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House of Representatives

The House was not in session today. Its next meeting will be held on Tuesday, January 29, 2002, at 12:30 p.m.

Senate

MONDAY, JANUARY 28, 2002

The Senate met at 3 p.m. and was called to order by the President pro tempore (Mr. BYRD).

PRAYER

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

Almighty God, Sovereign of this Nation, we begin the work of this week with an acute sense of our accountability to You. We claim Solomon's promise, ''In all your ways acknowledge Him, and He shall direct your paths.''—Prov. 3:6. In response, we say with the psalmist, ''Let the words of our mouths and the meditations of our hearts be acceptable in Thy sight, O Lord.''—Psalm 19:14. Help us to remember that every thought we think and every word we speak is open to Your scrutiny. We commit this week to love You with our minds and to honor You with our words. Guide the crucial decisions ahead. Bless the Senators with Your gifts of wisdom and vision. Grant them the profound inner peace that results from trusting You completely. Draw them together in oneness in diversity, unity in patriotism, and loyalty in a shared commitment to You. And may these who lead honor and encourage their leaders here in the Senate: TOM DASCHLE, TRENT LOTT, HARRY REID, and DON NICKLES. In the name of our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The Senator from Nevada.

SCHEDULE

Mr. REID. Mr. President, today we will be working again on the economic recovery legislation. We hope that Senators will offer amendments today and debate their measures. We hope we can have rollcall votes on these measures beginning tomorrow morning. There will be rollcall votes tomorrow morning. The leader has said he wants some votes, so we will have some votes tomorrow morning whether on this or some other matters.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

HOPE FOR CHILDREN ACT

The PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of H.R. 622, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 622) to amend the Internal Revenue Code of 1686 to expand the adoption credit, and for other purposes.

Pending:

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

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

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

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

Reid (for Harkin) amendment No. 2719 (to amendment No. 2698), to provide for a temporary increase in the Federal medical assistance percentage for the medicaid program for fiscal year 2002.

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

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

The PRESIDENT pro tempore. Who seeks recognition?

The Senator from Kentucky, Mr. BUNNING.

AMENDMENT NO. 2699, AS MODIFIED

Mr. BUNNING. Mr. President, I have an amendment at the desk, as modified. I call up amendment No. 2699.

The PRESIDENT pro tempore. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Kentucky [Mr. BUNNING] proposes an amendment numbered 2699, as modified, to the language proposed to be stricken by amendment No. 2698.

The amendment, as modified, is as follows:

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

(Purpose: To provide that the exclusion from gross income for foster care payments shall also apply to payments by qualified placement agencies, and for other purposes)

At the end of the bill add the following:

SEC. ___. EXCLUSION FOR FOSTER CARE PAYMENTS TO APPLY TO PAYMENTS BY QUALIFIED PLACEMENT AGENCIES.

(a) IN GENERAL.—The matter preceding subparagraph (B) of section 131(b)(1) (defining qualified foster care payment) is amended to read as follows:

''(1) IN GENERAL.—The term 'qualified foster care payment' means any payment made pursuant to a foster care program of a State or political subdivision thereof—

''(A) which is paid by—

''(i) a State or political subdivision thereof, or

''(ii) a qualified foster care placement agency, and''.

(b) QUALIFIED FOSTER INDIVIDUALS TO INCLUDE INDIVIDUALS PLACED BY QUALIFIED PLACEMENT AGENCIES.—Subparagraph (B) of section 131(b)(2) (defining qualified foster individual) is amended to read as follows:

''(B) a qualified foster care placement agency.''

(c) QUALIFIED FOSTER CARE PLACEMENT AGENCY DEFINED.—Subsection (b) of section 131 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) QUALIFIED FOSTER CARE PLACEMENT AGENCY.—The term 'qualified foster care placement agency' means any placement agency which is licensed or certified by—

''(A) a State or political subdivision thereof, or

''(B) an entity designated by a State or political subdivision thereof,

for the foster care program of such State or political subdivision to make foster care payments to providers of foster care.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

Mr. BUNNING. Mr. President, I ask unanimous consent that Senator INHOFE be added to this amendment as a cosponsor.

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

Mr. BUNNING. Mr. President, I rise today to offer an amendment to the underlying bill.

My amendment corrects an inconsistency in the Tax Code that unfairly punishes foster care families and the foster care family members for whom they care.

Many families that take in foster care family members receive a stipend from the placement agency to help provide this care.

These stipends help defray the costs for food, shelter, and the basic necessities.

In some cases, families get these stipends tax-free. But in others, families pay taxes on them as if they were ordinary income.

My amendment replaces this patchwork system by providing a single, blanket rule that gives equal treatment to all of these stipends by simply excluding them from taxation.

Because real world changes in foster care have outpaced the Tax Code, we presently have a situation where stipends are taxed depending on the age of the foster care family member, and whether or not they were placed by a for-profit agency or a nonprofit agency.

This makes no sense.

Presently, if the placement is done by a for-profit agency, or if the foster family member is over 18, the stipends are taxed.

It is only if the foster family member is placed by a not-for-profit and they are under 18 that the stipends are not taxed.

This is a distinction without a difference.

It shouldn't matter if the stipends come from a for-profit or a nonprofit agency, or if it is a needy individual who is 12 or 42.

We shouldn't tax love and compassion on such an arbitrary basis.

Instead of sending a tax bill to the foster parents who are doing the right thing, we should give them a break and encourage their good intentions.

What is important is that these needy individuals are getting help, and the families who help by offering to help should not be penalized for their good deeds.

Instead of punishing foster care, we should reward it.

My amendment helps to do just this by making it more attractive and more affordable to take in foster care family members.

This is a noncontroversial, bipartisan idea. In fact, this proposal passed Congress as part of the 1999 tax bill that was vetoed by President Clinton. It also passed the House last year on two separate occasions as both a standalone bill and as part of the centrist stimulus package, H.R. 3529.

I have been working on this issue for almost 5 years, and I have never heard one bit of criticism about it.

It is a commonsense improvement to the Tax Code that would immediately benefit families by letting them keep more of the money that they receive for the foster care of children of any age.

And it has the added, more important, benefit of promoting care and compassion for some of our most needy individuals.

There are hundreds of thousands of children and adults in foster care. Both they and the families who are looking after them would benefit from my amendment.

My amendment is nothing new to Congress. But let's make it new to those foster care families all across the Nation.

Foster parenting is hard work. The stipends are very small. Foster care families and their charges deserve and need tax relief and fairness as much as anyone else.

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

The PRESIDENT pro tempore. Is there a sufficient number?

There is a sufficient number.

The yeas and nays were ordered.

Mr. BUNNING. Mr. President, I yield the floor.

The PRESIDENT pro tempore. The Senator from Nevada.

RECESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate stand in recess until 4 o'clock today.

There being no objection, the Senate, at 3:11 p.m., recessed until 3:59 p.m. and reassembled when called to order by the Presiding Officer (Mr. REID).

The PRESIDING OFFICER (Mr. LEVIN). The Senator from South Carolina is recognized.

THE STIMULUS BILL

Mr. HOLLINGS. Mr. President, last week we were debating the stimulus bill. In that regard, there was some discussion by some of the leadership on the other side of the aisle to the effect that they were asking for all these tax cuts. However, on Saturday morning I listened to the President. I heard him in his weekly radio address.

He said:

I urge it to pass a strong stimulus bill, the one that passed the House last year.

So there is no question that the issue of tax cuts as a stimulus is still one of the main issues to this particular Senator, and it really hackles this Senator in that we don't have any taxes to cut. We don't have any revenues. We don't have any surplus. I have been saying this ever since we balanced the budget back under Lyndon Baines Johnson. I will never forget at that particular time George Mahon on the House side, the distinguished Congressman from Texas, was chairman of the Appropriations Committee and we were working in December, after the November elections; and in that particular December session it looked like in order to balance that budget, pay down the debt, not increase it, not have a deficit, that we needed some $5 billion more in cuts. We called over to Marvin Watson and said: ''Ask the President will he go along with another cut of some $5 billion.'' We did it at that particular time, and we balanced the budget for 1968–1969. We were in the black as we ended that particular year. It was right at $2.9 billion.

Mr. President, I ask unanimous consent to have printed in the RECORD at this particular point the deficits and interest costs over the past half century, since President Truman in 1947, including President Bush today.

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

HOLLINGS' BUDGET REALITIES

[In billions of dollars]

President and year	U.S. budget	Borrowed trust funds	Unified deficit with trust funds	Actual deficit without trust funds	National debt	Annual increases in spending for interest
Truman:						
1947	34.5	−9.9	4.0	+13.9	257.1	
1948	29.8	6.7	11.8	+5.1	252.0	
1949	38.8	1.2	0.6	−0.6	252.6	
1950	42.6	1.2	−3.1	−4.3	256.9	
1951	45.5	4.5	6.1	+1.6	255.3	
1952	67.7	2.3	−1.5	−3.8	259.1	
Eisenhower:						
1953	76.1	0.4	−6.5	−6.9	266.0	
1954	70.9	3.6	−1.2	−4.8	270.8	
1955	68.4	0.6	−3.0	−3.6	274.4	
1956	70.6	2.2	3.9	+1.7	272.7	
1957	76.6	3.0	3.4	+0.4	272.3	
1958	82.4	4.6	−2.8	−7.4	279.7	
1959	92.1	−5.0	−12.8	−7.8	287.5	
1960	92.2	3.3	0.3	−3.0	290.5	
Kennedy:						
1961	97.7	−1.2	−3.3	−2.1	292.6	
1962	106.8	3.2	−7.1	−10.3	302.9	9.1
Johnson:						
1963	111.3	2.6	−4.8	−7.4	310.3	9.9
1964	118.5	−0.1	−5.9	−5.8	316.1	10.7
1965	118.2	4.8	−1.4	−6.2	322.3	11.3
1966	134.5	2.5	−3.7	−6.2	328.5	12.0
1967	157.5	3.3	−8.6	−11.9	340.4	13.4
1968	178.1	3.1	−25.2	−28.3	368.7	14.6
Nixon:						
1969	183.6	0.3	3.2	+2.9	365.8	16.6
1970	195.6	12.3	−2.8	−15.1	380.9	19.3
1971	210.2	4.3	−23.0	−27.3	408.2	21.0
1972	230.7	4.3	−23.4	−27.7	435.9	21.8
1973	245.7	15.5	−14.9	−30.4	466.3	24.2
1974	269.4	11.5	−6.1	−17.6	483.9	29.3
Ford:						
1975	332.3	4.8	−53.2	−58.0	541.9	32.7
1976	371.8	13.4	−73.7	−87.1	629.0	37.1
Carter:						
1977	409.2	23.7	−53.7	−77.4	706.4	41.9
1978	458.7	11.0	−59.2	−70.2	776.6	48.7
1979	504.0	12.2	−40.7	−52.9	829.5	59.9
1980	590.9	5.8	−73.8	−79.6	909.1	74.8
Reagan:						
1981	678.2	6.7	−79.0	−85.7	994.8	95.5
1982	745.8	14.5	−128.0	−142.5	1,137.3	117.2
1983	808.4	26.6	−207.8	−234.4	1,371.7	128.7
1984	851.9	7.6	−185.4	−193.0	1,564.7	153.9
1985	946.4	40.5	−212.3	−252.8	1,817.5	178.9
1986	990.5	81.9	−221.2	−303.1	2,120.6	190.3
1987	1,004.1	75.7	−149.8	−225.5	2,346.1	195.3
1988	1,064.5	100.0	−155.2	−255.2	2,601.3	214.1
Bush:						
1989	1,143.7	114.2	−152.5	−266.7	2,868.3	240.9
1990	1,253.2	117.4	−221.2	−338.6	3,206.6	264.7
1991	1,324.4	122.5	−269.4	−391.9	3,598.5	285.5
1992	1,381.7	113.2	−290.4	−403.6	4,002.1	292.3
Clinton:						
1993	1,409.5	94.2	−255.1	−349.3	4,351.4	292.5
1994	1,461.9	89.0	−203.3	−292.3	4,643.7	296.3
1995	1,515.8	113.3	−164.0	−277.3	4,921.0	332.4
1996	1,560.6	153.4	−107.5	−260.9	5,181.9	344.0
1997	1,601.3	165.8	−22.0	−187.8	5,369.7	355.8
1998	1,652.6	178.2	69.2	−109.0	5,478.7	363.8
1999	1,703.0	251.8	124.4	−127.4	5,606.1	353.5
2000	1,789.0	258.9	236.2	−22.7	5,628.8	362.0
Bush:						
2001	1,863.9	270.5	127.1	−143.4	5,772.2	359.5
2002	2,003.3	250.7	−20.5	−271.2	6,043.4	331.7

*Historical Tables, Budget of the U.S. Government FY 1998; Beginning in 1962, CBO's The Budget and Economic Outlook: Fiscal Years 2003–2012 January 23, 2002.

Mr. HOLLINGS. Mr. President, you will see from this particular chart the truthfulness of what I have just stated; namely, we have not had a balanced budget since 1968–1969. More specifically, we keep talking about surpluses, but we get surpluses by using all kinds of fancy terminologies to dance around in order to hide the money and the debt. The truth is, though, the net figure as to whether the national debt goes up or goes down; whether or not we spend only the money we have, or we have to borrow in order to provide for the appropriations that we have provided; whether those things occur or not, the actual national debt has gone up, up, and away. It has gone up some billions of dollars each year for the past 31 years, to the extent that when we talked about surpluses all last year, we did not end up with a surplus when President Clinton left town.

In fiscal 2000, there was a deficit of $22.7 billion. For the first year of President Bush, we now have a $143.4 billion deficit, and the Congressional Budget Office last week attested to the fact that they project that the deficit next year, in 2002, is going to be $271.2 billion. Can you imagine that? Last year at this time we were talking about $5.6 trillion in the black and now we are talking about $271.2 billion in the red.

I think it was Mark Twain years ago who said: ''The truth is such a precious thing, it should be used very sparingly.'' That is exactly the way we approach this particular role of ours as budgeteers and Congressmen and Senators and everything else of that kind. We actually hide the debt. The way we hide the debt is what Alan Greenspan euphemistically calls ''intragovernmental transfers.'' That sounds pretty, but what you are doing is looting the retirement funds, the trust funds.

I ask unanimous consent that this chart be printed in the RECORD, which reflects ''trust funds looted to balance the budget.''

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

TRUST FUNDS LOOTED TO BALANCE BUDGET

[By fiscal year, in billions of dollars]

	2001	2002	2003
Social Security	1,170	1,333	1,512
Medicare:			
HI	197	230	266
SMI	42	43	42
Military Retirement	157	165	173
Civilian Retirement	543	577	611
Unemployment	89	74	59
Highway	24	20	13
Airport	14	12	9
Railroad Retirement	27	27	28
Other	72	77	81
Total	2,335	2,558	2,794

Mr. HOLLINGS. Mr. President, that shows in 2001 we took $1.170 trillion from Social Security. We took from Medicare some $240 billion. From military retirement—the retirees who we say we want to look after—we looted their retirement moneys, some $157 billion; from civilian retirement, $543 billion—that is the civil service; from unemployment compensation fund, $89 billion. Now they say we might have to start paying into that.

In 2001, we looted the highway trust funds by $24 billion; airports by $14 billion; railroad retirement by some $27 billion: and another $72 billion from other entities like the Federal Finance Bank. The savings and loan debacle is when we started that fever about deregulating. We deregulated the savings and loan industry and that up-ended. We deregulated the airlines and they have gone broke. We deregulated the trucking companies and they have gone out of business. Now we are on course to deregulating energy, which is before us now. Our experience is that when we have deregulated, it has been a disaster. The point is, we have hidden $2.335 trillion. We have hidden $2.335 trillion.

Let me refer to the January 28th edition of Business Week. This says: Accounting in crisis, what needs to be done. I refer to page 36 and the article, ''Who Else is Hiding Debt?''

I ask unanimous consent that this article be printed in the RECORD.

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

WHO ELSE IS HIDING DEBT

Moving financial obligations into off-book vehicles is now a common ploy

(By David Henry, et al.)

