learning centers, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mrs. BOXER. Mr. President, I rise today to urge my colleagues to cosponsor the Afterschool for America's Children Act, which I am introducing today with Senators MURKOWSKI and MURRAY.

Across the country, afterschool programs help keep children safe and help them learn through hands-on academic enrichment activities that are disappearing from the regular school day.

Numerous studies have shown that quality afterschool programs give students the academic, social and professional skills they need to succeed. Students who regularly attend have better grades and behavior in school, and lower incidences of drug use, violence and unintended pregnancy.

Over the past 10 years, the 21st Century Community Learning Centers, CCLC, program has helped support afterschool programs for millions of children from low-income backgrounds, including over 1.6 million children last year.

Unfortunately, the demand for affordable, quality afterschool experiences far exceeds the number of programs available. The 2009 report, America After 3PM, found that while afterschool programs are serving more kids than ever, the number of unsupervised children in the United States has increased. More than 18 million children have parents who would like to enroll their child in an afterschool program but can't find one available.

For over 10 years, federally funded afterschool programs have played an important role in the lives of so many children and families. The Afterschool for America's Children Act, AACA, would strengthen the 21st CCLC program, leaving in place what works and

using what we have learned about what makes afterschool successful to improve the program.

The AACA would modernize the 21st CCLC program to improve States' ability to effectively support quality afterschool programs, run more effective grant competitions and improve struggling programs. In addition, this legislation helps improve local programs by fostering better communication between local schools and programs, encouraging parental engagement in student learning, and improving the tracking of student progress.

Afterschool programs have such a diverse group of supporters, from law enforcement to the business community, because these vital programs help keep the children of working parents safe while enriching their learning experience and preparing them for the real world.

I urge my colleagues to join me and Senators MURKOWSKI and MURRAY in supporting the Afterschool for America's Children Act to ensure that 21st CCLC dollars are invested most efficiently in successful afterschool programs that keep children safe and help them learn.

By Mr. REED (for himself and Mr. WHITEHOUSE):

S. 1371. A bill to amend the Magnuson-Stevens Fishery Conservation and Management Act to add Rhode Island to the Mid-Atlantic Fishery Management Council; to the Committee on Commerce, Science, and Transportation.

Mr. REED. Mr. President, today, along with my colleague Senator WHITEHOUSE, I am introducing the Rhode Island Fishermen's Fairness Act of 2011.

For nearly a decade, I have worked to correct a serious flaw in our fisheries management system, which denies the fishermen of my state a voice in the management of many of the stocks that they catch and rely upon for their livelihoods.

The Magnuson-Stevens Fishery Conservation and Management Act established eight regional fishery management councils to give fishermen and other stakeholders the leading role in developing the fishery management plans for federally regulated species. As such, the councils have enormous significance on the lives and livelihoods of fishermen. To ensure equitable representation, the statute sets out the states from which appointees are to be drawn for each council.

Under the Magnuson-Stevens Act, the State of Rhode Island was granted voting membership on the New England Fishery Management Council, NEFMC, as NEFMC-managed stocks represent a significant percentage of landings and revenue for the State. However, while Rhode Island has an even larger stake in the Mid-Atlantic fishery it does not have voting representation on the Mid-Atlantic Fishery Management Council, MAFMC, which currently consists of representatives from New York, New Jersey, Delaware, Pennsylvania, Maryland, Virginia, and North Carolina.

Rhode Island's stake in the Mid-Atlantic fishery is hardly incidental. According to National Oceanic and Atmospheric Administration, NOAA, data, Rhode Island accounts for approximately a quarter of the catch from this fishery, and its landings are greater than the combined total of landings for the States of New York, Delaware, Pennsylvania, Maryland, Virginia, and North Carolina. In act, only one State, New Jersey, lands more MAFMC regulated species than Rhode Island.

This legislation offers a simple solution. Following current practice, the Rhode Island Fishermen's Fairness Act would create two seats on the MAFMC for Rhode Island: one seat appointed by the Secretary of Commerce based on recommendations from the Governor of Rhode Island, and a second seat filled by Rhode Island's principal state official with marine fishery management responsibility. To accommodate these new members, the MAFMC would increase in size from 21 voting members to 23.

Pursuant to a provision included in the Magnuson-Stevens Reauthorization Act of 2006 at my request, the MAFMC reported to Congress on this issue in 2007 and confirmed that there is a precedent for this proposal. As the report notes, North Carolina's representatives in Congress succeeded in adding that State to the MAFMC through an amendment to the Sustainable Fisheries Act in 1996. Like Rhode Island, a significant proportion of North Carolina's landed fish species were managed by the MAFMC, yet the State had no vote on the council.

With mounting economic, ecological, and regulatory challenges, it is more important than ever that Rhode Island's fishermen have a voice in the management of the fisheries they depend on. I look forward to working with Senator WHITEHOUSE and my other colleagues to restore a measure of equity to the fisheries management process by passing the Rhode Island Fishermen's Fairness Act.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1371

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Rhode Island Fishermen's Fairness Act''.

SEC. 2. FINDINGS.

The findings are as follows:

(1) Rhode Island fishermen participate in fisheries managed by the New England Fishery Management Council (NEFMC) and the Mid-Atlantic Fishery Management Council (MAFMC).

(2) Rhode Island currently has voting membership on the NEFMC under the Magnuson-Stevens Fishery Conservation and Management Act but does not have voting membership on the MAFMC.

(3) Rhode Island lands more MAFMC-managed stocks than any other MAFMC member except the State of New Jersey.

(4) A higher percentage of Rhode Island's commercial landings (by weight or value) traditionally have come from species that are managed by the MAFMC as compared to species managed by NEFMC.

(5) MAFMC has found that Rhode Island's circumstance parallels that of Florida and North Carolina, which each have voting membership on two different fishery management councils.

SEC. 3. ADDITION OF RHODE ISLAND TO THE MID-ATLANTIC FISHERY MANAGEMENT COUNCIL.

Section 302(a)(1)(B) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1852(a)(1)(B)) is amended—

(1) by inserting ''Rhode Island,'' after ''States of'';

(2) by inserting ''Rhode Island,'' after ''except North Carolina,'';

(3) by striking ''21'' and inserting ''23''; and

(4) by striking ''13'' and inserting ''14''.

By Mr. REED (for himself, Mr. KIRK, Mr. BINGAMAN, Mr. CARDIN, Mr. DURBIN, Mrs. GILLIBRAND, Mr. KERRY, Mr. LAUTENBERG, Ms. MIKULSKI, Mrs. MURRAY, Mr. SANDERS, and Mr. WHITEHOUSE):

S. 1372. A bill to amend the Elementary and Secondary Education Act of 1965 regarding environmental education, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. REED. Mr. President, today I am introducing bipartisan legislation to provide new support for environmental education in our Nation's classrooms. I thank Senators KIRK, BINGAMAN, CARDIN, DURBIN, GILLIBRAND, KERRY, LAUTENBERG, MIKULSKI, MURRAY, SANDERS, and WHITEHOUSE for agreeing to be original cosponsors of the No Child Left Inside Act of 2011. Given the major environmental challenges we face today, our bill seeks to prioritize teaching our young people about their natural world. For more than three decades, environmental education has been a growing part of effective instruction in America's schools. Responding to the need to improve student achievement and prepare students for the 21st century economy, many schools throughout the Nation now offer some form of environmental education.