When energy trader Enron Corp. admitted to hiding billions of dollars of liabilities in mysterious off-book entities, it trotted out the lame excuse of scoundrels: Everyone does it. And this time, it was the gospel truth.

Hundreds of respected U.S. companies are ferreting away trillions of dollars in debt in off-balance-sheet subsidiaries, partnerships, and assorted obligations, including leases, pension plans, and take-or-pay contracts with suppliers. Potentially bankrupting contracts are mentioned vaguely in footnotes to company accounts, at best. The goal is to skirt the rules of consolidation, the bedrock of the American financial reporting system and the source of much of its credibility. These rules, set clear in 1959, aim to make public companies give a full and fair picture of their business—including all the assets and liabilities of any subsidiaries. But accountants, lawyers, and bankers have learned to drive a coach and horses through them.

Because of a gaping loophole in accounting practice, companies create arcane legal structures, often called special-purpose entities (SPEs). Then, the parent can bankroll up to 97% of the initial investment in an SPE without having to consolidate it into its own accounts. Normally, once a company owns 50% or more of another, it must consolidate it under the 1959 rules. The controversial exception that outsiders need invest only 3% of an SPE's capital for it to be independent and off the balance sheet came about through fumbles by the Securities & Exchange Commission and the Financial Accounting Standards Board. In 1990, accounting firms asked the SEC to endorse the 3% rule that had become a common, though unofficial practice in the '80s. The SEC didn't like the idea, but it didn't stomp on it, either. It asked the FASB to set tighter rules to force consolidation of entities that were effectively controlled by companies. FASB drafted two overhauls of the rules but never finished the job, and the SEC is still waiting.

It's not just the energy industry that exploits the loophole and stashes major liabilities in the never-never land of SPEs. Increasingly, companies of all stripes routinely use them to offload potential balance-sheet bombshells such as loan guarantees or the financing of sales of their own products. For example, the accounts of data processor Electronic Data Systems Corp. don't show $500 million—half of last year's earnings—that it would owe if its customers were to cancel their contracts and leave it holding the bag for loans on their computer equipment. The arrangement is acknowledged only in a footnote. An EDS spokesman says the tactic is common in the industry and does not put the company at undue risk.

Airlines keep appearances aloft by shunting billions worth of airplane financing into off-balance-sheet vehicles, says credit analyst Philip Baggaley of Standard & Poor's Corp. United Airlines Inc. parent UAL Corp.'s published balanced sheet for 2000 shows $5 billion of long-term debt. But only a footnote describes the bulk of its lease payments, which Baggaley estimates have a present value of $12.7 billion, due over 26 years on 233 airplanes. AMR Corp., parent of American Airlines Inc., is on the hook for $7.9 billion in lease payments not on its balance sheet. ''Everyone who's involved in the industry knows that the true leverage is higher'' than what's shown on the balance sheet, says Baggaley. UAL and AMR declined to comment.

Banks arrange many of the devices and are big users themselves. J.P. Morgan Chase & Co., for example, has revealed in the Enron bankruptcy that it has nearly $1 billion in potential liabilities stemming from a single 49%-owned Channel Islands entity called Mahonia that traded with Enron. The liabilities bring the bank's total Enron exposure to $2.6 billion. And J.P. Morgan is not alone. A suit filed earlier this month shows that many U.S. finance companies are among 52 partners in LJM2, an Enron off-balance-sheet entity with over $300 million in assets. The partners, including Citigroup, Wachovia, and American International Group, may all have to take losses on it.

The banks' participation in SPEs is attracting scrutiny of federal regulators. A Federal Reserve spokesman said it is ''concerned about'' off-balance-sheet exposures and hopes new accounting rules will be put in place. How many more Mahonia or LJM2-like entities are there? The Channel Islands tax haven boasts more than 350 SPEs and similar entities, though it is impossible to know how many should really be consolidated on balance sheets of U.S. companies. Assets in the entities total more than $635 billion, according to Fitzrovia International PLC, a London-based research firm. The Cayman Islands, which has been competing for the business since the 1980s, claims another 600 trusts and banks, most of which have SPE expertise.

With some of the vehicles, it is impossible for investors to know from financial reports who could be responsible for what. For example, Dell Computer Corp. has a joint venture with Tyco International Ltd. called Del Financial Services that last year originated $2.5 billion in customer financing, according to a footnote to Dell's accounts. According to the note, Dell owns 70% of DFS, but does not control it and therefore keeps DFS debts off its own balance sheet. What if DFS has trouble from customers not paying? Dell spokesman T.R. Reid says any obligation of DFS are Tyco's responsibility and Tyco agrees. Jeffrey D. Simon, president of the global vendor financing business at Tyco Capital, says Tyco would look at Dell's customers to pay and not to Dell. Tyco's balance sheet reflects borrowing to finance Dell's customers.

Companies argue that off-balance sheet vehicles benefit investors because they enable management to tap extra sources of financing and hedge trading risks that could roil earnings. Maybe so, but they sure make the companies, and their executives, look good: Return on capital looks better than it is because balance sheets understate the amount employed. And investors and regulators don't freak out as corporate debt balloons. But critics charge that the widespread use of off-balance-sheet schemes encourages contempt for accounting rules in the executive suite and spreads confusion among investors. ''The nonprofessional has no idea of the extent of the real liabilities,'' says J. Edward Ketz, accounting professor at Pennsylvania State University. ''Professionals can be easily fooled, too.''

Worse yet, many SPEs have provisions that can throw their users into a full-blown financial crisis. To get assets off its books, a company typically sells them to an SPE, funding the purchase by borrowing cash from institutional investors. As a sweetener to protect investors, many SPEs incorporate triggers that require the parent to repay loans or give them new securities if its stock falls below a certain price or credit-rating agencies downgrade its debt. It was just such triggers in its notorious off-balance-sheet partnerships that sent Enron into a death spiral. And triggers fueled the crises last year at Pacific Gas & Electric, Southern California Edison, and Xerox, according to Moody's Investors Service. ''All of this hidden debt and these triggers could make the next economic downturn a lot worse than it would otherwise be,'' says Lynn Turner, who was chief accountant at the Securities & Exchange Commission until July.

Despite the risks, SPEs remain very appealing to companies. And any attempt to curb them or abolish the 3% rule will run into furious opposition. Since the early '90s, an army of accountants, lawyers, and bankers built a huge industry to concoct ever more creative ways to evade consolidated reporting. So reform won't come easily. ''It will be a phenomenal flight,'' says Turner.

Maybe so, but Enron's demise shows how quickly a tiny loophole can tear the country's economic fabric. And there may never be a better time to close it.

OUT OF SIGHT

Many companies keep debts and other obligations out of investors' view in partnerships and other entities. Often, financial liabilities are secured by physical assets such as planes or computers. A sample:

Company	Item not on balance sheet	Estimated exposure (billions)
UAL	Plane leases	$12.7
AMR	Plane leases	7.9
J.P. Morgan Chase	Liability for trading units	[1] 1.0
Dell Computer	Debt of consumer financing venture.	[2] N/A
Electronic Data Systems	Payments for customers' computers.	0.5

[1] Exposure to Enron through Mahonia.
[2] Joint venture partner Tyco Intl. is responsible for losses.
Data: Standard & Poor's, company reports.

Mr. HOLLINGS. Mr. President, this says, ''Moving financial obligations into off-book vehicles is now a common

ploy.'' Could it be that Kenneth Lay is acting like a Senator, acting like a Congressman, acting like a President, or acting like Alan Greenspan? Chairman Greenspan testified before our committee and it was like pulling teeth to try to get him to admit that the debt went up. He came and we went around and around and around, and finally, I said:

Let me ask you this. Here is the CBO report. Does it project that the debt goes up and the Government will have to borrow over the next 10 years, or not? Mr. Greenspan answered, it does.

The reason I wanted to fit that into the RECORD is because Mr. Greenspan is no different than the Director of the Congressional Budget Office, our good friend Dr. Crippen, when it comes to the budget. Last week at our Budget hearing on national TV, he says this is the CBO report, and all he has in this thin little document is the revenue, but none of the expenditures, so we are left with only surpluses. He kept talking about how the surplus has gone down from $5.6 trillion to $1.6 trillion. He kept saying the word surplus—surplus, surplus, surplus, surplus.

That is all we heard. We did not hear about the debt and the deficit.

I finally got the sheet that shows the gross Federal debt, according to CBO, goes from $5.772 trillion to $7.644 trillion; in other words, it goes up about $1.9 trillion. That is what we ought to be talking about, that is the reality; but we keep talking about intragovernmental transfers, as Dr. Greenspan says, or we talk about surpluses, as Dr. Crippin testified to. The fact is, we are doing what Kenneth Lay was doing: Misleading the public.

We are trying to get reelected. So if we all go along with this $1.6 trillion surplus, surplus, surplus, that gives some substance, some credibility to a tax cut. I do not believe in letting a surplus sit around any more than anybody else, but the truth of the matter is, there is no surplus.

I have the public debt to the penny chart which you can find on the internet at: http://www.publicdebt.treas.gov/opd/opdpenny.htm.

Mr. President, the chart shows we ended up last year with a $143.4 billion deficit. That was the end of September-October 1 of 2001. Already this year, the current amount of public debt, has gone up $122 billion. We are starting the year in the red and talking about stimulating with tax cuts.

Let's get to the point. How did we get those 8 glowing years of the greatest economic boom in America's history? By what? By paying down the debt. Somehow we have gotten lost in the politics of all of this. They are all talking tax cuts, they are all talking surpluses, they are all talking about giving money back that nobody has. The truth is, economic growth is not about consumer confidence; it is about market confidence. It is the financial community up on Wall Street who know the truth. They read this budget the same way I do.

Wall Street does not look for intragovernmental transfers. They look at the long range, whether or not the Government will be crowding into the market with its sharp elbows to borrow money to pay its bills. They know that instead of surpluses we have deficits; instead of paying down the debt, we have the national debt increasing. This is why the long-range bond rates and interest rates are staying high.

Yes, Dr. Greenspan and the Federal Reserve had 11 cuts to the short-term rate, and where is the long-term rate? Still at 5 percent, and it could be increasing, according to Dr. Greenspan's statement.

I have had hearings. We have about a dozen committees and scores of hearings about Enron hiding the debt. But according to Business Week, who is hiding the debt? None other than the United States Government. We owe $2.3 trillion, and if we do not pay down the debt and continue to borrow, we will owe these particular trust funds $2.8 trillion at this time next year.

In 1994, this supposedly conscientious Congress passed the Pension Reform Act. We said we were not going to have these fast operating artists come in, take over a company, pay down the debt with the pension fund and take the money that is left and run. We had that going on all through the eighties. So at the beginning of the nineties, we passed legislation making it a felony to pay off corporate debt with a pension fund.

I refer to Denny McLain, the former pitcher for the Detroit Tigers, about whom the distinguished Presiding Officer knows. He took over a company when he got out of baseball and paid down the debt with the company's pension fund. He was charged with a felony under the law and sentenced to 8 years. Now he is out, I take it, by now, and I wish him well, but I have to use that example to sear the conscience and awareness of this dormant body. Senators still want to keep their eyes and ears closed as to the truth about budgeting.

They all have schemes to save Social Security. All they have to do is quit spending, quit looting the Social Security trust fund. I remember when Dr. Greenspan came to us in the early eighties, and he projected to Congress: If we do not do something about this, Social Security is going bottom up. It will go bankrupt.

What happened? They appointed the Greenspan Commission, and the Greenspan Commission recommended, among other things, that we have an inordinately high payroll tax graduated upwards. Why did we graduate it upwards over the years? They said to take care of the baby boomers. The truth is, they knew this 20 years ago, so they put in that inordinately high payroll tax which, for most Americans, exceeds their income tax. The money was there and section 31 of the Greenspan report said do not touch that money. Put it off budget. Get it out of the unified budget, as they were talking about in those times.

This Senator over several years tried to get that into law. Finally, George Herbert Walker Bush—Bush senior—on November 5, 1990, signed into law section 13301 of the Budget Act: Thou shalt not use Social Security in your budget.

We did not put a penalty in the law. The law is violated every day by the Congress and the President. It has long since been law. We all voted for it. The vote was 98 to 2 in the Senate. But they spend that money willy-nilly, spending Social Security in violation of that law; in violation of the spirit of the Pension Reform Act. They all go out and say: I am a responsible Senator, reelect me; the Government is too big; the Government is not the answer; the Government is the problem; the Government is the enemy.

Let us not act like Kenneth Lay this year. I hope that sears the conscience of not only the American people but the Senate body in which I serve.

For years I have been trying to limit campaign spending. I was in the discussions during the Campaign Finance Act which we finally enacted in 1974. At the time, I looked over at the distinguished Senator from New York, Mr. Buckley, and said: You are not going to buy it.

He said: Oh, yes, I am.

And he sued; Buckley v. Valeo. He sued the Secretary of the Senate, and we got the Buckley v. Valeo decision. I could see exactly what happened with that Buckley v. Valeo decision. The Supreme Court turned around the intent of the Congress. And that particular decision by the Court said we are not going to be able to buy the office. But that is the only way you can get into office is to buy it. It is a disgrace.

So I offered a one-line constitutional amendment, and I still propose it every Congress. It says the Congress is hereby empowered to regulate or control spending in Federal elections.

But I cannot get a two-thirds vote. I used to get a lot of my Republican colleagues on the other side of the aisle to vote for it. I would get Bill Cohen, Alan Simpson, Nancy Kassenbaum, and Bill Roth, but they are all gone now. The distinguished Senator from Texas, Mr. GRAMM, said: Now, wait a minute. We have the money. They have the unions. Of course, I come from South Carolina and I don't get money and I don't get unions, neither one.

So that being the case, I believe I am going to have to go for public campaign financing. I have resisted the idea of public financing politics, but it is currently being financed in the most corrupt fashion.

Do not give me McCain-Feingold. That does away with the soft money. Instead, contributions are directed into hard money and those particular special interest entities. I call McCain-Feingold the Give-the-money-to-Grover bill; that is, Grover Norquist and

all of that crowd. So we take all the contributions from soft money and the parties have the duty and the responsibility of running elections. Now we are giving it to corporate America, and corporate America and the hard money will be there. This will end, I say, the Democratic Party down in my backyard. It will not even have a chance on that score.

So I believe we ought to have public financing, where we can get away from this corruption that the Enron case has brought to the fore.

Back to the point, remember, we do not have a surplus. It is a deficit and debt. Is there any way better to emphasize how we got this way than a Wall Street Journal of August 16 2001, almost a month before 9–11?

I ask unanimous consent to have the Wall Street Journal article printed in the RECORD.

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

NASDAQ COMPANIES' LOSSES ERASE 5 YEARS OF PROFIT

(By Steve Liesman)

Mounting losses have wiped out all the corporate profits from the technology stock boom of the late 1990s, which could make the road back to the previous level of profitability longer and harder than previously estimated.

The massive losses reported over the most recent four quarters by companies listed on the Nasdaq Stock Market have erased five years' worth of profits, according to figures from investment-research company Multex.com that were analyzed by The Wall Street Journal.

Put another way, the companies currently listed on the market that symbolized the New Economy haven't made a collective dime since the fall of 1995, when Intel introduced the 200-megahertz computer chip, Bill Clinton was in his first term in office and the O.J. Simpson trial obsessed the nation. ''What it means is that with the benefit of hindsight, the late '90s never happened,'' says Robert Barbera, chief economist at Hoenig & Co.

The Wall Street Journal analysis looked at earnings excluding extraordinary items going back to September 1995 for about 4,200 companies listed on Nasdaq, which is heavily weighted toward technology stocks but also includes hundreds of financial and other growth companies. For the most recently reported four quarters, those companies tallied $148.3 billion in losses. That roughly equaled the $145.3 billion in profit before extraordinary items these companies have reported since September 1995. Because companies have different quarter ending dates, the analysis doesn't entirely correspond to calendar quarters.

Large charges that aren't considered extraordinary items were responsible for much of the red ink, including restructuring expenses and huge write-downs of inventories and assets acquired at high prices during the technology bubble.

Analysts, economists and accountants say these losses raise significant doubts about both the quality of past reported earnings and the potential future profit growth for these companies. Ed Yardeni, chief investment strategist at Deutsche Banc Alex. Brown, said the losses raise the question of ''whether the Nasdaq is still too expensive. These companies aren't going to give us the kind of awesome performance they did in the '90s, because a lot of it wasn't really sustainable.''

The Nasdaq Composite Index stood at around 1043 in September 1995, soared to 5048.62 in March 2000 and now stands at 1918.89. Because companies in the Nasdaq Composite Index now have a cumulative loss, for the first time in memory the Nasdaq's value can't be gauged using the popular price-earnings ratio, which divides the price of stocks by their earnings. That means it is impossible to say whether the market is cheap or expensive in historical terms.

The extent of the losses surprised a senior Nasdaq official, who asked not to be named. ''I wouldn't have thought they were that high,'' he said.

Nasdaq spokesman Andrew MacMillan, while not disputing the losses, pointed to the $1.5 trillion in revenue Nasdaq companies generated over the past year, saying that represented ''a huge contribution to the economy, to productivity, and to people's lives . . . regardless of what's happening to the bottom line during a rough business cycle.''

Staya Pradhuman, director of small-capitalization research at Merrill Lynch, says the recent massive losses tell a story of a market where investors became focused on revenue instead of earnings. With billions of dollars in financing chasing every glimmer of an Internet idea, Mr. Pradhuman says, a lot of companies came to market long before they were ready.

''The underwriting was very aggressive, so earlier-stage companies came to market than the kind of companies that came to market five or 10 years ago,'' he adds. He believes there is plenty of potential profitability out there in this crop of young companies. But, he notes, ''only among those that survive.''

The data show that the very companies whose technology produces were supposed to boost productivity and help smooth out the business cycle by providing better information have been among the hardest-hit in this economic slowdown. ''Management got caught up with how smart they were and completely forgot about the business cycle and competition,'' says Mr. Yardeni. ''They were managed for only ongoing success.''

to be sure, some of Nasdaq's largest star-powered companies earned substantial sums over the period. Intel led the pack with $37.6 billion in profit before extraordinary items since September 1995, followed closely by Microsoft's $34.6 billion in earnings. Together, the 20 most profitable companies earned $153.3 billion, compared with losses of $140.9 billion for the 20 least profitable. Included in the losses was a $44.8 billion write-down of acquisitions by JDS Uniphase and an $11.2 billion charge by VeriSign, also to reduce the value on its book of companies it had bought with its high-price stock.

These charges lead some analysts and economists to believe that including these losses overstates the magnitude of the decline. According to generally accepted accounting principles, these write-offs are treated as regular expenses. But corporate executives say they should be treated as one-time items. ''It's an accounting entry rather than a true loss,'' maintains Bill Dudley, chief U.S. economist at Goldman Sachs Group.

Removing these unusual charges, the losses over the most recently reported four quarters shrink to $6.5 billion on a before-tax basis. By writing down the value of assets, companies have used the slowdown to clean up their balance sheets, a move that should allow them to move forward with a smaller expense base and could pump up future earnings.

''It sets the table for future dramatic growth,'' says independent accounting analyst Jack Ciesielski. Because of the write-downs, ''when the natural cycle begins again, the returns on assets and returns on equity will look fantastic.'' But Mr. Ciesielski adds that this benefit will be short-lived.

Cisco Systems in the first quarter took a $2.25 billion pretax inventory charge. This quarter, it partly reversed that write-down, taking a gain of $187 million form the revaluation of the previously written-down inventory. The reversal pushed Cisco into the black.

But Mr. Barbera warns that investors shouldn't be so quick to ignore the unusual charges. For example, during good times it wasn't unusual for companies to book large gains from investments in other companies. Now that the value of those investments are under water, companies are calling the losses unusual. ''If they are going to exclude the unusual losses, then they should exclude the unusual gains,'' says Mr. Barbera.

Mr. HOLLINGS. I quote a couple of lines:

The Wall Street Journal analysis looked at earnings excluding extraordinary items going back to September 1995 for about 4,200 companies listed on NASDAQ, which is heavily weighted toward technology stocks but also includes hundreds of financial and other growth companies. For the most recently reported four quarters—that is since January 1 of 2000—those companies tallied $148.3 billion in losses. This figure roughly equaled the $145.3 billion in profits before extraordinary items these companies reported since September 1995. It was as if the last 5 years never happened, and now they want to tell me it was because of 9–11. Come on.

It is the same thing with the government. Do you mean to tell me that the $143.4 billion deficit for 2001 was incurred from September 11 until September 30? The Government did not spend $143.4 billion in 20-some days. No. No. It was going down on account of tax cuts. We did not have a surplus. It was a deficit. We were operating in the red, and more than anything else we were operating just like Enron. Who is hiding debt? We are.

I yield the floor.

HOPE FOR CHILDREN ACT—Continued

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENT NO. 2724

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Utah [Mr. HATCH], for himself and Mr. BENNETT, proposes an amendment numbered 2724 to the language proposed to be stricken by amendment No. 2698.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to allow the carryback of certain net operating losses for 7 years)

At the end, add the following:

SEC. ___. CARRYBACK OF CERTAIN NET OPERATING LOSSES ALLOWED FOR 7 YEARS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) of the Internal Revenue Code of 1986 (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

''(H) SPECIAL RULE FOR CERTAIN LOSSES.—

''(i) IN GENERAL.—In the case of a taxpayer which has a net operating loss for any taxable year ending during 2000, 2001, or 2002, subparagraph (A)(i) shall be applied by substituting '7' for '2' and subparagraph (F) shall not apply.

''(ii) PER YEAR LIMITATION.—For purposes of the 6th and 7th taxable years preceding the taxable year of such loss, the amount of net operating losses to which clause (i) may apply for any taxable year shall not exceed $50,000,000.''

(b) ELECTION TO DISREGARD 7-YEAR CARRYBACK.—Section 172 of the Internal Revenue Code of 1986 (relating to net operating loss deduction) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) ELECTION TO DISREGARD 7-YEAR CARRYBACK FOR CERTAIN NET OPERATING LOSSES.—Any taxpayer entitled to a 7-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''

(c) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT ON CERTAIN NOL CARRYBACKS.—

(1) IN GENERAL.—Subparagraph (A) of section 56(d)(1) of the Internal Revenue Code of 1986 (relating to general rule defining alternative tax net operating loss deduction) is amended to read as follows:

''(A) the amount of such deduction shall not exceed the sum of—

''(i) the lesser of—

''(I) the amount of such deduction attributable to net operating losses (other than the deduction attributable to carrybacks described in clause (ii)(I)), or

''(II) 90 percent of alternative minimum taxable income determined without regard to such deduction, plus

''(ii) the lesser of—

''(I) the amount of such deduction attributable to carrybacks of net operating losses for taxable years ending during 2000, 2001, or 2002, or

''(II) alternative minimum taxable income determined without regard to such deduction reduced by the amount determined under clause (i), and''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning before January 1, 2003.

(d) EFFECTIVE DATE.—Except as provided in subsection (c), the amendments made by this section shall apply to net operating losses for taxable years ending after December 31, 1999.

Mr. HATCH. Mr. President, on behalf of myself and Senator BENNETT, I have sent this amendment to the desk. This is an amendment to the underlying bill.

The amendment we offer today would add a provision that is much needed for any economic stimulus bill—a temporary enhanced net operating loss carryback provision. Simply stated, this amendment would help distressed American companies, including a number of them in my home State of Utah, deal with losses they have been experiencing as a result of the terrorist attacks and as a result of the economic slowdown. And it will help those employees who are going to lose their jobs unless we help these distressed companies.

Over the past months, as both Houses of Congress have worked toward developing various legislative packages to stimulate the economy, there is one provision that has been common to practically every plan—a provision to enhance the net operating loss carryback to make it more beneficial to distressed companies and their employees.

This provision was in both of the House-passed stimulus plans, it was in the Democratic plan passed out by the Finance Committee last November, and it was in the compromise plan developed by the Senate Centrists. In short, the concept of temporarily increasing the carryback period for net operating losses to get quick relief to corporations that have paid taxes in recent years but are now losing money is one that is widely supported on both sides of the aisle. It is supported because it helps these distressed companies and their employees, who are likely to lose their jobs if we do not do something.

There are two major differences—which we consider improvements—between the net operating loss amendment we are offering today and the provision that is included in all the other economic stimulus plans. The first difference is in the length of time that the net operating loss can be carried back to previous years. This period is 5 years in the other stimulus bills, compared with a 2-year carryback period allowed by current law.

Our amendment would go further and allow a 7-year net operating loss carryback. This is important for distressed companies with large losses or that have been losing money for several years because of the economic slowdown and various other matters that are beyond their control. Companies such as these often have no taxable income within the past 5 years to which they can reach back and offset losses. For these companies, a 5-year carryback simply provides no relief. Allowing them to go back 7 years offers them a better chance to immediately offset these losses and get the quick relief they need.

The second difference between this amendment and the other net operating loss provisions is that, for the 6th and 7th years of the carryback period, our provision includes a $50 million cap per company per year on how much net operating loss can be carried back.

In other words, the amendment limits the amount of immediate tax refund that a distressed company is able to get from going back beyond 5 years to $50 million. This limitation both keeps the estimated revenue loss of this provision down to a reasonable level and also eliminates the suggestion that these companies might be getting a windfall in refunds from these earlier years.

A few commentators have argued that a net operating loss relief provision does not belong in an economic stimulus bill. I strongly disagree. Companies that are losing money face some very hard choices. One option that is a very difficult one, but one that is being turned to more and more as the economic slowdown continues, is that of laying off workers.

Such layoffs, of course, are devastating to the families involved and to our entire economy. One reason for this is these displaced workers begin to slow down their consumer spending in order to conserve their money. Moreover, layoffs have the effect of lowering the confidence of other consumers who become worried that their jobs could also be lost.

One of the best ways to prevent layoffs, in my view, would be to help distressed companies that are experiencing losses through an enhanced net operating loss carryback provision. By allowing these companies to get immediate refunds of their previously paid taxes can keep some of these businesses viable, so they do not need to turn to layoffs for relief. Extra cash in the form of tax refunds can help these companies ride out the recession storm.

The Internal Revenue Code has long included provisions allowing taxpayers to offset losses with gains in other tax years. This is only fair because the designation of the tax year, whether a calendar year or a fiscal year, as the proper measurement period for computing tax liability is purely arbitrary.

Many companies have business cycles that exceed a year in length, and some have shorter cycles. Any kind of limit we place on the ability of businesses to carry back or carry forward the loss they might incur in 1 year to another year where taxes were paid artificially reduces the fairness of the tax system.

Because of the realities of administering the tax system, it is obvious that we must have some kind of limits on the number of years to which we can carry the losses, but there is nothing magical about the current law limitation of 2 years for carrybacks and 20 years for carryforwards. Indeed, the carryback period was 3 years until the 1997 tax act shortened it to 2 years. Thus, if we can increase fairness and help distressed companies by allowing them to carry tax losses back 7 years, rather than 2, we certainly ought to do so.

This amendment does not add a permanent extended net operating loss provision carryback period to the Internal Revenue Code. Rather, it is designed to help alleviate losses incurred

by taxpayers only in tax years that end in 2000, 2001, and 2002. After this period, the carryback period would revert to the 2 years now in the law.

I might add, that the revenue effects of timing changes such as these are relatively short-term. For example, the estimated loss to the Treasury for the 5-year net operating loss provision passed by the House in December was about $1.6 billion. However, the 10 year loss was estimated to be only $271 million. This is because most of the loss reverses itself within the 10-year budget window. While the Joint Committee on Taxation has not yet estimated the cost of the 7-year carryback provision in this amendment, it is also likely to be largely reversed within 10 years.

In conclusion, this is a common-sense amendment that adds a provision that is in every other economic stimulus plan, and that has support from both sides of the aisle. If we want to help distressed companies avoid the layoff option, this is an excellent place to start. In addition, this amendment would increase tax equity. I urge all of our colleagues to support it.

It is in the best interests of the distressed companies, those companies that have had a difficult time over the last number of years. It is in the best interests of the employees of those companies because those employees will stand a much better chance of not being laid off. Third, it is in the best interests of everyone because it will stimulate the economy.

This is a good amendment. I hope our colleagues will support it. I hope it will win by an overwhelming margin.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. I ask unanimous consent the pending amendment be set aside and I be permitted to speak in favor of amendment No. 2717.

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

AMENDMENT NO. 2717

Ms. COLLINS. Mr. President, I have always been a very strong supporter of small business, the engine of our economy. According to the Small Business Administration, it is our smaller firms that account for three-quarters of our Nation's economic growth and almost all of the net new jobs that are created. These are good jobs, jobs that make our communities strong. Indeed, small businesses are often the last to lay off employees because the employees tend to be their neighbors, their family members, and their friends. They will go to great lengths to try to retain employees while a larger corporation might cut without much thought.

More than 95 percent of all the businesses in the United States are considered small businesses. Yet the economic recovery plan put forth by the distinguished majority leader does not assist this critical sector of our economy.

I support much of what is in Senator DASCHLE's package. For example, I have long proposed extending unemployment compensation to help those workers who have exhausted their State unemployment benefits yet have been unable to find new work because of the poor economy. I also support the provisions in Senator DASCHLE's plan to have stimulus checks go to those taxpayers and other citizens who did not receive rebate checks last summer and fall.

While I support much of what is in the majority leader's package, it does virtually nothing for small businesses. I think that is a serious mistake because if we can get the small business sector booming again, we will increase employment and stimulate our economy. That is why I have offered, with my good friend from Missouri, Senator BOND, the ranking member of the Senate Small Business Committee, an amendment that gives small businesses the boost they need to grow, to create new jobs, and to energize our sluggish economy. I included a very similar provision as part of an economic recovery bill I introduced on October 4.

I ask unanimous consent two more cosponsors be added to the Bond-Collins amendment, Senator BENNETT and Senator HUTCHINSON of Arkansas.

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

Ms. COLLINS. Mr. President, our amendment is as straightforward as it is effective. Under section 179 of the Internal Revenue Code, a small business can deduct up to $24,000 of the cost of qualifying property placed in service in any given year. The deduction is phased out for taxpayers that invest more than $200,000 per year in qualifying property. For the rest of this year and for all of next year, the Bond-Collins amendment permitted small businesses to expense up to $40,000 in new equipment purchases per year. So the limit would go from $24,000 to $40,000. It would also increase the total investment limit from $200,000 to $325,000.

The purpose of our amendment is to encourage small businesses to make important investments that create jobs. It would allow them to write off more of their new equipment purchases immediately. Many small businesses have put on hold investments in equipment that they were planning to make in the wake of the September 11 attacks and because of the poor economy. This tax incentive would help encourage them to go ahead with these critical investments.

Direct expensing allows small businesses to also avoid the complicated rules of depreciation as well as the unrealistic recovery periods for many assets. For example, under current law a computer must be depreciated over 5 years, even though we all know from the experience in our offices that the useful life of most computers is 2 to 3 years.

Our amendment would also help to address a critical need of small businesses to access more capital. As the Small Business Administration has noted:

> Adequate financing for rapidly growing firms will be America's greatest economic policy challenge for small business in [this] century.

As our economy has slid into recession, capital has become increasingly scarce for smaller companies. Indeed, venture capital investment in the third quarter of 2001—which is the latest data available—represents a 31-percent decline from the previous quarter and a 73-percent decline from just 1 year ago. So our small businesses are having great difficulty in accessing the capital they need. Moreover, the capital gap disproportionately affects minority-owned and women-owned businesses.

By raising the section 179 expensing limit by two-thirds, our amendment will, in effect, free up more capital for small businesses to purchase more equipment. These purchases in turn will stimulate other industries that produce that new equipment.

As Federal Reserve Chairman Alan Greenspan has pointed out, enacting temporary expensing provisions would have the ''most immediate impact'' on our economy of all the provisions and proposals that have been advanced. It is the right medicine and it is the right tonic for our economy today.