Yet, environmental education is facing a significant challenge. Many schools are being forced to scale back or eliminate environmental programs. As a result, fewer and fewer students are able to take part in related classroom instruction and field investigations, however effective or popular. State and local administrators, teachers, and environmental educators point to two factors behind this recent and disturbing shift: the unintended consequences of the No Child Left Behind Act and dwindling sources of funding for these critical programs.

The legislation that we are introducing today would address these two

concerns. First, it would provide a new professional development initiative to ensure that teachers possess the content knowledge and pedagogical skills to effectively teach environmental education in the classroom, including the use of innovative interdisciplinary and field-based learning strategies. Second, the bill would create incentives for states to develop a peer-reviewed comprehensive statewide environmental literacy plan to make sure prekindergarten, elementary, and secondary school students have a solid understanding of our planet and its natural resources. Lastly, the No Child Left Inside Act provides support for school districts to initiate, expand, or improve their environmental education curriculum, and for replication and dissemination of effective practices. This legislation has broad support among national and state environmental groups and educational groups.

The American public recognizes that the environment is already one of the dominant issues of the 21st century. In 2003, a National Science Foundation panel noted that ''in the coming decades, the public will more frequently be called upon to understand complex environmental issues, assess risk, evaluate proposed environmental plans and understand how individual decisions affect the environment at local and global scales. Creating a scientifically informed citizenry requires a concerted, systemic approach to environmental education . . .''. In the private sector, business leaders also increasingly believe that an environmentally literate workforce is critical to their long-term success. They recognize that better, more efficient environmental practices improve the bottom line and help position their companies for the future.

Environmental education is an important part of the solution to many of the problems facing our country today. It helps prepare the next generation with the skills and knowledge necessary to be competitive in the global economy. Studies have shown that it enhances student achievement in science and other core subjects and increases student engagement and critical thinking skills. It promotes healthy lifestyles by encouraging kids to get outside.

In Rhode Island, organizations such as the Rhode Island Environmental Education Association, Roger Williams Park Zoo, Save the Bay, the Nature Conservancy, and the Audubon Society as well as countless schools and teachers, reach out to children to offer educational and outdoor experiences that these children may never otherwise have, helping to inspire them to learn. Partnering with the Rhode Island Department of Education, these organizations have developed a statewide environmental literacy plan.

Similar efforts are taking place across the Nation. According to the National Association for Environmental Education, 40 states have taken steps towards developing similar plans to integrate environmental literacy into their statewide educational initiatives. Despite these extraordinary efforts, environmental education remains out of reach for too many kids.

That is why I look forward to working with my colleagues to enact the No Child Left Inside Act of 2011.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1372

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''No Child Left Inside Act of 2011''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. References.
Sec. 3. Authorization of appropriations.
TITLE I—ENVIRONMENTAL LITERACY PLANS
Sec. 101. Development, approval, and implementation of State environmental literacy plans.
TITLE II—ESTABLISHMENT OF ENVIRONMENTAL EDUCATION PROFESSIONAL DEVELOPMENT GRANT PROGRAMS
Sec. 201. Environmental education professional development grant programs.
TITLE III—ENVIRONMENTAL EDUCATION GRANT PROGRAM TO HELP BUILD NATIONAL CAPACITY
Sec. 301. Environmental education grant program to help build national capacity.

SEC. 2. REFERENCES.

Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6301 et seq.).

SEC. 3. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—There are authorized to be appropriated to carry out section 5622(g) and part E of title II of the Elementary and Secondary Education Act of 1965, such sums as may be necessary for fiscal year 2012 and each of the 4 succeeding fiscal years.

(b) DISTRIBUTION.—With respect to any amount appropriated under subsection (a) for a fiscal year—

(1) not more than 70 percent of such amount shall be used to carry out section 5622(g) of the Elementary and Secondary Education Act of 1965 for such fiscal year; and

(2) not less than 30 percent of such amount shall be used to carry out part E of title II of such Act for such fiscal year.

TITLE I—ENVIRONMENTAL LITERACY PLANS

SEC. 101. DEVELOPMENT, APPROVAL, AND IMPLEMENTATION OF STATE ENVIRONMENTAL LITERACY PLANS.

Part D of title V (20 U.S.C. 7201 et seq.) is amended by adding at the end the following:

''Subpart 22—Environmental Literacy Plans

''SEC. 5621. ENVIRONMENTAL LITERACY PLAN REQUIREMENTS.

''In order for any State educational agency, or a local educational agency served by a State educational agency, to receive grant funds, either directly or through participation in a partnership with a recipient of grant funds, under this subpart or part E of title II, the State educational agency shall meet the requirements regarding an environmental literacy plan under section 5622.

''SEC. 5622. STATE ENVIRONMENTAL LITERACY PLANS.

''(a) SUBMISSION OF PLAN.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of the No Child Left Inside Act of 2011, a State educational agency subject to the requirements of section 5621 shall, in consultation with State environmental agencies and State natural resource agencies, and with input from the public—

''(A) submit an environmental literacy plan for prekindergarten through grade 12 to the Secretary for peer review and approval that will ensure that elementary and secondary school students in the State are environmentally literate; and

''(B) begin the implementation of such plan in the State.

''(2) EXISTING PLANS.—A State may satisfy the requirement of paragraph (1)(A) by submitting to the Secretary for peer review an existing State plan that has been developed in cooperation with a State environmental or natural resource management agency, if such plan complies with this section.

''(b) PLAN OBJECTIVES.—A State environmental literacy plan shall meet the following objectives:

''(1) Prepare students to understand, analyze, and address the major environmental challenges facing the students' State and the United States.

''(2) Provide field experiences as part of the regular school curriculum and create programs that contribute to healthy lifestyles through outdoor recreation and sound nutrition.

''(3) Create opportunities for enhanced and on-going professional development for teachers that improves the teachers'—

''(A) environmental subject matter knowledge; and

''(B) pedagogical skills in teaching about environmental issues, including the use of—

''(i) interdisciplinary, field-based, and research-based learning; and

''(ii) innovative technology in the classroom.

''(c) CONTENTS OF PLAN.—A State environmental literacy plan shall include each of the following:

''(1) A description of how the State educational agency will measure the environmental literacy of students, including—

''(A) relevant State academic content standards and content areas regarding environmental education, and courses or subjects where environmental education instruction will be integrated throughout the prekindergarten to grade 12 curriculum; and

''(B) a description of the relationship of the plan to the secondary school graduation requirements of the State.

''(2) A description of programs for professional development for teachers to improve the teachers'—

''(A) environmental subject matter knowledge; and

''(B) pedagogical skills in teaching about environmental issues, including the use of—

''(i) interdisciplinary, field-based, and research-based learning; and

''(ii) innovative technology in the classroom.

''(3) A description of how the State educational agency will implement the plan, including securing funding and other necessary support.

''(d) PLAN UPDATE.—The State environmental literacy plan shall be revised or updated by the State educational agency and submitted to the Secretary not less often than every 5 years or as appropriate to reflect plan modifications.