I have spoken with entrepreneurs in my home State of Maine about what the impact would be on their particular business if we were to increase the expensing allowance. They have told me, without exception, that our amendment is needed and that it will help to stimulate our sluggish economy. Let me give an example by quoting Terry Skillins of Skillins' Greenhouses, a fourth-generation Maine family business founded in 1885. Skillins' employs between 70 and 120 employees, depending upon the season, in its landscaping, greenhouse, and floral businesses. Terry told me that Skillins' is looking to expand but that to do so is expensive. It takes money. From tractors to conveyor belts to machines that fill flowerpots automatically, the equipment that Skillins' needs to expand is expensive. Terry says raising the small business expensing limit to $40,000 would help his company a lot.

He told me something else that I think is very important and telling. Terry said that it is very important for the increased expensing to last through next year. He told me it often takes more than 1 year for a small business to carry out an expansion plan and if the increased expensing were available for 2 years, his ability to grow his business, Skillins' Greenhouses, would be far greater.

I think we should heed Terry's advice and help our small businesses, just as they will help drive our economy back to prosperity.

We also must not lose sight of the human side to this amendment. As Mark Carpentier, the owner of a small media business in Portland, ME, recently told me, increasing the expensing limit will provide his business with

more cash, cash he could use to hire another employee, to pay his employees more, or to purchase them better health insurance—a major problem for many small businesses as premiums continue to soar.

It seems to me that a true consensus package, a package that is going to make a real difference to our economic recovery, should and must include a provision like the Bond-Collins amendment to help small businesses pull through these difficult times and to give them the boost they need so they can be, once again, the engine of our economy.

Indeed, an increase in the small business expensing limit is a provision that is common to pretty much every economic recovery package other than the one advanced by the majority leader. Increased small business expensing was included in both the economic recovery packages that passed the House, the Centrist Coalition proposal—which I, along with my colleague from Maine, with Senator VOINOVICH, and three of our colleagues on the other side of the aisle joined together to draft—and the Senate Finance Committee bill which was reported with unanimous Democratic support in committee.

The help that our amendment would provide comes at a relatively modest cost to the Treasury. It is needed by small businesses across the Nation. I believe it would make a real difference.

A survey by the National Federation of Independent Business, our Nation's largest small business advocacy group, showed that the September 11 attacks and the economic downturn have significantly damaged small business economic activity. According to the NFIB's members, 34 percent of those responding reported that their sales are lower since September 11; 13 percent reported that business investment plans had been postponed or canceled altogether.

The Senate, tomorrow, will have the opportunity to put the investment plans of our Nation's small businesses back on track. This is a modest step we can take, but it is a step that will make a real difference to our small businesses and to the millions of employees for whom they provide good jobs. I urge my colleagues to support this amendment which the NFIB considers to be a key one in favor of small business.

In that regard, I ask unanimous consent a letter from the NFIB, endorsing the Bond-Collins amendment, be printed in the RECORD.

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

NFIB KEY SMALL-BUSINESS VOTE

SMALL BUSINESS NEEDS HELP NOW!! VOTE YES ON BOND-COLLINS EXPENSING AMENDMENT

DEAR SENATOR: On behalf of the 600,000 members of the National Federation of Independent Business (NFIB), I urge you to support Senator Kit Bond's and Senator Susan Collin's amendment increasing for two years the amount of equipment purchases that small businesses may expense each year from the current $24,000 to $40,000.

Many small businesses are currently struggling to cope with the recession and the events of September 11. Increasing the expensing limit would provide small and growing firms with the funds to make critical investments and keep their firms running and growing, creating new jobs.

The Bond amendment will also help small business by eliminating burdensome record keeping involved in depreciating equipment. And it adjusts the investment limit on expensing from 200,000 to $325,000.

Small business is the major job generator for the economy. Let's give them the tools to grow, hire more employees, and lead this country out of recession. Support the Bond-Collins expensing amendment. Votes on or related to this amendment will be an NFIB Key Small-Business Vote for the 107th Congress.

Sincerely,

DAN DANNER,
Senior Vice President,
Public Policy.

Ms. COLLINS. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CARPER). Without objection, it is so ordered.

Mr. REID. Mr. President, I ask unanimous consent I be allowed to speak in morning business for up to 10 minutes.

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

TRIBUTE TO FORMER SENATOR HOWARD CANNON

Mr. REID. Mr. President, I spoke last Friday to Howard Cannon. Howard Cannon served the State of Nevada for 24 years in the Senate. The reason I spoke to him on Friday was because the next day—this past Saturday—was his 90th birthday.

Howard Cannon has a great history. Howard Cannon has served his country well. For me, personally, I can remember when I was back here working as a Capitol Hill police officer and he was a Senator. I was going to law school. I attended law school full time during the daytime and then I worked a shift at night as a Capitol Police officer. Howard Cannon had previously been a bar examiner. To be a bar examiner in Nevada means you are one of the best lawyers in the State. It is a very exclusive group of people. They actually grade the bar exams for the people who take the bar to become lawyers.

Howard Cannon, as I reflect back, becomes even more significant to me. I was a young man here going to law school and working, and he was a Senator tremendously burdened with responsibilities, but yet he took the time to have me in his office on more than one occasion to help me prepare for the bar examination. He did that when all the other activities were going on in the Senate. He wanted to make sure I understood how to prepare for a bar exam. This was done by a man who graded the exams.

I pay tribute to Howard Cannon, my friend and fellow Nevadan, for all he has done for me personally over the years and all he has done for the State of Nevada and this country.

Howard Cannon is a true American hero. On January 26, as I have indicated—last Saturday—he turned 90 years old. His service to Nevada and our Nation includes a lot of things, not the least of which is 24 years as a U.S. Senator.

During his youth, he enjoyed being a cowboy, lassoed wild horses, and broke them to ride. In fact, as a boy he used one of these horses to deliver newspapers to ranches in the area where he was raised.

Today, even though he is 90 years old, he still gets up every morning and goes out into his yard to take care of his favorite horse, a palomino named Bandit.

It isn't surprising that in growing up in the West, Howard Cannon, the son of a rancher, was comfortable with horses. But more surprisingly, he was comfortable playing the saxophone. He started a band called ''Howard Cannon and His Orchestra.'' He performed in small towns throughout the West, and he even went on a cruise ship and played in Japan.

During law school, Howard pursued his fascination with airplanes and took flying lessons. He paid for those flying lessons with earnings from his musical gigs. He became an accomplished pilot and developed a lifelong passion for flying.

I can remember on a number of occasions that he piloted airplanes in which I accompanied him around the State of Nevada while he was a Senator. I can remember specifically one airplane ride that I took from Lovelock, NV, to Las Vegas with Howard Cannon flying that airplane. I have many fond memories of Howard Cannon, but that certainly is one of them.

He went into the U.S. military in 1941. He was about 10 years older than most people who went into the military, as indicated by his age now being 90 and the average World War II veteran is about 79. While in the Army, he served in a unit of combat engineers. But later he transferred to the Army Air Corps because they learned he was an experienced pilot.

In September of 1944, Howard Cannon was the commander of a C–47 in which he was flying American paratroopers. This was before the Allied invasion into Europe. His plane was brought down by enemy fire. In fact, it came down in Nazi-occupied Holland. He had dropped these paratroopers near the Arnheim Bridge. He bailed out and parachuted behind enemy lines.

For 42 days, 6 weeks—I have heard Senator Cannon tell this story; it is a wonderful story—with courage and creativity and the aid of Dutch farmers and underground police, he made his way out of Holland into Allied hands.

He had a picture on his wall in his Senate office—he now has it in his home—of two boys with an apple. The reason that was so important is, in his getting out of Holland, he always had to find two boys eating an apple. He, of course, would take a bite out of his apple. That meant it was safe to go where he wanted to go through enemy territory.

As a consequence of his gallantry, of evading these German soldiers—of course, if he had been caught he would have been executed—he was able to unite with American troops, and for his efforts he received a Purple Heart, Legion of Merit, Distinguished Flying Cross, Air Medal with two oakleaf clusters, the French Croix de Guerre with Silver Star, the European Theatre Ribbon with eight Battle Stars, and a Presidential citation.

After the war ended, Howard Cannon moved from Utah to Las Vegas where he settled with his wife Dorothy and they raised their daughter Nancy and son Alan.

He served as a Las Vegas city attorney. He was a fine lawyer. He was elected in 1958 to the U.S. Senate. He accomplished so much for the State of Nevada.

He had a personal commitment to the U.S. military based upon his patriotism but also based on the fact that he had been such an outstanding part of the U.S. military during the Second World War.

When he was in the Senate, he test-flew all new aircraft before voting for money to develop them. He could fly those airplanes. He helped preserve Nellis Air Force Base when it was threatened with Air Force funding cuts and worked to make Nellis what is now the preeminent military installation for training American fighter pilots.

Senator Cannon considers the impact he had on aviation, though, even more significant. His support of the Airport and Airways Development Act, and later airline deregulation, helped make air travel what it was prior to September 11.

Howard Cannon's contributions enabled Nevada to attract more travelers and become the tourist capital of the world, one of the most popular destination resort areas in the world. He helped expand our Nation's transportation system. He served as chairman of the Senate Rules Committee. We were very proud of Howard Cannon at that time. And, of course, later he served as chairman of the Commerce Committee.

He contributed so much for the State of Nevada, not the least of which was his farsightedness in providing money through the Congress for the Southern Nevada Water Project that has allowed Las Vegas to grow the way it has, drawing water out of the Colorado River. This was just one of his accomplishments, but he had numerous accomplishments.

One reason I admire Howard Cannon so much is Nevada was and is a very conservative State, but he was willing to take political risks to do the right thing, as he demonstrated in 1964 when he voted for cloture, allowing the Civil Rights Act to come up for a vote. That was a very courageous vote for him. He voted for the Panama Canal Treaty, also politically dangerous. It hurt him, but he did it because he thought it was proper.

Howard Cannon provides a legacy which endures. His work continues to have a positive impact on the country.

On behalf of all the people of the State of Nevada and those people who served with him in the Senate, I thank Howard Cannon for his service.

I also want to say a word about his lovely wife. I underscore that because she is the sweetest woman you could ever know. She was so nice and represented Howard and the State of Nevada so well in her duties as a Senator's wife. She was so instrumental in his success. Howard and Dorothy live in Las Vegas. He is a little bit hard of hearing, but other than that, he is physically very strong, as he was when he was in the Senate.

Happy birthday, Howard.

The PRESIDING OFFICER. The Senator from New Mexico.

HOPE FOR CHILDREN ACT—Continued

AMENDMENT NO. 2723

Mr. DOMENICI. Mr. President, I believe I have an amendment at the desk, amendment No. 2723. I ask unanimous consent that we set aside the pending amendment and take up the amendment that is at the desk, amendment No. 2723.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI] proposes an amendment numbered 2723.

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

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

The amendment is as follows:

(Purpose: To provide for a payroll tax holiday)

At the end, add the following:

SEC. ____. PAYROLL TAX HOLIDAY.

(a) IN GENERAL.—Notwithstanding any other provision of law, the rate of tax with respect to remuneration received during the payroll tax holiday period shall be zero under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1986 and for purposes of determining the applicable percentage under section 3201(a), 3211(a)(1), and 3221(a) of such Code.

(b) PAYROLL TAX HOLIDAY PERIOD.—The term ''payroll tax holiday period'' means the period beginning after February 28, 2002, and ending before April 1, 2002.

(c) EMPLOYER NOTIFICATION.—The Secretary of the Treasury shall notify employers of the payroll tax holiday period in any manner the Secretary deems appropriate.

(d) TRANSFER OF FUNDS.—The Secretary of the Treasury shall transfer from the general revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of the trust funds under section 201 of the Social Security Act and the Social Security Equivalent Benefit Account under section 15A of the Railroad Retirement Act of 1974 (45 U.S.C. 231n–1) are not reduced as a result of the application of subsection (a).

(e) DETERMINATION OF BENEFITS.—In making any determination of benefits under title II of the Social Security Act, the Commissioner of Social Security shall disregard the effect of the payroll tax holiday period on any individual's earnings record.

Mr. DOMENICI. Mr. President, I am offering this payroll tax holiday amendment today to move this process forward. Right now, we have a Republican stimulus bill that passed the House; we have the President's plan and the Senate Republicans' plan; we have the Senate Democrats' plan.

But we don't yet have a stimulus plan that will pass the Senate and be signed by the President.

Let me be clear. I support the President. I think this administration is right on track when it comes to an economic stimulus package. However, any existing plan has to be modified to garner enough Senate support to pass.

The payroll tax holiday is an idea supported by both Republicans and Democrats.

Yes, I think we should have acted on a stimulus plan last October or November. I would have preferred that this payroll tax holiday had been in place for the December holidays.

But having said that, whenever implemented, a payroll tax holiday will be more effective at increasing spending than the rebate checks sent out earlier. It will put the tax cut in paychecks automatically, without the need for special mailings.

This tax holiday would be in March 2002. This gives employers and payroll administrators time to adjust their systems for the change.

Psychologically, workers are used to adjusting their spending habits based on the size of their paychecks. At present, workers spend about 95 cents for every dollar of after-tax earnings. Increasing their after-tax earnings will therefore lead to more spending—if they perceive the tax cut to be part of their regular earnings.

The Congressional Budget Office analyzed the various stimulus proposals. CBO said:

Among the options being considered for providing fiscal stimulus, a payroll tax holiday could have a comparatively large bang for the buck . . . bigger paychecks might induce more spending than rebates would and a payroll tax holiday would reach many lower income working families.

The bottom line: A payroll tax holiday is truly a stimulative, temporary tax cut that is very likely to be spent.

Nearly all wage earners, all except those who have already reached the taxable maximum of $84,700, even those who don't earn enough to pay income taxes, would benefit.

Both the employee and employer share—6.2% each—of the Social Security—OASDI—payroll tax would be suspended. Self-employed Social Security

payroll taxes would also be suspended. The Social Security trust fund would be made whole via a transfer from the general fund.

Employees would have more take-home pay and employers would have increased cash flow.

A school teacher making $40,000 would see an increase in their take-home pay of $207 in May. A self-employed contractor earning $40,000 per year, who pays both the employer and employee share of 12.4%, would see an increase in pay of $413.

This proposal enjoys wide support. The majority leader was ready to include it in his earlier plan. Several Senators have cosponsored the bill here in the Senate. I believe this proposal could provide us with a bipartisan way to enact a stimulus bill quickly.

Mr. President, I didn't want to let today go by without reintroducing this measure we call the ''payroll tax holiday'' amendment. The occupant of the chair has on a couple of occasions spoken to the Senator from New Mexico about this amendment. At some point in the history of the so-called stimulus, are we going to do it or are we not? The distinguished Senator was a cosponsor of the amendment.

People are now talking about the fact that a very large surplus that we were reporting at the beginning of this year, some $300 billion, has disappeared for all intents and purposes and that the President tomorrow night is going to deliver to the American people his ideas and his proposals and concepts. And, obviously, shortly thereafter he will call for the budget that will be his proposals to match fiscal policy and tax policies with the speech he made and what he intends to do during the ensuing year.

I remind everyone, once again, what actually happened to this surplus for the year we are talking about, this year, had very little to do with whether we cut or raised taxes. Some are saying to the American people, the tax cut is what brought down this wonderful surplus that was going to pay down our debt and we should not be cutting taxes. Well, the point is, we only cut $38 billion worth of taxes as a temporary reduction in that surplus. The fact that we have gone down in terms of our economic prosperity and slowly but surely ended up with a recession, a real recession—it doesn't seem as if it is going to last too long—that period of time of the American economy coming from a projected growth of over 3 percent to what all of us know is currently a negative growth, that is what took $220 billion of this surplus.

I know as I say this, if there are people interested in what we say, some are asking, what do you mean?

In the U.S. Government, when we have a growing economy, an economy that is projected to grow for the rest of this year at 3.4 percent, we have to estimate how much in taxes is going to come into the Treasury of the United States based on that kind of growth. What I am saying to Senators and to the public is that everyone agreed we should project the growth for this year at about 3.4 percent, a pretty healthy growth year over year. That means the entire basic growth of the United States was going to go up substantially. It turned out the estimates were wrong, and it came down. We lost $220 billion in the assumption with reference to how much money we were going to take in.

Let me repeat, that is about a 72-percent reduction in the surplus we had expected to accumulate, just that one item. For those who wonder about the effect of our tax cut, it was $28 billion compared to the 220 that came from the economy plunging. It is 14 percent for the tax cut. That is the reality of it.

I remember rather vividly that the chairman of the Budget Committee, who presided over two hearings early this year, at the last one or the second-to-last hearing, did acknowledge that in terms of this year the tax cut had only the impact about which the Senator from New Mexico is talking.

When we speak about a tax cut that we have already passed being too big, then we have to try to look at what we are talking about. We passed a tax cut that came into play little by little over a full decade, a little bit each year, with the biggest tax cuts coming 6, 7, and 8 years from now. That was already passed, but it will not take effect. So for those who think it is too big and that we should not give the American people that kind of tax relief 6, 7, 8, 9 years from now, they have plenty of time to fix it. They could fix it this year in the budget, if they would like, by suggesting we increase taxes in lieu of the decrease we passed. They could wait until next year and say let's increase taxes.

I don't believe we should increase taxes. Actually, the tax reductions we made over the next decade still leave the overall tax on the American people at a high level compared to other tax years during the last 30 to 40 years.

Let me quickly tell you about that. For 60 years, postwar, the average taxes as a percentage of GDP were 18 percent. For a period of 60 years, after the war and continuing on, the average tax take was 18 percent. Now even with the tax cut over the 10 years, the taxes are going to be 19 percent of the gross domestic product. They are projected by CBO to rise to 20 percent of the gross domestic product over the next decade. In this year, it will be 19 percent. Over the decade it will go up to 20.

How can they be higher than they have been on average for the past 60 years and yet there are some who would like to increase taxes from this high level that already is imposed upon them?

So we ought to be talking about that for some time. But right now, the President will be speaking to us tomorrow, Senators and House Members. On behalf of our people, we are going to have to make a choice. He is going to suggest that while there is evidence the American economy is coming back and, as some say—perhaps Dr. Greenspan would say—if he were to put nine criteria up there on the economy, he would say we are now out of recession on five out of nine. So if you want to weigh that, a majority of the indicators of growth, or nongrowth, are on the growth side.

We still have to ask ourselves, is it going to take too long to come out of this recession or should we pass a bill that would stimulate the American economy?

I believe the President is going to say he would like us to join him in passing a stimulative tax incentive package. It is with reference thereto that today I ask if the Senate is going to consider passing a tax incentive bill, that they give serious consideration to a payroll tax holiday—that is, a Social Security payroll tax holiday—for all of the employees of the Nation for 1 month and all of the employers of the country for 1 month, and that that month be the month of March. That is about as fast as you can do it. It is also about as fast as any of the other taxes you are going to consider and get implemented and become part of the tax laws of the land, to either cause growth or restrain growth.

As I have said, I knew this was going to be the case when I asked for cosponsors, and many helped. Many have said this is probably a good way to get the economy going. It probably amounts to about $40 billion that gets back into the hands of American workers everywhere and employers, large and small, in 1 month, for they don't have to pay their half.

In the meantime, we also heard from various institutional analysts—in this case the CBO, which does a lot of analysis and upon whose numbers we base our projections with reference to what is going to happen when you pass tax packages. We run it through a joint committee, but CBO gives their estimates, and they are pretty good. They indicated that, of the taxes being contemplated, the most stimulative would be this tax holiday. They base that on assumptions as to what happens when you get more money in your paycheck and what happens when you get less in your paycheck. They have concluded that the overwhelming percentage of Americans will spend the money if it is reflected in their check as a payroll check. This will not be huge for each taxpayer of America. But somebody making $40,000—depending on who is working, the husband and wife, it could be between $200 and $400 in 1 month. That would be the change in their checks.

If an employer has 10 such employees—you see, they don't pay—their half is the same amount. They don't pay that to the Federal Government. They get it to invest or do whatever they would like, in terms of helping their

business grow and helping them to add more employees or, as may be the case, staving off having to lay someone off or, indeed, being able to buy equipment they weren't going to be able to buy.

All of this is going to be at the disposal of businesses, large and small. It will be a very healthy dollar amount as we move through that 1 month and the effective date that will take place, depending upon whether we in the Congress decide to pass this proposal.

Let me repeat, for simplicity, we will call it the payroll tax holiday amendment. So everybody will know, it is the payroll withholding for Social Security for 1 month on employers and employees of America. I believe I am correct in saying it is somewhere between $39 billion and $42 billion in that 1 month. And to the extent there is a month that we do not put the money into the Social Security fund, we do replenish it from the general tax revenues of the United States, which is the way we have done it for years when indeed we have had this kind of expenditure occurring.

I will repeat that when the President sends his budget here and he is asking that we spend more, not less, on defense—in fact, I think he will ask for a 12-percent increase in defense spending. I believe on homeland defense spending he is going to ask that it be doubled in percentages—about a 111-percent increase. Of course, it was a small number. He is going to ask that those two items across our various expenditure lines be considered the highest priority and that we spend our money on those two. And a third is that we produce a stimulus. I believe the stimulus I am talking about here—the payroll tax holiday—will ultimately, depending upon what you put with it, receive the support of the President. I believe he will sign a bill with that in it.

I think if Senators begin to pay attention to what might work, surely we have to do something on unemployment compensation and we have to do something on a few other of the social programs that affect our working men and women. But we are also going to do something on the tax side of the ledger. I submit that this one is more apt to get us out of the lethargy that is currently in various parts of our economy, which doesn't seem to want to move.

I ask unanimous consent that at the end of this speech, the chart on the CBO baseline projections of the surplus since January 2001 by fiscal year in the billions of dollars be printed in the RECORD.

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

CHANGES IN CBO'S BASELINE PROJECTIONS OF THE SURPLUS SINCE JANUARY 2001

[By fiscal year, in billions of dollars]

	2002	Total 2002–2011	% 2002	% 2002–2011
Total Surplus as Projected in January 2001	313	5,610	.....	.....

CHANGES IN CBO'S BASELINE PROJECTIONS OF THE SURPLUS SINCE JANUARY 2001—Continued

[By fiscal year, in billions of dollars]

	2002	Total 2002–2011	% 2002	% 2002–2011
Changes [a]				
Legislative				
Tax act [b]	(41)	(1,657)	12	41
Discretionary	(45)	(714)	14	18
Other	(5)	(49)	1	1
Subtotal	(91)	(2,420)	27	60
Economic and Technical [c]	(242)	(1,588)	73	40
Total	(333)	(4,008)	100	100
Total Surplus or Deficit (−) as Projected in January 2002	(21)	1,602	.....	.....
Memorandum				
Legislative changes to discretionary spending [a]				
Defense	(34)	(396)	10	10
Nondefense	(11)	(318)	3	8

[a] These estimates include the interest effects of changes assumed.

[b] CBO cost estimate for the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107–16). The estimate includes both a reduction in taxes and an increase in outlays.

[c] Changes not directly driven by new legislation or by changes in the components of CBO's economic forecast are considered technical.

Source: Congressional Budget Office.

Mr. DOMENICI. Mr. President, that is what it is going to be in 2002 through 2011. The source is the CBO. The facts are pretty easy to understand—the estimates for the Economic Growth and Tax Relief Reconciliation Act. The estimate includes both a reduction in taxes and an increase in outlays. That will be in the budget if we choose to do something on the tax side.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Mr. President, we have had an agreement with the minority since this bill came up that we would alternate amendments. We have done that, but we have never formalized that.

I ask unanimous consent that the first-degree amendments offered with respect to H.R. 622, the economic recovery/stimulus measure, be offered and considered in an alternating fashion.

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

Mr. REID. Mr. President, I inquire of the Chair if the following is the order in which these amendments have been offered: Durbin, No. 2714; Bond, No. 2717; Baucus, No. 2718; Allen, No. 2702; Harkin, No. 2719; Bunning, No. 2699; Baucus, 2721; and Hatch, No. 2724, plus we have an amendment, No. 2723, offered by the Senator from New Mexico.

The PRESIDING OFFICER. The Senator is correct.

Mr. REID. That being the case, there would be two Democratic amendments next in order.

The PRESIDING OFFICER. The Senator is correct.

Mr. REID. I thank the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Mr. President, I commend Chairman BAUCUS and Senator DASCHLE for their leadership and their determination on this important issue of the ever-deepening recession of the United States and the fact that so many people are out of work. They have consistently returned time and time again to make sure we commit to the real needs of the people in this country.

But in our slowing economy, States are already facing a serious budget crunch, forcing some of our State leaders to make tough decisions. In fact, the recession would force Iowa to cut $18 million from its State Medicaid budget, funds that would have brought an additional $32 million in Federal money to our State.

All of us, when we are talking about a stimulus, have to think about what is happening in the State budgets. I know the occupant of the chair is the former Governor of the distinguished State of Delaware and he knows, as well as others, that when recessions go up and unemployment goes up, the impact on the State budgets to meet their requirement for Medicaid increases dramatically.

What happens is, as these rolls grow, then there is more of a demand on the State moneys. For example, there are already 240,000 Iowans on Medicaid, about 15 percent more than what the State expected to serve this year. The same providers who are facing the cuts will also be called upon to serve a growing number of people. When the providers are cut, the patients they serve feel it.

As we look at what is going on in the country today, we cannot allow Medicaid recipients, some of the most vulnerable people in our country, the most vulnerable of my constituents in Iowa, to fall through the cracks. But unless Iowa and other States get help, they will have to either make deeper provider cuts take effect, make eligibility requirements tougher, or cut benefits, all of which are going to impact the most vulnerable people in our society.

One provision in the stimulus bill is of particular importance to my State of Iowa, and I would say all States across the country. This provision will give States critical assistance in meeting their Medicaid responsibilities by increasing the Federal match for Medicaid, the FMAP, for 1 year.

Under the Daschle amendment, every State would get a 1.5-percent increase in their 2002 FMAP. I do not know what it will mean to all the States, but I do know it will mean an additional $30 million to the State of Iowa.

Again, while what is in the underlying bill is an important first step, we must remember it was developed when State-projected deficits were estimated to be a lot lower than they are today.

On October 31 of last year, the National Association of State Budget Officers predicted a $15 billion shortfall for the States for 2002. On October 31, there was a $15 billion estimated shortfall in our State budgets. Six weeks later, on December 19, they updated that to a $38 billion shortfall in our State budgets. We all know when we talk about State budget deficits, we are talking in large part about their Medicaid budgets. In many States, that is the largest part.

Because most States are required by their constitutions to balance their budgets every year, they have to look to Medicaid for cost savings.

Without adequate State fiscal relief through a temporary increase in the FMAP, the Federal Medicaid matching rate, these cuts are likely to be approved. It could be even worse as the deficits worsen further.

To help States avert these otherwise unavoidable cuts, I have offered an amendment which is in the lineup for tomorrow that will increase the Federal Government's match of State Medicaid spending by 3 percent instead of the 1.5 percent that is in the underlying amendment for the next fiscal year.

If this amendment is agreed to, all States will receive an enhanced 3-percent increase on their FMAP. Also, the States that have high unemployment rates will still get their 1.5-percent bonus and all States will still be held harmless.

Basically, my amendment takes the underlying 1.5 percent and makes it 3 percent in terms of the Federal match for Medicaid.

It will provide about $3.5 billion more to the States than the pending legislation and over $7.5 billion more than the House-passed plan to help offset the impending State Medicaid cuts for providers and beneficiaries.

Again, State fiscal relief is one of the best ways to stimulate the economy because Federal dollars used for this purpose help avert the State budget cuts and the tax increases that can be detrimental to any economic recovery.

The people in Iowa and all across the Nation have enough trouble finding affordable quality health care. They need our help and support during this recession. When it comes to protecting the vulnerable in these difficult times while getting our economy back on track, putting Iowans and all Americans back to work, this proposal to increase the FMAP, the Federal match on Medicaid, is right on the mark.

This amendment will be up tomorrow for a vote. I hope it will get overwhelming support because, again, we cannot afford to let the most vulnerable in our society fall through the cracks, and we have to recognize that States are facing over a doubling of the initial estimate of what their State shortfalls would be in their budgets for this next fiscal year.

Looking at all that, we need to make sure we increase the Federal share. For a small amount of money we put into it, considering the nationwide impact, the multiple effect it will have on our economy will be tremendous, especially as it affects those State budgets.

Again, I commend Senator DASCHLE and Senator BAUCUS for the underlying amendment. If we had voted on this last year, perhaps 1.5 percent might have been sufficient with what we knew then. But with what we know now, 1.5 percent is not sufficient. I believe this amendment I have offered to double that from 1.5 percent to 3 percent will make it so that the States will not have to cut their Medicaid budgets this year.

I hope we can adopt this amendment. I hope we can get the stimulus bill passed and get increased unemployment benefits out there, health care benefits, and help our States with their Medicaid budgets. This will do more to stimulate the economy than anything else we are doing.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. MILLER). Without objection, it is so ordered.

Mr. KYL. Mr. President, I ask that I be allowed to speak in morning business for a period of 25 minutes.

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

WITHDRAWAL FROM THE ABM TREATY

Mr. KYL. Mr. President, tomorrow evening President Bush will be giving his State of the Union speech. He will undoubtedly review the actions of the past year and talk about his plans for this current year. It seems to me appropriate to focus a little bit on what I believe is one of the most important decisions he made in the last year and to reflect a little bit upon what that decision will mean for the United States in the years to come. It was made at a time when Congress was not in session and the country, frankly, was primarily thinking about the Christmas season. There was not a lot of media attention paid to the decision.

For reasons I will discuss in some subsequent speeches, it seems to me one of the most fundamental and important decisions of any President in recent years and certainly of President Bush during his first term. I refer to his decision on behalf of the United States to give notice to Russia of the withdrawal of the United States from the 1972 ABM Treaty. As I said, I am going to discuss different aspects of this decision in some subsequent remarks.

For example, I will discuss the President's legal authority to withdraw. Some have suggested action by the Senate should take place or that somehow the President doesn't necessarily have the authority to withdraw from the treaty. That is not true; he does. I will be discussing that. I also want to address in subsequent remarks how I think this decision changes the geopolitical relationships and, frankly, reflects a 21st century view of the world, especially the relationship between the United States on one hand and Russia on the other hand, a view far different from that of the adversarial cold war relationship between the two superpowers, and how this ABM decision is probably the most dramatic recognition of that new relationship.

I will discuss what that means both in terms of the relationship between the two countries in the future but also what it means in terms of a change in the direction of the philosophy of this country with respect to national security issues, especially how it relates to the question of how we protect ourselves. Is it through a combination of ideas that are premised on peace through strength, going back to the Reagan days, or more of a focus on arms control agreements, reflecting more of the Clinton administration view?

Clearly, the Bush administration has decided defending the United States depends first and foremost upon our ability to defend ourselves through missile defense, for example, and less on arms control agreements. I will be discussing what I think are the important ramifications of that decision.

Today, I will first of all commend the President for his decision, made on December 13 of last year, of the intent to withdraw from the ABM Treaty and, secondly, discuss the reasons I believe this was the right decision for the President to make. Let me note those two reasons in summary.

It is highly questionable whether the ABM Treaty ever served U.S. interests. It did not stop an arms race, its purpose, as proponents claims. It was the product of a bipolar international structure, as I said before, that no longer exists and no longer reflects the relationship we should have with Russia as a result. It remains a serious obstacle to U.S. ability to defend itself against the long-range threat of ballistic missiles. The President's decision was a necessary step forward in addressing that threat. The future national security of the United States requires the construction of ballistic missile defenses that were flatly prohibited by the treaty.

Let me discuss those items in turn. First, with respect to the purpose of the treaty, the premise of the ABM Treaty back in 1972 was that if neither the United States nor the Soviet Union took steps to protect itself against a devastating nuclear strike, then both nations would feel confident in their ability to retaliate against each other, secure in the knowledge that each possessed that capability, and neither would find it necessary to increase the size of their nuclear arsenals. An accompanying agreement, SALT I, was intended to limit the size and shape of the arsenals in order to enhance strategic stability.