''(e) PEER REVIEW AND SECRETARIAL APPROVAL.—The Secretary shall—

''(1) establish a peer review process to assist in the review of State environmental literacy plans;

''(2) appoint individuals to the peer review process who—

''(A) are representative of parents, teachers, State educational agencies, State environmental agencies, State natural resource agencies, local educational agencies, and nongovernmental organizations; and

''(B) are familiar with national environmental issues and the health and educational needs of students;

''(3) include, in the peer review process, appropriate representatives from the Department of Commerce, Department of Interior, Department of Energy, the Environmental Protection Agency, and other appropriate Federal agencies, to provide environmental expertise and background for evaluation of the State environmental literacy plan;

''(4) approve a State environmental literacy plan not later than 120 days after the plan's submission unless the Secretary determines that the State environmental literacy plan does not meet the requirements of this section;

''(5) immediately notify the State if the Secretary determines that the State environmental literacy plan does not meet the requirements of this section, and state the reasons for such determination;

''(6) not decline to approve a State environmental literacy plan before—

''(A) offering the State an opportunity to revise the State environmental literacy plan;

''(B) providing technical assistance in order to assist the State to meet the requirements of this section; and

''(C) providing notice and an opportunity for a hearing; and

''(7) have the authority to decline to approve a State environmental literacy plan for not meeting the requirements of this part, but shall not have the authority to require a State, as a condition of approval of the State environmental literacy plan, to—

''(A) include in, or delete from, such State environmental literacy plan 1 or more specific elements of the State academic content standards under section 1111(b)(1); or

''(B) use specific academic assessment instruments or items.

''(f) STATE REVISIONS.—The State educational agency shall have the opportunity to revise a State environmental literacy plan if such revision is necessary to satisfy the requirements of this section.

''(g) GRANTS FOR IMPLEMENTATION.—

''(1) PROGRAM AUTHORIZED.—From amounts appropriated for this subsection, the Secretary shall award grants, through allotments in accordance with the regulations described in paragraph (2), to States to enable the States to award subgrants, on a competitive basis, to local educational agencies and eligible partnerships (as such term is defined in section 2502) to support the implementation of the State environmental literacy plan.

''(2) REGULATIONS.—The Secretary shall promulgate regulations implementing the grant program under paragraph (1), which regulations shall include the development of an allotment formula that best achieves the purposes of this subpart.

''(3) ADMINISTRATIVE EXPENSES.—A State receiving a grant under this subsection may use not more than 2.5 percent of the grant funds for administrative expenses.

''(h) REPORTING.—

''(1) IN GENERAL.—Not later than 2 years after approval of a State environmental literacy plan, and every 2 years thereafter, the State educational agency shall submit to the Secretary a report on the implementation of the State plan.

''(2) REPORT REQUIREMENTS.—The report required by this subsection shall be—

''(A) in the form specified by the Secretary;

''(B) based on the State's ongoing evaluation activities; and

''(C) made readily available to the public.''.

TITLE II—ESTABLISHMENT OF ENVIRONMENTAL EDUCATION PROFESSIONAL DEVELOPMENT GRANT PROGRAMS

SEC. 201. ENVIRONMENTAL EDUCATION PROFESSIONAL DEVELOPMENT GRANT PROGRAMS.

Title II (20 U.S.C. 6601 et seq.) is amended by adding at the end the following:

''PART E—ENVIRONMENTAL EDUCATION PROFESSIONAL DEVELOPMENT GRANT PROGRAMS

''SEC. 2501. PURPOSE.

''The purpose of this part is to ensure the academic achievement of students in environmental literacy through the professional development of teachers and educators.

''SEC. 2502. GRANTS FOR ENHANCING EDUCATION THROUGH ENVIRONMENTAL EDUCATION.

''(a) DEFINITION OF ELIGIBLE PARTNERSHIP.—In this section, the term 'eligible partnership' means a partnership that—

''(1) shall include a local educational agency; and

''(2) may include—

''(A) the teacher training department of an institution of higher education;

''(B) the environmental department of an institution of higher education;

''(C) another local educational agency, a public charter school, a public elementary school or secondary school, or a consortium of such schools;

''(D) a Federal, State, regional, or local environmental or natural resource management agency that has demonstrated effectiveness in improving the quality of environmental education teachers; or

''(E) a nonprofit organization that has demonstrated effectiveness in improving the quality of environmental education teachers.

''(b) GRANTS AUTHORIZED.—

''(1) PROGRAM AUTHORIZED.—From amounts appropriated for this subsection, the Secretary shall award grants, through allotments in accordance with the regulations described in paragraph (2), to States whose State environmental literacy plan has been approved under section 5622, to enable the States to award subgrants under subsection (c).

''(2) REGULATIONS.—The Secretary shall promulgate regulations implementing the grant program under paragraph (1), which regulations shall include the development of an allotment formula that best achieves the purposes of this subpart.

''(3) ADMINISTRATIVE EXPENSES.—A State receiving a grant under this subsection may use not more than 2.5 percent of the grant funds for administrative expenses.

''(c) SUBGRANTS AUTHORIZED.—

''(1) SUBGRANTS TO ELIGIBLE PARTNERSHIPS.—From amounts made available to a State educational agency under subsection (b)(1), the State educational agency shall award subgrants, on a competitive basis, to eligible partnerships serving the State, to enable the eligible partnerships to carry out the authorized activities described in subsection (e) consistent with the approved State environmental literacy plan.

''(2) DURATION.—The State educational agency shall award each subgrant under this part for a period of not more than 3 years beginning on the date of approval of the State's environmental literacy plan under section 5622.

''(3) SUPPLEMENT, NOT SUPPLANT.—Funds provided to an eligible partnership under this part shall be used to supplement, and not supplant, funds that would otherwise be used for activities authorized under this part.

''(d) APPLICATION REQUIREMENTS.—

''(1) IN GENERAL.—Each eligible partnership desiring a subgrant under this part shall submit an application to the State educational agency, at such time, in such manner, and accompanied by such information as the State educational agency may require.

''(2) CONTENTS.—Each application submitted under paragraph (1) shall include—

''(A) the results of a comprehensive assessment of the teacher quality and professional development needs, with respect to the teaching and learning of environmental content;

''(B) an explanation of how the activities to be carried out by the eligible partnership are expected to improve student academic achievement and strengthen the quality of environmental instruction;

''(C) a description of how the activities to be carried out by the eligible partnership—

''(i) will be aligned with challenging State academic content standards and student academic achievement standards in environmental education, to the extent such standards exist, and with the State's environmental literacy plan under section 5622; and

''(ii) will advance the teaching of interdisciplinary courses that integrate the study of natural, social, and economic systems and that include strong field components in which students have the opportunity to directly experience nature;

''(D) a description of how the activities to be carried out by the eligible partnership will ensure that teachers are trained in the use of field-based or service learning to enable the teachers—

''(i) to use the local environment and community as a resource; and

''(ii) to enhance student understanding of the environment and academic achievement;

''(E) a description of—

''(i) how the eligible partnership will carry out the authorized activities described in subsection (e); and

''(ii) the eligible partnership's evaluation and accountability plan described in subsection (f); and

''(F) a description of how the eligible partnership will continue the activities funded under this part after the grant period has expired.

''(e) AUTHORIZED ACTIVITIES.—An eligible partnership shall use the subgrant funds provided under this part for 1 or more of the following activities related to elementary schools or secondary schools:

''(1) Creating opportunities for enhanced and ongoing professional development of teachers that improves the environmental subject matter knowledge of such teachers.

''(2) Creating opportunities for enhanced and ongoing professional development of teachers that improves teachers' pedagogical skills in teaching about the environment and environmental issues, including in the use of—

''(A) interdisciplinary, research-based, and field-based learning; and

''(B) innovative technology in the classroom.

''(3) Establishing and operating environmental education summer workshops or institutes, including follow-up training, for elementary and secondary school teachers to

improve their pedagogical skills and subject matter knowledge for the teaching of environmental education.

''(4) Developing or redesigning more rigorous environmental education curricula that—

''(A) are aligned with challenging State academic content standards in environmental education, to the extent such standards exist, and with the State environmental literacy plan under section 5622; and

''(B) advance the teaching of interdisciplinary courses that integrate the study of natural, social, and economic systems and that include strong field components.