Proponents of the ABM Treaty—and their numbers are many —have for the 30 years or so since the treaty's ratification considered it the cornerstone of strategic stability. They view the treaty not just as the guiding document in United States-Soviet and now United

States-Russian relations but as the principal constraint on all countries considering developing missile forces with which to threaten neighbors and argue that the absence unleashes a destabilizing arms buildup around the world, including in Russia.

Well, what of this?

The central premise of the ABM Treaty, that the United States and Soviet nuclear arsenals would be restrained by the absence of missile defenses, is refuted through the simplest quantitative analysis. In the 15 years since the treaty's ratification, the number of strategic ballistic missile warheads in the inventory of the Soviet Union grew from around 2,000 to 10,000. The U.S. level grew from around 3,700 in 1972 to about 8,000 in 1987. In fact, strategic nuclear forces expanded not just quantitatively but qualitatively as well. The decade following the ABM Treaty signing witnessed introduction into the Soviet arsenal of entire generations of new long-range missiles, not just in contradiction to the intent of the ABM Treaty but in contravention of the accompanying SALT I accord as well.

The post-cold-war picture similarly argues against the treaty's effectiveness at restraining offensive forces. China has been exceedingly belligerent in its use of warlike rhetoric targeted against the concept of a regional missile defense plan encompassing the island of Taiwan. Yet in the absence of missile defenses, it has been deploying missiles opposite Taiwan at the rate of 50 a year. China made the decision and embarked on a modernization of its long-range missile force targeted against the United States long before the United States made a decision to deploy missile defense systems.

Similarly, India and Pakistan missile developments which, combined with each country's nuclear weapons programs, create the most dangerous region on Earth right now, occur without reference to missile defenses. And of course missile programs of countries such as Iran, Iraq, and North Korea have been restrained at times by technological factors but never by the presence of missile defenses in countries they might target.

The point is that missile forces are not a response to missile defenses. They are the result of national perceptions of threat and political and military requirements. As the new National Intelligence Estimate on foreign ballistic missiles states:

> The ballistic missile remains a central element in the military arsenals of nations around the globe and almost certainly will retain this status over the next 15 years.

In other words, ballistic missiles are not being built as a result of missile defenses being built. Those missile forces are already occurring, are already being built, and it is the defenses which now need to restrain them.

Another point: The bipolar world structure that I referred to no longer exists. The problem of proliferation here has to be addressed.

The ABM Treaty was negotiated between two countries, one of which no longer exists. At its signing, little consideration was given to a post-Cold War world. The developments of the late 1980s and early 1990s were simply not foreseen. Nuclear and missile proliferation, while certainly acknowledged as issues, took a backseat in the two superpowers' thinking to direct bipolar considerations back in 1972.

Proliferation is today, however, one of our principal national security challenges. Roughly two dozen countries have or are developing ballistic missiles. These weapons have also become a common feature of modern warfare. Used but once between 1945 and 1980, thousands of ballistic missiles have been fired in at least six conflicts since 1980, and their range and sophistication are growing. In fact, despite the promised reductions in Russian strategic forces, the threat from other countries seeking to target the United States with long-range missiles has grown since the end of the Cold War.

Let me give some examples of this trend:

China is actively modernizing and expanding its long-range missile force. The newly released National Intelligence Estimate states that, by 2015, ''the total number of Chinese strategic warheads will rise several-fold.''

Despite difficulties it has experienced in developing its Shahab-3 medium-range missile—and it should be pointed out that all countries, including the United States, experience developmental problems with new missile programs—Iran continues to place much emphasis on its missile activities. With considerable Russian assistance, it is developing missiles capable of striking Central Europe. The new NIE concludes that ''Teheran's longstanding commitment to its ballistic missile programs . . . is unlikely to diminish.''

Iraq is believed to covertly possess a stockpile of banned missiles. While Iraq's missile programs have been constrained by sanctions in effect since the Persian Gulf War, the gradual but steady erosion of those sanctions could result in its being able to reconstitute its long-range missile programs. Iraq's ability to surprise us in the past with the scale of its missile and nuclear, chemical and biological programs should serve as a warning of what can happen should the sanctions regime collapse completely.

North Korea has extended its moratorium on testing its intercontinental-range Taepo-dong missiles, but its surprise August 1998 test flight over Japan of one such missile should similarly temper any enthusiasm about that regime's capabilities and intentions. The National Intelligence Estimate pointed out that North Korea has not abandoned the the Taepo-dong 2, and that it could reappear ''as a [space-launch vehicle] with a third stage to place a small payload into the same orbit the North Koreans tried to achieve in 1998.''

If the National Intelligence Estimate is nebulous in its description of the threat to the continental United States of long-range ballistic missiles, it is emphatic in its description of the threat from shorter-range missiles:

> The probability that a missile with a weapon of mass destruction will be used against U.S. forces or interests is higher today than during most of the Cold War, and it will continue to grow as the capabilities of potential adversaries mature . . . (T)he missile threat will continue to grow, in part because missiles have become important regional weapons in the arsenals of numerous countries. Moreover, missiles provide a level of prestige, coercive diplomacy, and deterrence that nonmissile means do not.

What this tells us is that missiles remain an extremely important component of the arsenals of the very regimes that represent our greatest foreign policy challenges. Yet, the NIE suggests that the threat from medium-range missiles is not likely to be matched by a commensurate threat from long-range missiles in the next 15 years, in spite of the fact that the very same arguments for medium-range missiles exists in the case of longer-range ones.

Fortunately, we have today a Secretary of Defense who understands intimately the weaknesses of intelligence estimates that seek to predict foreign technological developments. As chairman of the bipartisan Rumsfeld Commission, Secretary of Defense Rumsfeld led an effort to assess the threat of foreign ballistic missiles and the ability of the intelligence community to accurately estimate the scale of that threat. The commission's unanimous conclusion was that the missile threat to the United States ''is broader, more mature and evolving more rapidly than has been reported in estimates and reports by the intelligence community,'' and a rogue nation could acquire the capability to strike the United States with a ballistic missile in as little as 5 years.

That analysis was accepted by the Congress, by the President, and by a majority of the intelligence community. The Rumsfeld Commission turned out to be more prescient than anybody anticipated. Within months of the completion of its report, North Korea shocked the intelligence community with its launch of the Taepo-dong.

Indeed, for all of its successes—and they have been both numerous and vital to our security—it does not disgrace the intelligence community to point out that either it or its political overseers have, at times, missed important developments. A recent article in Jane's Intelligence Review describes the three times during the 1990s that North Korea alone surprised the United States within the realm of missile programs:

> The first was in 1990 with the testing of the No-dong IRBM . . . The second surprise was in 1994, when aerial photographs revealed mock-ups of two new two-stage ballistic missiles, named Taepo-dong 1 and 2. The third surprise came in August 1998 with the test launch of Taepo-dong 1. . . .

President Bush recognized the changed post-Cold War security environment typified by the ballistic missile programs of numerous real or potentially hostile countries, when he stated in his December 13 announcement of his intent to withdraw the United States from the ABM Treaty:

. . . as the events of September the 11th made all too clear, the greatest threats to both our countries come not from each other, or other big powers in the world, but from terrorists who strike without warning, or rogue states who seek weapons of mass destruction.

The President's announcement was the culmination of a period of negotiations intended to convince Russia of the need to amend or scrap an outdated treaty. He did this because he believes that the appropriate response to the threat from foreign missile programs must include defenses against those missiles, and that the ABM Treaty prevents the United States from developing and deploying those defenses.

What of that latter point? Some have argued maybe we could stretch our research time and testing time and still not be in direct violation of the treaty. In fact, the previous administration sought to deal with the threat of ballistic missile attack primarily by relying on treaties or agreements as articulated in 1994 by Under Secretary of State John Holum:

The Clinton Administration's policy aims to protect us first and foremost through arms control—by working hard to prevent new threats—and second, by legally pursuing the development of theater defenses for those cases where arms control is not yet successful.

Arms control, first and foremost; only secondarily by pursuing the development—not deployment—of theater defenses, not defenses against intercontinental ballistic missiles, and only in those cases where arms control is not yet successful. That is an entirely different paradigm, that we can rely upon arms control to protect the people of the United States.

There are no arms control agreements with rogue states, and they don't prevent nuclear blackmail. National Security Advisor Condoleezza Rice noted this problem in her July 13 speech before the National Press Club:

We must deal with today's world and today's threats, including weapons of mass destruction and missiles in the hands of states that would blackmail us from coming to the aid of friends and allies.

Nor do I think it is a good idea to rely principally on deterrence. One problem with deterrence is that it does fail. We acknowledge that fact when applied regionally. We support the Israeli Arrow missile program because we know that Israel's adversaries may not be deterred by threat of retaliation. In fact, in the case of Saddam Hussein during the Gulf War, such retaliation was invited.

When the subject becomes the safety of American cities, however, such acknowledgements disappear. The fact remains, though, that deterrence does fail, and we ought not be left with massive retaliation as the only response to an attack on the United States.

It has always been of concern to me that we would rely on deterrence against a largely innocent population of a country headed by a tyrant. The best deterrence is the ability to defeat an attack. The principal impediment to our ability to develop the means to actually defend against missile attack is not technology. It is the ABM Treaty, as I said before. As the President stated in his December 13 announcement:

We must have the freedom and the flexibility to develop effective defenses against those attacks. Defending the American people is my highest priority as Commander in Chief, and I cannot and will not allow the United States to remain in a treaty that prevents us from developing effective defenses.

Despite the failure of the ABM Treaty to slow the growth in nuclear arms, it was remarkably successfully at preventing the development of missile defenses. We cannot develop, let alone deploy, a national missile defense system under the constraints of the ABM Treaty. That was its whole purpose. But times have changed, and, as the President has pointed out, the treaty has become an unacceptable restraint on our ability to defend ourselves against the threat of ballistic missile attack.

To repeat, we cannot develop, let alone deploy, a national missile defense system under the constraints of the ABM Treaty. Both its letter and its intent are very clear on this point. Let me just take a moment to explain why.

Article I, Section 2, states:

Each Party undertakes not to deploy ABM systems for a defense of the territory of its country and not to provide a base for such a defense, and not to deploy ABM systems for an individual region except as provided for in Article III of this treaty.

Additionally, under the terms of the treaty, specifically Article III, we can only build one treaty-permissible site around either Washington, D.C., or around an ICBM field. The treaty prevents the defense of any other part of the United States. That is why the Fort Greely, AK, site under the terms of the treaty, cannot be an operational missile defense site.

Critics of the President argue that the decision to withdraw from the treaty is premature, and that the treaty does not really prevent the development of the capability to build a nationwide defense.

For example: The Union of Concerned Scientists concludes, on the basis of its own examination of the issue, that ''there is no compelling reason for the United States to withdraw from the ABM Treaty for at least the next several years.'' One of our colleagues from the State of Florida, Senator NELSON, stated at a hearing in June:

We need, for the sake of defense of our country, to proceed with robust research and development, but you can't deploy something that's not developed.

The fact is, we cannot develop a nationwide system under the constraints of the ABM Treaty. That was the efficacious thing about the treaty: it effectively prevented the development of such a system.

Furthermore, we cannot even research the kind of layered defense necessary to maximize the prospects of a successful intercept.

Article V of the treaty states:

Each Party undertakes not to develop, test, or deploy ABM systems or components which are sea-based, air-based, space-based, or mobile land-based.

Article VI states:

Each Party undertakes not to give missiles, launchers, or radars, other than ABM interceptor missiles, ABM launchers, or ABM radars, capabilities to counter strategic ballistic missiles or their element in flight trajectory, and not to test them in an ABM mode.

It is critical. That is why the Secretary of Defense was forced in October to alter the most recent missile-flight test. It would have violated the treaty had we used a U.S. Navy ship to track the target missile in flight—precisely, by the way, what we want to do in developing a successful missile defense system. Because the sea-based option remains among the most promising for a secure, flexible missile tracking capability, we should be actively integrating the AEGIS system into these flight tests, but under Articles V and VI of the treaty that is prohibited.

Similarly, use of a Multiple Object Tracking Radar at Vandenberg Air Force Base, which was going to be used to track the target missile, is prohibited. An administration official was quoted in the Washington Post as noting:

This shows that the ABM Treaty is already constraining us in a very material way. These are aspects of tests that we canceled, and they need to be done at some point.

Similarly, how can we exploit the capabilities that may emerge from development of the Airborne Laser Program, a system designed to shoot down enemy missiles early in their ascent phase when they are larger and hotter and therefore easier to target? The Airborne Laser won't necessarily know whether it is shooting at a short-range missile, or one with intercontinental range. The former would be permissible under the treaty, but not the latter.

In short, the treaty, as it was designed to do, prevents us from even developing let alone deploying a national missile defense system that exploits the most promising technologies.

In conclusion, the ABM Treaty was signed in a vastly different strategic environment than exists today. It can hardly be said to have been a success during the cold war, the geopolitical context in which it was written. Today, it serves only to prevent us from addressing the post-cold war challenges that confront us from a number of other countries. A treaty that failed in a strictly bipolar structure to restrain nuclear weapons developments, it is even more ill-suited to the security environment of today's multipolar world.

The President's decision to withdraw the United States from its provisions should be commended. We cannot predicate the defense of the American people on a theory of deterrence that assumes hostile regimes make decisions in the same manner as do we, and that leaves us vulnerable to a particular type of threat we know is on the horizon.

We have a fundamental responsibility to the American public to defend it against all threats. The threat from the ballistic missile programs of foreign countries is real, and it can be expected to grow. We cannot address that threat within the confines of the ABM Treaty. The decision to move beyond it was the right decision, and I applaud President Bush's leadership on this issue of tremendous importance to all Americans.

As I said, he probably will be too modest to address this much in his State of the Union speech tomorrow evening, but I believe it to be one of the most important decisions he made last year, and its ramifications will be felt and be defined by greater security for the American people for decades to come.

I commend him for that decision.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

HOPE FOR CHILDREN ACT—Continued

Mr. ALLARD. Mr. President, my understanding is that we are under regular business.

The PRESIDING OFFICER. The Senator is correct.

AMENDMENT NO. 2722

Mr. ALLARD. Mr. President, I ask unanimous consent to lay aside the pending amendment and call up amendment No. 2722, which is the Allard-Hatch-Allen amendment.

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

The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Colorado [Mr. ALLARD] for himself, Mr. HATCH, and Mr. ALLEN, proposes an amendment numbered 2722 to the language proposed to be stricken by amendment No. 2698.

Mr. ALLARD. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to permanently extend the research credit and to increase the rates of the alternative incremental credit)

At the appropriate place, insert the following:

SEC. ___. PERMANENT EXTENSION OF RESEARCH CREDIT; INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.

(a) PERMANENT EXTENSION OF RESEARCH CREDIT.—

(1) IN GENERAL.—Section 41 of the Internal Revenue Code of 1986 (relating to credit for increasing research activities) is amended by striking subsection (h).

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 45C(b) of such Code is amended by striking subparagraph (D).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after the date of the enactment of this Act.

(b) INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) of the Internal Revenue Code of 1986 (relating to election of alternative incremental credit) is amended—

(A) by striking ''2.65 percent'' and inserting ''3 percent'',

(B) by striking ''3.2 percent'' and inserting ''4 percent'', and

(C) by striking ''3.75 percent'' and inserting ''5 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

Mr. ALLARD. Mr. President, I ask unanimous consent Senator WARNER be added as a cosponsor to the amendment.

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

Mr. ALLARD. Mr. President, I am pleased to rise today to offer an amendment making the research and development tax credit permanent. I express my gratitude to Senator HATCH, the distinguished ranking member of the Judiciary Committee. Senator HATCH has been working on this issue for years, and I am grateful for the opportunity to join him in this continuing effort on this essential piece of legislation. I also express my thanks to Senator GEORGE ALLEN who has distinguished himself as the chairman of the High Tech Task Force.

I am pleased to serve with Senator ALLEN on the task force, and I look forward to continuing to work with him as we address the many numerous technology issues that confront this Nation. Both of our States take a very active role in high tech. We have many businesses in both of our States—Virginia and Colorado—that rely on high tech in order to grow.