''(5) Designing programs to prepare teachers at a school to provide mentoring and professional development to other teachers at such school to improve teacher environmental education subject matter and pedagogical skills.

''(6) Establishing and operating programs to bring teachers into contact with working professionals in environmental fields to expand such teachers' subject matter knowledge of, and research in, environmental issues.

''(7) Creating initiatives that seek to incorporate environmental education within teacher training programs or accreditation standards consistent with the State environmental literacy plan under section 5622.

''(8) Promoting outdoor environmental education activities as part of the regular school curriculum and schedule in order to further the knowledge and professional development of teachers and help students directly experience nature.

''(f) EVALUATION AND ACCOUNTABILITY PLAN.—

''(1) IN GENERAL.—Each eligible partnership receiving a subgrant under this part shall develop an evaluation and accountability plan for activities assisted under this part that includes rigorous objectives that measure the impact of the activities.

''(2) CONTENTS.—The plan developed under paragraph (1) shall include measurable objectives to increase the number of teachers who participate in environmental education content-based professional development activities.

''(g) REPORT.—Each eligible partnership receiving a subgrant under this part shall report annually, for each year of the subgrant, to the State educational agency regarding the eligible partnership's progress in meeting the objectives described in the accountability plan of the eligible partnership under subsection (f).''.

TITLE III—ENVIRONMENTAL EDUCATION GRANT PROGRAM TO HELP BUILD NATIONAL CAPACITY

SEC. 301. ENVIRONMENTAL EDUCATION GRANT PROGRAM TO HELP BUILD NATIONAL CAPACITY.

Part D of title V (20 U.S.C. 7201 et seq.) (as amended by section 101) is further amended by adding at the end the following:

''Subpart 23—Environmental Education Grant Program

''SEC. 5631. PURPOSES.

''The purposes of this subpart are—

''(1) to prepare children to understand and address major environmental challenges facing the United States; and

''(2) to strengthen environmental education as an integral part of the elementary school and secondary school curriculum.

''SEC. 5632. GRANT PROGRAM AUTHORIZED.

''(a) DEFINITION OF ELIGIBLE PARTNERSHIP.—In this section, the term 'eligible partnership' means a partnership that—

''(1) shall include a local educational agency; and

''(2) may include—

''(A) the teacher training department of an institution of higher education;

''(B) the environmental department of an institution of higher education;

''(C) another local educational agency, a public charter school, a public elementary school or secondary school, or a consortium of such schools;

''(D) a Federal, State, regional, or local environmental or natural resource management agency, or park and recreation department, that has demonstrated effectiveness, expertise, and experience in the development of the institutional, financial, intellectual, or policy resources needed to help the field of environmental education become more effective and widely practiced; and

''(E) a nonprofit organization that has demonstrated effectiveness, expertise, and experience in the development of the institutional, financial, intellectual, or policy resources needed to help the field of environmental education become more effective and widely practiced.

''(b) GRANTS AUTHORIZED.—

''(1) IN GENERAL.—The Secretary is authorized to award grants, on a competitive basis, to eligible partnerships to enable the eligible partnerships to pay the Federal share of the costs of activities under this subpart.

''(2) DURATION.—Each grant under this subpart shall be for a period of not less than 1 year and not more than 3 years.

''SEC. 5633. APPLICATIONS.

''Each eligible partnership desiring a grant under this subpart shall submit to the Secretary an application that contains—

''(1) a plan to initiate, expand, or improve environmental education programs in order to make progress toward meeting—

''(A) challenging State academic content standards and student academic achievement standards in environmental education, to the extent such standards exist; and

''(B) academic standards that are aligned with the State's environmental literacy plan under section 5622; and

''(2) an evaluation and accountability plan for activities assisted under this subpart that includes rigorous objectives that measure the impact of activities funded under this subpart.

''SEC. 5634. USE OF FUNDS.

''Grant funds made available under this subpart shall be used for 1 or more of the following:

''(1) Developing and implementing State curriculum frameworks for environmental education that meet—

''(A) challenging State academic content standards and student academic achievement standards for environmental education, to the extent such standards exist; and

''(B) academic standards that are aligned with the State's environmental literacy plan under section 5622.

''(2) Replicating or disseminating information about proven and tested model environmental education programs that—

''(A) use the environment as an integrating theme or content throughout the curriculum; or

''(B) provide integrated, interdisciplinary instruction about natural, social, and economic systems along with field experience that provides students with opportunities to directly experience nature in ways designed to improve students' overall academic performance, personal health (including addressing child obesity issues), and understanding of nature.

''(3) Developing and implementing new approaches to advancing environmental education, and to advancing the adoption and use of environmental education content standards, at the State and local levels.

''SEC. 5635. REPORTS.

''(a) ELIGIBLE PARTNERSHIP REPORT.—In order to continue receiving grant funds under this subpart after the first year of a multiyear grant under this subpart, the eligible partnership shall submit to the Secretary an annual report that—

''(1) describes the activities assisted under this subpart that were conducted during the preceding year;

''(2) demonstrates that progress has been made in helping schools to meet the State academic standards for environmental education described in section 5634(1); and

''(3) describes the results of the eligible partnership's evaluation and accountability plan.

''(b) REPORT TO CONGRESS.—Not later than 2 years after the date of enactment of the No Child Left Inside Act of 2011 and annually thereafter, the Secretary shall submit a report to Congress that—

''(1) describes the programs assisted under this subpart;

''(2) documents the success of such programs in improving national and State environmental education capacity; and

''(3) makes such recommendations as the Secretary determines appropriate for the continuation and improvement of the programs assisted under this subpart.

''SEC. 5636. ADMINISTRATIVE PROVISIONS.

''(a) FEDERAL SHARE.—The Federal share of a grant under this subpart shall not exceed—

''(1) 90 percent of the total costs of the activities assisted under the grant for the first year for which the program receives assistance under this subpart; and

''(2) 75 percent of such costs for each of the second and third years.

''(b) ADMINISTRATIVE EXPENSES.—Not more than 7.5 percent of the grant funds made available to an eligible partnership under this subpart for any fiscal year may be used for administrative expenses.

''(c) AVAILABILITY OF FUNDS.—Amounts made available to the Secretary to carry out this subpart shall remain available until expended.

''SEC. 5637. SUPPLEMENT, NOT SUPPLANT.

''Funds made available under this subpart shall be used to supplement, and not supplant, any other Federal, State, or local funds available for environmental education activities.''.

By Mr. ROCKEFELLER:

S. 1373. A bill to amend the Internal Revenue Code of 1986 to reduce international tax avoidance and restore a level playing field for American businesses; to the Committee on Finance.

Mr. ROCKEFELLER. Mr. President, today I am introducing the International Tax Competitiveness Act, legislation that will protect American businesses and workers by ensuring that they can compete on a level playing field with competitors who are using tax evasion to boost profits and ship jobs and dollars overseas.

This bill targets companies that cheat the Federal Government out of billions of dollars a year in revenue by taking advantage of tax loopholes. This legislation is designed to put an end to the practice where American companies avoid domestic taxes by moving their headquarters to a post office box overseas, while their executives and much of their workforce remain here in the United States. If you benefit from the protection of American laws and the talent of the American workforce, you should also pay taxes here in the United States.

In March, the television program 60 Minutes aired a story on tax avoidance

that centered on Zug, a town in Switzerland. While Zug has only 26,000 residents, it is home to nearly 30,000 corporations, many of which operate out of mailboxes. This is because the tax rates in Zug are low and companies can create phony headquarters there that allow them to avoid higher taxes in their home country.

The International Tax Competitiveness Act also discourages tax abuse related to transfer pricing. Sometimes, a company will produce a product here in the United States, taking advantage of generous research and development subsidies, and then sell it to a foreign subsidiary for pennies on the dollar. The royalty payments and profits then flow to that foreign company in a low tax jurisdiction, cheating the American government out of this revenue. This legislation would recognize many of these transactions for what they are . . . blatant abuse of the tax code, and treat profits as American-earned for tax purposes.

At a time when members of Congress are working hard to balance the budget and reduce our debt, everyone must contribute to the effort and our laws must be obeyed. It is not fair to cut funding for valuable healthcare and education programs in an effort to cut spending, while allowing corporations to avoid paying billions of dollars in taxes.

I want to thank my counterpart from the House of Representatives, Representative LLOYD DOGGETT, for his leadership in that body on this legislation. I ask my colleagues to join me in supporting this important legislation and thank the chair for allowing me to speak on this issue.

By Mr. LEVIN (for himself and Mr. BROWN of Ohio):

S. 1375. A bill to amend the Internal Revenue Code of 1986 to provide that corporate tax benefits based upon stock option compensation expenses be consistent with accounting expenses shown in corporate financial statements for such compensation; to the Committee on Finance.

Mr. LEVIN. Mr. President, today I am introducing a bill with my colleague, Senator SHERROD BROWN, to eliminate the federal tax break that gives special tax treatment to corporations that pay their executives with stock options. The bill is called the Ending Excessive Corporate Deductions for Stock Options Act, and it has been endorsed by the AFL–CIO, Citizens for Tax Justice, Consumer Federation of America, OMB Watch, and Tax Justice Network–USA. According to the Joint Committee on Taxation, eliminating this corporate tax break would bring in almost $25 billion over 10 years.

The existing special treatment of corporate stock options forces ordinary taxpayers to subsidize the salaries of corporate executives. The subsidy is a consequence of the current mismatch between U.S. accounting rules and tax rules for stock options, which have developed along divergent paths and are now out of kilter. Today, U.S. accounting rules require corporations to report stock option expenses on their books when those stock options are granted, while federal tax rules provide that they use another method to claim a different—and typically much higher—deduction on their tax returns when the stock options are exercised. The result is that corporations can claim larger tax deductions for stock options on their tax returns than the actual expense they show on their books, creating a tax windfall for those corporations.

Stock options are the only type of compensation where the tax code lets a corporation deduct more than the expense shown on their books. For all other types of compensation—cash, stock, bonuses, and more—the tax return deduction equals the book expense. In fact, if corporations took tax deductions for compensation in excess of what their books showed, it could constitute tax fraud. The sole exception to that rule is stock options. It is an exception we can no longer afford.

When corporate compensation committees learn that stock options can generate tax deductions that are many times larger than their book expense, it creates a huge temptation for corporations to pay their executives with stock options instead of cash. Why? Because compensating executives with stock options instead of cash can produce a huge tax windfall for the corporation. By taking advantage of federal tax laws that have not been updated for four decades, corporations can claim tax deductions at rates that are often 2 to 10 times higher than the stock option expense shown on their books.

Stock options are paid to virtually every chief executive officer, CEO, in America and are a major contributor to sky-high executive pay. Stock options give the recipients the right to buy company stock at a set price for a specified period of time, typically 10 years.

Since the 1980s, CEO pay has increased at a torrid pace. In 2010, according to Forbes magazine, executives at the 500 largest U.S. companies received pay totaling $4.5 billion, averaging $9 million per CEO. Thirty percent of that pay was comprised of exercised stock options which were cashed in for an average gain of about $2.7 million, bringing total pay to its highest level since before the recession. The highest paid executive in 2010 was the CEO of United Health Group, who received $102 million in total pay. Of that pay, almost all of it—$98 million—came from exercising stock options.

During the recession from 2007 to 2009, while many stock prices dropped in value, 90 percent of corporations awarded stock options to their executives. Because of the depressed stock prices at the time, most of those stock options were recorded on the corporations' books as a relatively small expense. Fast forward to 2010, and even in this struggling economy, as stock prices have begun to increase, those same stock options are seeing major jumps in their value, far above their book expense.

For example, in a recent study conducted by the Wall Street Journal, the CEO of Oracle Corporation was granted stock options in July 2009, with an estimated value of $62 million. Two years later, those options are estimated to be worth over $97 million, a gain of $35 million in just two years. Other corporate executives have experienced similar increases in their stock option holdings. For example, according to the Wall Street Journal analysis, the CEOs of Abercrombie and Fitch Inc., Nabors Industries, Ltd., and Starbucks Corporation all saw jumps in the value of stock options awarded during the financial crisis of more than $60 million each. The former CEO of Occidental Petroleum, Ray R. Irani, received a compensation package valued at $76.1 million, including stock option awards valued at $40.3 million.

These huge increases in the dollar value of the stock option awards mean skyrocketing tax deductions for corporations doing so well that their stock prices have climbed. The deductions will reduce the taxes being paid by these successful companies, depriving the U.S. treasury of needed revenues.

The average worker, by the way, has not experienced any increase in pay. From 2009 to 2010 alone, CEOs at the 500 biggest U.S. corporations saw a 12 percent increase in compensation, but median income has been stagnant. According to the Bureau of Labor Statistics, only 8 percent of workers in private industry received stock options as part of their compensation package. For CEOs, however, more than 90 percent of those in the S&P 500 received stock options in the 12 months starting October 1, 2008.

The financial tycoon J.P. Morgan once said that executive pay should not exceed 20 times average worker pay. But since 1990, CEO pay has increased to a level that is now nearly 300 times greater than the average worker's salary. The single biggest factor fueling that massive pay gap is stock options which are, in turn, generating huge tax deductions for the corporations that doled them out.

This bill would end the loophole that allows a corporation to deduct on its taxes more than the stock option expense shown on its books. Over a 5 year period, from 2005 to 2009, the latest year for which data is available, IRS tax return data shows that corporate stock option tax deductions have exceeded corporate book expenses by billions of dollars every year, with the size of the excess tax deductions varying from $12 billion to $61 billion per year. These excessive deductions mean billions of dollars in reduced taxes for

corporations wealthy enough to provide substantial stock option compensation to their executives, all at the expense of ordinary taxpayers.

We cannot afford to continue this multi-billion dollar loss to the U.S. Treasury, and tax fairness means ordinary taxpayers should not continue to be asked to subsidize corporate executive salaries. That is why the bill I am introducing today would change the tax code so that corporations can deduct only the stock option expense actually shown on their books.

To get a better understanding of why this bill is needed, it helps to have a clear understanding of how stock option accounting and tax rules fell out of sync over time.

Calculating the cost of stock options may sound straightforward, but for years, companies and their accountants engaged the Financial Accounting Standards Board, or FASB, in an all-out, knock-down battle over how companies should record stock option compensation expenses on their books.

U.S. publicly traded corporations are required by law to follow Generally Accepted Accounting Principles, or GAAP, which are issued by FASB which is, in turn, overseen by the SEC. For many years, GAAP allowed U.S. companies to issue stock options to employees and, unlike any other type of compensation, report a zero compensation expense on their books, so long as on the grant date, the stock option's exercise price equaled the market price at which the stock could be sold.

Assigning a zero value to stock options that routinely produced huge amounts of executive pay provoked deep disagreements within the accounting community. In 1993, FASB proposed assigning a ''fair value'' to stock options on the date they were granted to an employee, using mathematical valuation tools. FASB proposed further that companies include that amount as a compensation expense on their financial statements. A battle over stock option expensing followed, involving the accounting profession, corporate executives, FASB, the SEC, and Congress.