As a member of the Senate High Tech Task Force, I have been fortunate to work with a number of my colleagues on an agenda that is both probusiness and proconsumer. We have focused on expanding the reach of Internet and broadband technologies, putting more computers in classrooms, more schools online dealing with cyber security issues in general relating to e-commerce, the spectrum, and intellectual property issues. None of these issues has the power to make as immediate an impact in the technology industry as a permanent extension of the research and development tax credit. It is altogether appropriate that we include this language in any stimulus bill to pass out of the Senate.

A study by Coopers & Lybrand in 1998 showed that a permanent extension of the R&D tax credit would create nearly $58 billion in domestic economic growth through 2010.

This is an astounding and immediate impact that affects virtually every American. Available solely for incremental research activities in the United States and Puerto Rico, approximately 75 percent of the R&D tax credit dollars pay for salaries of employees associated with research and development. These are high-skilled, high-paying American jobs.

In an ever expanding global marketplace, it is important that American companies be able to compete abroad. It is also important that multinational firms see the United States as a welcome laboratory for research and development.

Australia, Canada, Germany, Great Britain, and Japan all offer financial incentives to companies to perform research and development within their borders which lowers the cost of R&D and gives companies both a competitive advantage and an incentive to bring their resources and jobs to the marketplace where they can get the most bang for the buck. It is my hope that international research and development investors will recognize that the United States is just such a place.

The R&D tax credit provides an effective incentive for companies to create valuable, skilled jobs. This is not just theory. The research and development tax credit was originally enacted in 1981 and has been extended 11 times.

From 1995 through 1998, the innovation and economic growth in information technology alone was responsible for one-third of the real economic growth. Studies by the General Accounting Office, the Bureau of Labor Statistics, and others have documented the impact the research and development tax credit has on private research and development spending. One such study found that every dollar of tax benefit spurs an additional dollar in private research and development investment. This is to say nothing of the major economic benefits associated with increased productivity and efficiency that new technologies and products bring.

And the benefits don't stop there. Investment in research and development has generated countless products and technological advances affecting every facet of American life.

In 1866, American farmers could expect to yield 11.6 bushels of wheat per acre. Then, about 34 years later, in 1900, the expected yield was 12.2 bushels, climbing to 16.5 bushels per acre in 1950. Today, thanks to advances in pesticides and crop genetics, that yield can reach well over 43 bushels per acre.

Medical patients today benefit from a variety of wonder drugs and medical devices previously unimaginable. The hardware, software, and fiber that makes the Internet run, even the Internet itself, provide examples of what aggressive research and development can

do. The benefits of investment in research and development in short makes our lives better.

Every American has benefited from the giant leap forward in technology. Our standard of living is higher. Our quality of life is greater.

I realize that many of my colleagues may ask why we must make this tax credit permanent rather than continuing to extend it annually semi-annually. As a former small businessman, I know many of my colleagues can relate to this. A business must budget, look forward, and plan in order to get the highest use of their hard-earned dollars. This principle applies to all businesses, regardless of size, location, or the number of borders they cross in doing business.

The process of ongoing renewal year to year means the research and development tax credit offers less value to the businesses and research initiatives we are seeking to support. Business and technology leaders look at multiyear projects often over 10 years down the road. When we look around today and take stock of the many goods and services today that did not exist 10 years ago, I believe we can agree that this kind of planning must be encouraged.

I mentioned my experience as a small businessman. As my colleagues know, I ran my own veterinary hospital. Trained as a scientist, I continue to keep up on the latest developments in pharmaceuticals, treatment techniques, and chemistry. I would like to make one thing very clear today: That is, scientific development does not fit in calendar or fiscal years. It is not cyclical or situational. Science is an evolving, growing, expanding study. This vital process through which virtually all human endeavor can be traced is one that should not be inhibited by regular policy debates when the result is so clear.

Research and development is the cornerstone of healthy industry and provides solutions to problems we may not even realize exist. Uncertainty can equate to less investment and undermines the entire purpose of the research and development tax credit.

President Bush included permanent extension of the R&D tax credit in his initial tax relief plan. I was pleased to see that a majority of my colleagues supported this credit by voting 62 to 38 on the final tax package, which at that time included the permanent extension. It is my hope that we will be able to continue the momentum of last year's vote and seize this opportunity to state, in no uncertain terms, that the Senate recognizes the importance of this tax credit, the innovations it inspires, and the tangible impact it makes on the quality of life in America.

A number of prominent trade organizations have organized the R&D credit coalition in an effort to support the Congress in passing this legislation. I ask unanimous consent to print a list of these organizations in the RECORD.

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

ASSOCIATION MEMBERS OF R&D CREDIT COALITION

(Listing from NAM/R&D Workbook)

AeA (formerly American Electronics Association)
Aerospace Industries Association (AIA)
American Association of Engineering Societies
American Council on Education
American Institute of Aeronautics and Astronautics
American Institute of Chemical Engineers
American Society of Civil Engineers
American Society of Engineering Education Engineering Deans Council
Automotive Parts Rebuilders Association
Biotechnology Industry Organization
Business Software Alliance
Computing Technology Industry Association
Electronic Industries Alliance
Federation of Materials Societies
Information Technology Association of America
Information Technology Industry Council
IPC, Association Connecting Electronics Industries
Medical Device Manufacturers Association
National Association of Manufacturers
National Electric Manufacturers Association
National Society of Professional Engineers
North American Die Casting Association
Pharmaceutical Research and Manufacturers of America
Semiconductor Equipment and Materials International (SEMI)
Semiconductor Industry Association
Software & Information Industry Association (SIIA)
Software Finance and Tax Executives Council
Steel Manufacturers Association
Technology Network
Telecommunications Industry Association
The Advanced Medical Technology Association (AdvaMed)
The Tax Council
U.S. Chamber of Commerce

Mr. ALLARD. I also ask unanimous consent to print a number of letters, from the American Electronics Association, the Information Technology Industry Council, and the R&D Credit Coalition, regarding the importance of including this permanent R&D tax credit extension in the current stimulus bill.

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

AMERICAN ELECTRONICS ASSOCIATION,
Washington, DC, January 28, 2002.

DEAR SENATOR: On behalf of the high-tech industry, I write to express AeA's strong support for the Allard/Hatch/Allen amendment which calls for a permanent extension of the research and development tax credit (R&D tax credit) along with a modest increase in the Alternative Incremental Research Credit (AIRC) rates. We believe that this amendment would provide businesses the certainty to invest in additional R&D and would stimulate the economy. Our industry is unified in its support of such a measure.

Please vote in support of the Allard/Hatch/Allen amendment (SA 2772.) This amendment is identical to bipartisan legislation, S. 41, sponsored by Senators Max Baucus and Orrin Hatch and which currently has 53 Senate cosponsors.

The many economic benefits of the R&D tax credit are well documented. A permanent R&D credit would: Create additional high-paying, high-skilled jobs in the United States; increase productivity in the U.S. almost immediately; stimulate additional R&D spending in the United States, ranging from 1 to 2 additional dollars for every dollar of foregone tax revenue; and lower U.S. production costs and consumer prices.

In times of uncertainty, companies are reluctant to invest in long term projects, and therefore anything that provides certainty will make it that much easier to commit resources now to hire people to pursue long term research projects. The current economic slowdown requires this kind of dramatic, effective action by the Congress.

AeA (American Electronics Association) is the nation's largest high-tech trade association and is comprised of more than 3,500 small, medium and large high-tech companies. Passage of an economic stimulus package is very important to the high-tech industry right now, and we hope the U.S. Senate will act quickly to approve a stimulus package that includes a permanent R&D tax credit extension.

Sincerely,

WILLIAM T. ARCHEY,
President and CEO.

INFORMATION TECHNOLOGY INDUSTRY COUNCIL,
Washington, DC, January 28, 2002.

Hon. ORRIN G. HATCH,
Hon. WAYNE ALLARD,
U.S. Senate, Washington, DC.

DEAR GENTLEMEN: The Information Technology Industry Council (ITI) wishes to express our strong support for your amendment to permanently extend the Research and Development (R&D) credit and to increase the rates of the alternative incremental credit. We commend you for your leadership on such a critical issue to the U.S. economy.

As the representative of the leading U.S. providers of information technology (IT) products and services. ITI is extremely proud of the critical role our member companies have played in fueling the extraordinary growth in productivity and job creation over the last decade. Much of that growth was fueled by industry-funded investments in R&D.

As you know, R&D is the lifeblood of the IT industry. It has proven instrumental in helping America remain at the forefront of technological development and innovation. While we appreciate the fact that the credit has been extended many times over the years, a permanent R&D tax credit will provide a more predictable environment for sustaining our lead in cutting-edge technology.

The R&D credit has long enjoyed bipartisan support in both houses of Congress. We hope the Senate will once again demonstrate its commitment to U.S. technology by voting in favor of your amendment.

Sincerely,

RHETT DAWSON,
President.

R&D CREDIT COALITION,
Washington, DC, January 28, 2002.

Hon. WAYNE ALLARD,
U.S. Senate,

DEAR SENATOR ALLARD: On behalf of the members of the R&D Credit Coalition, we thank you for offering as an amendment to the pending economic stimulus bill (S. 622) a permanent extension of the research and experimentation tax credit (the ''R&D credit'') with a modest increase in the Alternative Incremental Research Credit (AIRC) rates.

Private-sector research is vital to our national security as well as to our economic resilience. In order to maximize the potential for new and continued U.S.-based research, it is important that companies be able to rely on the long-term availability of the R&D

credit. This is especially true in periods of economic uncertainty, when it is particularly difficult for companies to commit to high cost, high-risk projects.

The R&D tax credit encourages companies to create more high-skilled, high-paying jobs, as well as increased economic security and higher standards of living for American workers. In addition, this credit enables companies to provide increased jobs and salaries for engineers, researchers and technicians. Just as important, however, are the additional jobs created in manufacturing, administration and sales when research yields new products taken to market.

By making the commitment to U.S. based research permanent, Congress is in the unique position to help stimulate investments now in more long-term research projects in the U.S.-providing both an immediate boost to the economy and a stronger foundation for future economic growth through productivity gains. We look forward to working with you to see a permanent extension of the R&D credit with a modest increase in the AIRC rates enacted into law this year.

Sincerely,

Bill Sample, Microsoft Corporation, Chairman, R&D Credit Coalition; Donna Siss Gleason, The Boeing Company, Vice Chair, R&D Credit Coalition; Kristin Paulson, United Technologies Corporation, Cochair, R&D Credit Coalition, Government Affairs Committee; Karen Myers, EDS, Cochair, R&D Credit Coalition, Government Affairs Committee; Caroline Graves Hurley, American Electronics Association, Executive Secretary, R&D Credit Coalition.

Mr. ALLARD. Mr. President, at one time or another, we have had various Members from the Senate state how important it is to encourage research and development in our country. In fact, the majority leader himself, TOM DASCHLE, on January 4, 2001, said:

We should act to make the research and development tax credit permanent; the sooner the better.

And then majority leader TOM DASCHLE, on January 4, 2001, stated:

. . . the R&D tax credit is one of the most effective mechanisms to encourage innovation, increase business investment, and keep the economy growing.

Now, as I mentioned in my remarks, being a scientist and having been in business for myself, I fully understand the importance of research and bringing those technologies to the marketplace. Not only do the consumers benefit, but society in general and the whole world benefit. If we are going to continue to be a leading competitive nation in the world, we need to continue research and development.

As members of the chamber of commerce in the town in which I practiced veterinary medicine, we tried to attract businesses that did a sizable amount of research and development because we understood that, with research and development, that company was likely to be with us for a long time because they were continually keeping up with advancements in science and bringing that to the marketplace.

So as we talk about what it is with which we can stimulate the economy in America, I think one of the most significant things we can do as a Congress is to send to the President a research and development tax credit that is permanent, not one that will change every year.

I can understand the frustrations of business people who come to me and have talked in town meetings and said: Look, if we only had some idea of how long this research and development tax credit would last instead of periodically renewing it, we could lay out long-term plans for R&D. I agree. I think it is important to have a very successful program of research and development in your company. You have to have a long-range plan in place, and the only way to do that is to have some assurance from the Congress, the President, and the Federal Government that the tax credits are going to be there to use in putting together any research needs you may have in order to meet product development within your company. So this is an extremely important piece of legislation. I think it is an important issue.

The Senate should address it, and the sooner the better, during these times when our economy is not doing so well. Even if our economy was doing well, this is what we need to have in place in order to sustain economic growth. It would be less likely we would get into economic downturns with this kind of encouraging tax credit on a permanent basis. I encourage my colleagues to join me in voting for the permanent extension of the research and development tax credit.

I yield the floor.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Mr. President, I thank my colleague. I commend him for being willing to file this amendment today. I rise to speak in support of the amendment of the distinguished Senator from Colorado to extend permanently the research credit.

This amendment we offer today is simple and straightforward. It would extend permanently the credit for increasing research activities, commonly known as the research credit or the R&D credit. This provision was an important contributor to our robust economic growth of the last half of the 1990s.

Let me explain why this amendment is necessary.

In July 1999, the Senate voted to make the research credit permanent. Unfortunately, the House version of the 1999 tax bill included only a 5-year extension of the credit. The 5-year extension did prevail in the conference. Unfortunately, that bill was vetoed by President Clinton for reasons unrelated to the research credit itself.

However, in November of 1999, Congress passed and President Clinton signed the Ticket to Work and Work Incentives Improvement Act, which included a 5-year extension of the research credit. Therefore, the credit was extended to June 30, 2004.

In mid-2000, the Senate again had the opportunity to vote on a permanent extension of the research credit. While we were debating that year's version of the death tax repeal bill, Senator BAUCUS and I offered an amendment to make the research credit permanent. The Senate passed the amendment with a vote of 98 to 1. Once again, President Clinton vetoed the underlying bill.

Again last May, as we debated the 2001 tax cut bill, I offered an amendment to extend permanently the research credit. That amendment was withdrawn, but the provision was included in a managers' amendment that was approved by the Senate. Unfortunately again, however, the permanent research credit was dropped in conference and the credit was not extended.

Thus, as it stands under present law, the research credit is scheduled to expire on June 30, 2004. This is most unfortunate, Mr. President, because in 2004 the Congress and, more importantly, America's business community will once again have to go through the complete rigmarole of on-again, off-again uncertainty of an important tax provision. Temporary extensions are poor tax policy. The ultimate loser in this game is not the Congress or even the companies that engage in research, but each American. That is because every one of us is the direct beneficiary of the research investments made by the businesses of America. We benefit from the higher economic growth and increased productivity and the higher degree of global competitiveness that increased research brings.

The research credit has been in the Internal Revenue Code for more than 20 years in one form or another. It has expired and been extended 10 times, Mr. President. Those extensions have been as short as 6 months and as long as 5 years. There have even been periods when the credit was allowed to expire and then retroactively reestablish. On one occasion, the credit expired and was reenacted prospectively, leaving a gap period where the credit was not available. The one thing the credit has never been is permanent. That is a shame.

This is significant because, as effective as the credit has been in providing a strong incentive to companies to increase research activities, it has been inherently limited in its effectiveness because business leaders have never been able to count on the credit being there on a long-term basis, and therefore their long-term planning can't be entered into.

Anyone who has been in business more than 10 minutes knows that planning and budgeting—unlike what we do in Congress—is a multiyear process. Anyone who has been involved in research knows that scientific enterprise does not fit neatly into calendar or fiscal years.

Our history of dealing with the research credit—that is, allowing it to run to the brink of expiration and bringing it back after it is dead with

retroactive extensions—results in not only very poor tax policy but is also very detrimental—and I would say highly so—to our research-intensive business entities and indeed the whole country.

It is time to get serious about our commitment to a tax credit that is widely viewed by economists and business leaders as a very effective provision in creating economic growth and keeping this country on the leading edge of high technology in the world. A 1998 study by Coopers and Lybrand dramatically illustrated the significant economic benefits provided by the research credit. According to the study, making the credit permanent would stimulate substantial amounts of additional R&D in the United States, increase national productivity and economic growth almost immediately, and provide U.S. workers with higher wages.