In the end, after years of fighting and negotiation, FASB issued a new accounting standard, Financial Accounting Standard, or FAS, 123R, which was endorsed by the SEC and became mandatory for all publicly traded corporations in 2005. In essence, FAS 123R requires all companies to record a compensation expense equal to the fair value on grant date of all stock options provided to an employee in exchange for the employee's services.

Opponents of the new accounting rule had predicted that, if implemented, it would severely damage U.S. capital markets. They warned that stock option expensing would eliminate corporate profits, discourage investment, end stock option compensation, depress stock prices, and stifle innovation. But none of that happened.

2006 was the first year in which all U.S. publicly traded companies were required to expense stock options. Instead of tumbling, both the New York Stock Exchange and NASDAQ turned in strong performances, as did initial public offerings by new companies. The dire predictions were wrong. Stock option expensing has been fully implemented without any detrimental impact to the markets.

During the years the battle raged over stock option accounting, relatively little attention was paid to the taxation of stock options. Section 83 of the tax code, first enacted in 1969 and still in place after four decades, is the key statutory provision. It essentially provides that, when an employee exercises compensatory stock options, the employee must report as income the difference between what the employee paid to exercise the options and the market value of the stock received. The corporation can then take a mirror deduction for whatever amount of income the employee realized.

For example, suppose a company gave options to an executive to buy 1 million shares of the company stock at $10 per share. Suppose, 5 years later, the executive exercised the options when the stock was selling at $30 per share. The executive's income would be $20 per share for a total of $20 million. The executive would declare $20 million as ordinary income, and in the same year, the company could take a tax deduction for $20 million.

The two main problems with this approach are, first, that the deduction amount is out of sync—and usually significantly greater than—the expense shown on the corporate books years earlier and, second, the $20 million in ordinary income obtained by the executive did not come from the corporation itself. In fact, rather than pay the executive the $20 million, the corporation actually received money from the executive who paid to exercise the option and purchase the related stock.

In most cases, the $20 million was actually paid by unrelated parties on the stock market who bought the stock from the executive. Yet the tax code currently allows the corporation to declare the $20 million paid by third parties as its own business expense and take it as a tax deduction. The reasoning behind this approach has been that the exercise date value was the only way to get certainty regarding the value of the stock options for tax deduction purposes. That reasoning lost its persuasive character, however, once consensus was reached on how to calculate the value of stock option compensation on the date the stock options are granted.

So U.S. stock option accounting and tax rules are now at odds with each other. Accounting rules require companies to expense stock options on their books on the grant date. Tax rules require companies to deduct stock option expenses on the exercise date. Companies report the grant date expense to investors on their financial statements, and the exercise date expense on their tax returns. The financial statements report on the stock options granted during the year, while the tax returns report on the stock options exercised during the year. In short, company financial statements and tax returns use different valuation methods and value, resulting in widely divergent stock option expenses for the same year.

To examine the nature and consequences of that stock option book-tax difference, the Permanent Subcommittee on Investigations, which I chair, initiated an investigation and held a hearing in June 2007. Here is what we found.

To test just how far the book and tax figures for stock options diverge, the Subcommittee contacted a number of companies to compare the stock option expenses they reported for accounting and tax purposes. The Subcommittee asked each company to identify stock options that had been exercised by one or more of its executives from 2002 to 2006. The Subcommittee then asked each company to identify the compensation expense they reported on their financial statements versus the compensation expense on their tax returns. The Subcommittee very much appreciated the cooperation and assistance provided by the nine companies we worked with. At the hearing, we disclosed the resulting stock option data for those companies, including three companies that testified.

The data provided by the companies showed that, under then existing rules, eight of the nine companies showed a zero expense on their books for the stock options that had been awarded to their executives, but claimed millions of dollars in tax deductions for the same compensation. The ninth company, Occidental Petroleum, had begun voluntarily expensing its stock options in 2005, but also reported significantly greater tax deductions than the stock option expenses shown on its books. When the Subcommittee asked the companies what their book expense would have been if FAS 123R had been in effect, all nine calculated book expenses that remained dramatically lower than their tax deductions. Altogether, the nine companies calculated that they would have claimed about $1 billion more in stock option tax deductions than they would have shown as book expenses, even using the tougher new accounting rule. Let me repeat that—just 9 companies produced a stock option book-tax difference and excess tax deductions of about $1 billion.

KB Home, for example, is a company that builds residential homes. Its stock price had more than quadrupled over the 10 years leading up to 2006. Over the same time period, it had repeatedly granted stock options to its then CEO. Company records show that, over 5 years, KB Home gave him 5.5 million stock options of which, by 2006, he had exercised more than 3 million.

With respect to those 3 million stock options, KB Home recorded a zero expense on its books. Had the new accounting rule been in effect, KB Home calculated that it would have reported on its books a compensation expense of about $11.5 million. KB Home also disclosed that the same 3 million stock options enabled it to claim compensation expenses on its tax returns totaling about $143.7 million. In other words, KB Home claimed a $143 million tax deduction for expenses that on its books, under current accounting rules, would have totaled $11.5 million. That is a tax deduction 12 times bigger than the book expense.

Occidental Petroleum disclosed a similar book-tax discrepancy. That company's stock price had also skyrocketed, dramatically increasing the value of the 16 million stock options granted to its CEO since 1993. Of the 12 million stock options the CEO actually exercised over a 5-year period, Occidental Petroleum claimed a $353 million tax deduction for a book expense that, under current accounting rules, would have totaled just $29 million. That is a book-tax difference of more than 1200 percent.

Similar book-tax discrepancies applied to the other companies we examined. Cisco System's CEO exercised nearly 19 million stock options over 5 years, and provided the company with a $169 million tax deduction for a book expense which, under current accounting rules, would have totaled about $21 million. UnitedHealth's former CEO exercised over 9 million stock options in 5 years, providing the company with a $318 million tax deduction for a book expense which would have totaled about $46 million. Safeway's CEO exercised over 2 million stock options, providing the company with a $39 million tax deduction for a book expense which would have totaled about $6.5 million.

Altogether, these nine companies took stock option tax deductions totaling about $1.2 billion, a figure nearly five times larger than the $217 million that their combined stock option book expenses would have been. The resulting $1 billion in excess tax deductions represents a tax windfall for these companies simply because they issued lots of stock options to their CEOs.

Tax rules that produce huge tax deductions that are many times larger than the related stock option book expenses give companies an incentive to issue massive stock option grants, because they know it is highly likely the stock options will produce a relatively small hit to the profits shown on their books, and are likely to produce a much larger tax deduction that can dramatically lower their taxes.

The data we gathered for just nine companies found excess stock option tax deductions of $1 billion. To gauge whether the same tax gap applied to stock options across the country as a whole, the Subcommittee asked the IRS to perform an analysis of what, back then, was newly available stock option data.

The data is taken from tax Schedule M–3, which corporations were required to file for the first time in 2004, with their tax returns. The M–3 Schedule asks companies to identify differences in how they report corporate income to investors versus what they report to Uncle Sam, so that the IRS can track and analyze significant book-tax differences.

The M–3 data showed that, for corporate tax returns filed from July 1, 2004 to June 30, 2005, the first full year in which it was available, companies' stock option tax deductions totaled about $43 billion more than their stock options expenses on their books. Similar data over the next 5 years, with the latest available data from tax returns filed from July 1, 2008 to June 30, 2009, showed that corporate stock option tax deductions as a whole exceeded their book expenses every year by billions of dollars, with the size of the excess tax deductions varying from $12 billion to $61 billion per year. These excessive deductions meant billions of dollars in reduced taxes for the relevant corporations each year.

In addition, the IRS data showed that the bulk of the stock option deductions were taken by a relatively small number of corporations nationwide. For example, in 2005, 56 percent of the excess tax deductions were taken by only 100 corporations, while 76 percent were taken by 250 corporations. In fact, over the 5 years of data, just 250 corporations took two thirds to three quarters of all of the stock option deductions claimed in those years. That is just 250 corporations out of the more than 5 million corporations that filed tax returns each year. In other words, the IRS data proves that the corporate stock option tax loophole actually benefits a very small number of corporations.

Claiming massive stock option tax deductions enabled those corporations, as a whole, to legally reduce payment of their taxes by billions of dollars each year. Moreover, under current tax rules, if a stock option deduction is not useful in the year it is first available, the corporation is allowed to add the deduction to its net operating losses and use the deduction to reduce its taxes for up to the next 20 years, an unbelievable windfall. It is a corporate loophole that just keeps going.

There were other surprises in the stock option data as well. One set of issues disclosed by the data involves what happens to unexercised stock options. Under the current mismatched set of accounting and tax rules, stock options which are granted, vested, but never exercised by the option holder turn out to produce a corporate book expense but no tax deduction.

Cisco Systems told the Subcommittee, for example, that in addition to the 19 million exercised stock options previously mentioned, their CEO held about 8 million options that, due to a stock price drop, would likely expire without being exercised. Cisco calculated that, had FAS 123R been in effect at the time those options were granted, the company would have had to show a $139 million book expense, but would never have been able to claim a tax deduction for this expense since the options would never have been exercised. Apple made a similar point. It told the Subcommittee that, in 2003, it allowed its CEO to trade 17.5 million in underwater stock options for 5 million shares of restricted stock. That trade meant the stock options would never be exercised and, under current rules, would produce a book expense without ever producing a tax deduction.

In both of these cases, under current accounting rules, it is possible that the stock options given to a corporate executive would have produced a reported book expense greater than the company's tax deduction. While the M–3 data indicates that, overall, accounting expenses lag far behind claimed tax deductions, the possible financial impact on an individual company with a large number of unexercised stock options is additional evidence that existing stock option accounting and tax rules are out of kilter and should be brought into alignment. Under our bill, if a company incurred a stock option expense, it would always be able to claim a tax deduction for that expense.

Another set of issues brought to light by the stock option data focuses on the fact that the current stock option tax deduction is typically claimed years later than the initial book expense. Normally, a corporation dispenses compensation to an employee and takes a tax deduction in the same year for the expense. The company controls the timing and amount of the compensation expense and the corresponding tax deduction. With respect to stock options, however, corporations may have to wait years to see if, when, and how much of a deduction can be taken. That's because the corporate tax deduction is wholly dependent upon when an individual corporate executive decides to exercise his or her stock options.

Our bill would require that, when the company gives away something of value, it reflects that expense on its books and claims that same expense in the same year on its tax return. The company, and the government, would not have to wait to see if and when the stock options given to executives were exercised. As with any other form of compensation, the company would use the FASB accounting rules to determine the value of what it is giving away, and take the equivalent tax deduction in the year the compensation was provided.

UnitedHealth, for example, told the Subcommittee that it gave its former CEO 8 million stock options in 1999, of which, by 2006, only about 730,000 had been exercised. It did not know if or when its former CEO would exercise the remaining 7 million options, and so could not calculate when or how much

of a tax deduction it would be able to claim for this compensation expense.

If the rules for stock option tax deductions were changed as provided for in our bill, companies would typically take the deduction years earlier than they do now, without waiting to see if and when particular options are exercised. In addition, by requiring stock option expenses to be deducted in the same year they appear on the company books, stock options would become consistent with how other forms of compensation are treated in the tax code.

Right now, U.S. stock option accounting and tax rules are mismatched, misaligned, and out of kilter. They allow companies collectively to deduct billions of dollars in stock option expenses in excess of the expenses that actually appear on the company books. They disallow tax deductions for stock options that are given as compensation but never exercised. They often force companies to wait years to claim a tax deduction for a compensation expense that could and should be claimed in the same year it appears on the company books.

The bill being introduced today would cure those problems. It would bring stock option accounting and tax rules into alignment, so that the two sets of rules would apply in a consistent manner. It would accomplish that goal simply by requiring the corporate stock option tax deduction to reflect the stock option expenses as shown on the corporate books each year.

Specifically, the bill would end use of the current stock option deduction under Section 83 of the tax code, which allows corporations to deduct stock option expenses when exercised in an amount equal to the income declared by the individual exercising the option, replacing it with a new Section 162(q), which would require companies to deduct the stock option expenses as shown on their books each year.

The bill would apply only to corporate stock option deductions; it would make no changes to the rules that apply to individuals who receive stock options as part of their compensation. Those individuals would still report their compensation in the year they exercise their stock options. They would still report as income the difference between what they paid to exercise the options and the fair market value of the stock they received upon exercise. The gain would continue to be treated as ordinary income rather than a capital gain, since the option holder did not invest any capital in the stock prior to exercising the stock option and the only reason the person obtained the stock was because of the services they performed for the corporation.

The amount of income declared by an individual after exercising a stock option will likely be greater than the stock option expense booked and deducted by the corporation which employed that individual. That's in part because the individual's gain often comes years after the original stock option grant, during which time the underlying stock will usually have gained in value. In addition, the individual will typically exercise the option and immediately sell the stock and therefore receive income, not just from the corporation that supplied the stock options years earlier, but also from the third parties purchasing the resulting shares.

Consider the same example discussed earlier of an executive who exercised options to buy 1 million shares of stock at $10 per share, obtained the shares from the corporation, and then immediately sold them on the open market for $30 per share, making a total profit of $20 million. The individual's corporation didn't supply that $20 million. Just the opposite. Rather than paying cash to its executive, the corporation received a $10 million payment from the executive in exchange for the 1 million shares. The $20 million profit from selling the shares was paid, not by the corporation, but by third parties in the marketplace who purchased the stock. That's why it makes no sense for the company to declare as an expense the amount of profit that an employee—often a former employee—obtained from unrelated parties in the marketplace.

The executive who exercised the stock options must still treat any resulting profit as ordinary income for the reasons given earlier: the executive received the shares at a below market cost, solely because of work that the executive performed for the corporation in return for the stock option compensation.

The bill we are introducing today would put an end to the current approach of allowing a corporation to take a mirror deduction equal to the ordinary income declared by its executive. It would break that old artificial illogical symmetry and replace it with a new logical symmetry—one in which the corporation's stock option tax deduction would match its book expense.

I call the current approach a case of artificial symmetry, because it uses a construct in the tax code that, when first implemented 40 years ago, enabled corporations to calculate their stock option expense on the exercise date, when there was no consensus on how to calculate stock option expenses on the grant date. The artificiality of the approach is demonstrated by the fact that it allows corporations to claim a deductible expense for money that comes not from company coffers, but from third parties in the stock market. Now that an accounting consensus determines how to calculate stock option expenses on the grant date, however, there is no longer any need to rely on an artificial construct that calculates corporate stock option expenses on the exercise date using third party funds.

It is also important to note that the bill would not affect in any way current tax provisions that provide favored tax treatment to so-called Incentive Stock Options under Section 422 of the tax code. Under that section, in certain circumstances, corporations can surrender their stock option deductions in favor of allowing their employees with stock option gains to be taxed at a capital gains rate instead of ordinary income tax rates. Many start-up companies use these types of stock options, because they don't yet have taxable profits and don't need a stock option tax deduction. So they forfeit their stock option corporate deduction in favor of giving their employees more favorable treatment of their stock option income. Incentive Stock Options would not be affected by our legislation and would remain available to any corporation providing stock options to its employees.

The bill would make one other important change to the tax code as it relates to corporate stock option tax deductions. In 1993, Congress enacted a $1 million cap on the compensation that a corporation can deduct from its taxes, so that other taxpayers wouldn't be forced to subsidize corporate executive pay. That cap was not applied to stock options, however, instead allowing companies to deduct any amount of stock option compensation from their tax obligations, without limit.

By not applying the $1 million cap to stock option compensation, the tax code created a significant tax incentive for corporations to pay their executives with stock options. Indeed, it is common for executives to have salaries of $1 million, while simultaneously receiving millions of dollars more in stock options. History has subsequently shown that the $1 million cap—established to stop ordinary taxpayers from being forced to subsidize enormous paychecks for corporate executives—is effectively meaningless without including stock options.

Further, while corporate directors may be comfortable diluting their shareholders' interests while doling out massive amounts of stock options, that still does not mean that ordinary taxpayers should be forced to subsidize the large amounts of stock option compensation involved. The bill would eliminate this unwarranted, favored treatment of executive stock options by making deductions for this type of compensation subject to the same $1 million cap that applies to other forms of compensation covered by Section 162(m). It is also worth noting that, if the cap were applied to stock options, it would not prevent stock option pay from exceeding $1 million—it would simply ensure that those stock option awards were not made at the expense of ordinary taxpayers.

The bill also contains several technical provisions. First, it would make a conforming change to the research tax credit so that stock option expenses claimed under that credit would match the stock option deductions taken under the new tax code section 162(q).

Second, the bill would authorize the Secretary of the Treasury to adopt regulations governing how to calculate the deduction for stock options in unusual circumstances, such as when a parent corporation issues options on its shares to the employee of a subsidiary or another corporation in a consolidated group, or when one corporation issues options on its shares to employees of a joint venture.

Finally, the bill contains a transition rule for applying the new Section 162(q) stock option tax deduction to existing and future stock option grants. Essentially, this transition rule would ensure that stock options issued prior to the enactment date of the legislation would remain tax deductible and ensure all corporations can start deducting stock option expenses on a yearly schedule.

The transition rule has three parts. First, it would allow the old Section 83 deduction rules to apply to any option which was vested prior to the effective date of the new stock option accounting rule, FAS 123R, and exercised after the date of enactment of the bill. The effective date of FAS 123R is June 15, 2005 for most corporations, and December 31, 2005 for most small businesses. Prior to the effective date of FAS 123R, most corporations would have shown a zero expense on their books for the stock options issued to their executives and, thus, would be unable to claim a tax deduction under the new Section 162(q). For that reason, the bill would allow these corporations to continue to use Section 83 to claim stock option deductions on their tax returns.

For stock options that vested after the effective date of FAS 123R and were exercised after the date of enactment, the bill takes another tack. Under FAS 123R, these corporations would have had to show the appropriate stock option expense on their books, but would have been unable to take a tax deduction until the executive actually exercised the option. For those options, the bill would allow corporations to take an immediate tax deduction—in the first year that the bill is in effect—for all of the expenses shown on their books with respect to these options. This ''catch-up deduction'' in the first year after enactment would enable corporations, in the following years, to begin with a clean slate so that their tax returns the next year would reflect their actual stock option book expenses for that same year.

After that catch-up year, all stock option expenses incurred by a company each year would be reflected in their annual tax deductions under the new Section 162(q).

This transition rule is a generous one, but even with it, the Joint Committee on Taxation has estimated that closing the corporate stock option tax deduction loophole would produce $24.6 billion in corporate tax revenues over 10 years.

Over the last 5 years, the stock option book-tax gap has ranged from $12 billion to $61 billion per year, generating deductions far in excess of corporate expenses. Corporations have avoided paying their fair share to Uncle Sam by simply giving their executives the right to tap huge sums of money from the stock market. It is a tax policy that forces ordinary taxpayers to subsidize outsized executive compensation and that favors corporations doling out stock options over paying their executives in cash.

Right now, stock options are the only compensation expense where the tax code allows companies to deduct more than their book expense. In these times of financial distress, we cannot afford this multi-billion dollar loss to the Treasury, not only because of the need to reduce the deficit, but also because the stock option tax deduction contributes to the anger and social disruption caused by the ever deepening chasm between the pay of executives and the pay of average workers.

The Obama administration has pledged itself to closing unfair corporate tax loopholes and to returning sanity to executive pay. It should start with supporting an end to excessive stock option corporate deductions. I urge my colleagues to include this legislation in any deficit reduction package this year, or to pass it separately.

AMENDMENTS SUBMITTED AND PROPOSED

SA 553. Mr. McCAIN submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes.

SA 554. Mr. SESSIONS (for himself, Mr. CORNYN, Mr. VITTER, Mr. HATCH, and Mr. CORKER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 555. Mr. TESTER (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 556. Mr. JOHNSON of South Dakota (for himself and Mr. KIRK) proposed an amendment to the bill H.R. 2055, supra.

SA 557. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

SA 558. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 553. Mr. McCAIN submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; as follows:

On page 64, line 24, strike ''$3,380,917,000'' and insert ''$3,370,917,000''.

SA 554. Mr. SESSIONS (for himself, Mr. CORNYN, Mr. VITTER, Mr. HATCH, and Mr. CORKER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

At the end, insert the following:

SEC. _____. NO BUDGET—NO APPROPRIATIONS.

(a) SUPERMAJORITY.—Section 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 note) is amended—

(1) in subsection (c)(1), by inserting after ''Sections'' the following: ''303(c),''; and

(2) in subsection (d)(2), by inserting after ''sections'' the following: ''303(c),''.

(b) APPLICATION TO RECONCILIATION.—Section 303(c)(2) of the Congressional Budget Act of 1974 (2 U.S.C. 634(c)(2)) is amended by inserting at the end the following: ''Paragraph (1) shall not apply to any legislation reported pursuant to reconciliation directions contained in a concurrent resolution on the budget.''.

SA 555. Mr. TESTER (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

At the end of title I, add the following:

SEC. 127. None of the amounts appropriated or otherwise made available by this title may be obligated or expended to carry out the Combat Air Forces Restructuring Plan of the Air Force until the Secretary of the Air Force certifies to Congress that the Air Force has completed all environmental reviews required in connection with the movement or relocation of any aircraft under the Restructuring Plan.

SA 556. Mr. JOHNSON of South Dakota (for himself and Mr. KIRK) proposed an amendment to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; as follows:

On Page 114 between lines 18 and 19, insert the following:

SEC. 301. Not later than 90 days after enactment of this Act, the Executive Director of Arlington National Cemetery shall provide a report to the Committees on Appropriations of the Senate and the House of Representatives detailing the strategic plan and timetable to modernize the Cemetery's Information Technology system, including electronic burial records.

SA 557. Mr. WEBB (for himself and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 2055, making appropriations for military construction, the Department of Veterans Affairs, and related agencies for the fiscal year ending September 30, 2012, and for other purposes; which was ordered to lie on the table; as follows:

On page 84, between lines 5 and 6, insert the following:

SEC. 127. None of the funds appropriated or otherwise made available by this title may