The vast majority of the Members of this body are on record in support of the permanent research credit. As I mentioned, only 18 months ago, 98 Senators voted in favor of permanence.

But, while practically everyone says they support a permanent research credit, it has become too easy for Congress to fall into its two-decade-long practice of merely extending the credit for a year or two, or even five years, and then not worrying about it until it is time to extend it again.

These short-term extensions have occurred ten times since 1981. Ten short-term extensions for a tax credit that most Members of this body strongly support. I am not sure we realize how the lack of permanence of the credit damages its effectiveness.

Research and development projects cannot be turned on and off like a light switch. They typically take a number of years and may even last longer than a decade. As our business leaders plan these projects, they need to look years ahead in making the projections and estimating the potential return on their investment. Because the research credit is not permanent, and its extension is not assured, the availability of the credit over the life of these projects is uncertain and is thus often not included in the numbers. As a result, the projected return on the investment is lower and some promising research projects are simply not funded.

With a permanent credit, these business planners would take the benefits of the credit into account, knowing they would be there for all years in which the reason is to be performed. The result would be a lower projected cost, leading to more research projects being funded, which in turn would lead to more benefits to the economy, to our productivity, and to each consumer. In fact, making the credit permanent would start these benefits now and actually give an immediate boost to the amount of research performed, even before the current credit expires in 2004.

There is little doubt that a significant amount of the incentive effect of the research credit has been lost over the past 20 years because of the constant uncertainty about its continuing availability. This uncertainty has undermined the very purpose of the credit. For the government and the American people to maximize the return on their investment in U.S.-based research and development, this credit must be made permanent. And now is the time to do so.

I believe a permanent research credit is one of the most important elements of our tax code because it is so tied in with the issues of economic growth and our future prosperity.

According to Chairman Greenspan, the Nation's high productivity growth, which played an instrumental role in our economic growth during the second half of the 1990s, would likely not have been possible without the innovations of recent decades, especially those in information technologies. The research credit is a key factor in keeping these innovations coming. But a temporary credit is inherently limited in its ability to do this.

As I mentioned earlier, I am afraid to many of us are stuck in a mindset that says that since the research credit can just be taken care of later this year in a tax extenders package, or when it gets closer to its 2004 expiration date, why bother about it now?

I want to emphasize that another temporary extension is *not* the issue here. We can and probably will always extend the credit when the time for its expiration comes. It will likely be on the less effective basis we have always done it, perhaps only for a few months, or it may be on a retroactive basis, and there may be a gap created, but we will probably keep extending it. The issue is whether or not we should magnify the power of this credit by making it permanent.

This amendment is about long-term growth; it is about fostering innovation and keeping the innovation pipeline filled; and it is about sustaining the productivity gains that have brought us where we are today and that can help us stay prosperous in the future as we deal with the entitlement challenges ahead.

In conclusion, if we decide not to make the research credit permanent, are we not limiting the potential growth of our economy? How can we expect the American economy to hold the lead in the global economic race if we allow other countries, some of which provide huge government direct subsidies, to offer stronger incentives than we do?

Making the credit permanent will keep American business ahead of the pack. It will speed economic growth. Innovations resulting from American research and development will continue to improve the standard of living for every person in the U.S. and worldwide.

I have been making this case year after year, and I am so pleased to have the leadership of our distinguished Senator from Colorado in helping us to pass it on the economic stimulus bill. I do believe that almost everybody in the Senate should vote for this amendment. This makes sense. It creates jobs and gives businesses an opportunity to plan ahead. It literally keeps us at the cutting edge of technology and helps us to really be what we should be, in a time such as this when we want to stimulate the economy. I don't know of many amendments that would do as much as this particular amendment of the Senator from Colorado and myself. I praise him and thank him for his dedication in bringing this issue forward.

I urge my colleagues to support this amendment.

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

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. I thank the Senator from Utah for all his compliments. This is a subject I know he has worked on for years. I appreciate what he is trying to do.

I could not agree more with his statement that one of the most important things we can do to get the economy to grow is to make on a permanent basis the research and development tax credit.

I am also involved in the Senate Republican High Tech Task Force. I would like to make a part of the RECORD their policy agenda for the 107th Congress where they talk about a Tax Code for the 21st century and list a number of actions they believe we can take to encourage the high-tech industry to grow in America. They mention, among those, making the research and development tax credit permanent, in addition to a number of other provisions. I ask unanimous consent that be printed in the RECORD.

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

SENATE REPUBLICAN HIGH TECH TASK FORCE POLICY AGENDA FOR THE 107TH CONGRESS

Protecting Internet Privacy and E-Commerce.—The Task Force believes market-based solutions are the best way to balance legitimate privacy concerns with the need for flexible e-commerce. While certain types of medical and financial data may warrant special legislative protections, we are skeptical that the Congress should rush to delegate to government bureaucrats the task of developing effective mandates related to personal privacy. If legislation is considered, we believe that it should not discriminate against Internet transactions, should provide a uniform federal standard for enforcement of privacy policies, and should limit the ability to regulatory agencies to impose burdensome and cumbersome mandates.

Promoting Education and Technology.—Without a workforce fully capable in math, science, and computing skills, our competitiveness is at risk. Without a consumer base able to utilize the latest technological advances, our economic growth may wane. The Task Force believes that a top priority in education should be development of policies both encouraging the use of technology in the classroom and using this technology to

master basic math, science, and computer skills.

Safeguarding Copyright in the Digital Age.—With our economy dependent on cutting-edge software and our families enjoying music, movies, and television through new distribution models, protecting copyrighted material is of paramount importance. The Task Force believes that the Congress should bolster efforts to protect copyrighted materials from piracy and to facilitate legal digital distribution of copyrighted works.

Deploying Broadband Technologies.—The Task Force understands that high speed Internet access has the power to transform how we use the Internet. Encouraging tax and regulatory policies that foster rapid, efficient, and competitive deployment of broadband and other important technologies to urban and rural areas will be crucial to ensure our economic growth and technological competitiveness.

Enhancing Free Trade.—The Task Force believes that trading freely with other countries has allowed our producers of technology goods and services to lead the world in technology innovation while significantly raising our standard of living. We believe that a vital component of free trade is ensuring enforcement of international trade agreements to guarantee that our businesses are not placed at a competitive disadvantage and that our intellectual property is not pirated or copied illegally.

Protecting Internet Security and Combating Cyberterrorism.—The Task Force supports legislation and appropriations to protect the privacy of Internet users and to aid law enforcement in making sure the Internet does not become a haven for cybercriminals. Our goals include enhancing deterrents to Internet piracy and counterfeiting of intellectual property and bolstering international cooperation against computer crimes. Also, our communications infrastructures remain vulnerable to cyberattacks, and we must support executive branch efforts to bolster cooperation within and between Federal agencies and the private sector.

Digital Decency.—The Task Force believes that the growth of the Internet does not have to mean a decline in cultural decency. Advocating ''Digital Decency'' means using the bully pulpit to advocate responsible entertainment products, encouraging parents and children to turn their backs on music, movies, and games advocating violence and discrimination, and encouraging better private sector filters to keep the Internet experience a healthy one.

Patent and Trademark Office Funding.—The Task Force believes that the explosion of technology patents has made it more necessary than ever to ensure that the PTO has adequate funding through its own fee mechanisms, rather than siphoning off these fees for general government use.

A Tax Code for the 21st Century.—The Task Force believes our tax code must be reviewed and modernized to reflect current business realities affecting technology industries. Issues which the Task Force believes should be considered include making the research and development tax credit permanent, accelerating the depreciation schedules for technology equipment and encouraging capital formation for small technology businesses.

Keeping Government Out of Competition With E-Commerce Businesses.—The Task Force believes that federal government agencies should not use taxpayer dollars to compete with private businesses developing new e-commerce products and services.

Mr. ALLARD. Mr. President, I ask unanimous consent that a news release from the Senate Republican High Tech Task Force dated Friday, June 29, 2001, be printed in the RECORD. It talks about, again, Senator SMITH's effort in getting it attached to the Patients' Bill of Rights and reemphasizes the point we are trying to make today on how important it is we provide a permanent extension of the research and development tax credit.

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

HIGH TECH TASK FORCE SUPPORTS SMITH-HATCH-ALLEN AMENDMENT TO PATIENTS BILL TO MAKE R&D TAX CREDIT PERMANENT

WASHINGTON, DC.—Senate Republican High Tech Task Force Chairman Senator George Allen (VA) today pledged the endorsement of the group of an amendment by Senators Gordon Smith (OR), Orrin Hatch (UT) and Senator Allen to make the federal Research and Development (R&D) Tax Credit permanent.

The Smith-Hatch-Allen amendment to the Patients' Bill of Rights, currently being debated on the Senate floor, makes the R&D tax credit permanent and increases the rates of the alternative incremental research and development tax credit as provided in S. 41, Senator Hatch's bill. Both Senators Smith and Hatch are also High Tech Task Force members.

Chairman Allen said making the R&D tax credit permanent will help improve the quality of medical care for all Americans.

''Providing every possible incentive for technological advancements and innovations will lead to better and less expensive medical treatments and devices,'' Chairman Allen said. ''The R&D tax credit is crucial not only to the field of medicine, but to the technology community at large.

''A permanent R&D Tax Credit credibly encourages investment in basic research that over the long term can lead to the development of new, more cost-effective, and more efficient technology products and services. Research and development is also essential for our long-term, competitive economic growth,''

Chairman Allen also pointed to a study conducted by Coopers & Lybrand, which shows that workers in every State will benefit from higher wages if the R&D credit is made permanent. Payroll increases as a result of gains in productivity stemming from the credit are estimated to exceed $60 billion over the next 12 years.

The R&D tax credit was original enacted in 1981 and has been temporarily extended ten times. Permanent extension of the Research and Development Tax Credit is a component of the Task Force's policy agenda, which was announced March 1, 2001.

Mr. ALLARD. Mr. President, I also ask unanimous consent that another press release from the Senate Republican High Tech Task Force for Friday June 29, 2001, be printed in the RECORD.

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

HIGH TECH TASK FORCE MEMBERS URGE FINANCE COMMITTEE TO MAKE R&D TAX CREDIT PERMANENT

WASHINGTON, DC.—Members of the Senate Republican High Tech Task Force including Chairman Senator George Allen (VA) are urging the Senate Finance Committee to include permanent extension of the Research and Development (R&D) Tax Credit in the tax relief package that they will soon consider.

Members of the Task Force, Senators Allen, Wayne Allard (CO), Robert Bennett (UT), Sam Brownback (KS), Conrad Burns (MT), Orrin Hatch (UT), Jeff Sessions (AL), Gordon Smith (OR) and John Warner (VA), as well as Senators Mike Crapo (ID), Bill Frist (TN), Tim Hutchinson (AR), and Republican Policy Committee Chairman Larry Craig (ID) today sent letters to Senate Finance Committee Chairman Charles Grassley (R–IA) and Ranking Member Max Baucus (D–MT) with their request.

''We believe the R&D tax credit is essential to the technology community,'' the Senators wrote. ''It encourages investment in basic research that over the long term can lead to the development of new, more cost-effective, and more efficient technology products and services. Research and development is essential for long-term economic growth.''

The R&D tax credit was originally enacted in 1981 and has been temporarily extended ten times. ''Permanent extension is long overdue,'' the Senators maintained. ''Yet because it has never been made permanent, this vital tax credit offers business less value than it should because of its unpredictability.''

The Senators also noted that President Bush included the permanent extension in his budget, and they urged Finance Committee members include this measure in the tax relief package as ''making the R&D tax credit permanent is essential to helping maintain America's technology lead in the world.''

Permanent extension of the Research and Development Tax Credit is a component of the Task Force's policy agenda, which was announced March 1, 2001.

MAY 7, 2001.

Hon. CHARLES GRASSLEY,
Chairman, Committee on Finance, Washington, DC.

DEAR CHAIRMAN GRASSLEY: We respectfully request that you include permanent extension of the research and experimentation (R&D) tax credit in the tax relief package you will consider in your Committee shortly.

As Republican Senators and members of High Tech Task Force (HTTF), we believe the R&D tax credit is essential to the technology community. It encourages investment in basic research that over the long term can lead to the development of new, cheaper, and better technology products and services. Research and development is essential for long-term economic growth. Innovations in science and technology fueled the massive economic expansion we witnessed over the course of the 20th century. These advancements have improved the standard of living for nearly every American. Simply put, the research tax credit is an investment in economic growth, new jobs, and important new products and processes.

As you know, the credit was originally enacted in 1981, and has been temporarily extended ten times. Permanent extension is long overdue. There is broad support among Republicans for the credit, and President Bush included the credit in the $1.6 trillion tax relief plan. Yet because it has never been made permanent, this vital tax credit offers business less value then it should. Business, unlike Congress, must plan and budget in a multi-year process. Scientific enterprise does not fit neatly into calendar or fiscal years. Research and development projects typically take a number of years, and may even last longer than a decade. As our business leaders plan these projects, they need to know whether or not they can count on this tax credit. The current uncertainty surrounding the credit has induced businesses to allocate significantly less to research than they otherwise would if they knew the

tax credit would be available in future years. This uncertainty undermines the entire purpose of the credit.

We believe making the R&D tax credit permanent is essential to helping maintain America's technology lead in the world. We thank you for your consideration.

Sincerely,

George Allen, Larry E. Craig, Conrad Burns, Tim Hutchinson, Gordon Smith, Wayne Allard, Jeff Sessions, Orrin Hatch, Michael Crapo, Robert F. Bennett, Sam Brownback, Bill Frist, John Warner.

Mr. ALLARD. Mr. President, I ask unanimous consent that a news release dated Tuesday, May 8, 2001, entitled ''High Tech Task Force Members Urge Finance Committee to Make R&D Tax Credit Permanent,'' which documents the work of this task force and the importance they place in making permanent the research and development tax credit, be printed in the RECORD.

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

REPUBLICANS WILL KEEP FIGHTING TO MAKE R&D CREDIT PERMANENT—HIGH TECH TASK FORCE CHAIRMAN ALLEN PRAISES SENATOR GORDON SMITH'S LEADERSHIP

WASHINGTON, DC.—Senate Republican High Tech Task Force Chairman Sen. George Allen (VA) today vowed to keep pushing for an amendment to make the Research and Development (R&D) Tax Credit permanent, despite almost universal Democrat opposition to the provision in a Senate vote. He also praised the leadership of Sen. Gordon Smith (OR) in sponsoring the amendment, which was also sponsored by Sen. Orrin Hatch (UT) and Sen. Allen.

Senate Democrats, led by Finance Committee Chairman Max Baucus (MT), defeated the provision 57–41. Only one Democrat joined 40 Senate Republicans in supporting the Smith-Hatch-Allen amendment. Cosponsors of the amendment were Senators Wayne Allard (CO), Robert Bennett (UT), Sam Brownback (KS), Conrad Burns (MT), Larry Craig (ID), Mike Crapo (ID), John Ensign (NV), and Kay Bailey Hutchison (TX).

''Senator Gordon Smith deserves commendation for his leadership for the idea of a permanent R&D Tax Credit,'' Chairman Allen said. ''Unfortunately, Democrats voted almost universally to pull the plug on one of the top items on the technology community's agenda.

''I pledge the support of the High Tech Task Force in working with Senators Smith and Hatch to find any avenue to make the R&D Tax Credit a permanent part of our tax code.

''A permanent R&D Tax Credit brings certainty and will spur more American investment and more American jobs that can lead to the development of new, more cost-effective, and more efficient technology products and medicines Research and development are also essential for America's long-term, competitive economic growth.''

Studies have shown that a permanent R&D tax credit would lead to higher wages for workers and gains in productivity.

The R&D tax credit was originally enacted in 1981 and has been temporarily extended ten times. Permanent extension of the Research and Development Tax Credit is a component of the Task Force's policy agenda, which was announced March 1, 2001.

Mr. ALLARD. Mr. President, I do not see anybody seeking recognition, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business, with Senators permitted to speak therein for a period not to exceed 5 minutes.

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

FARM STABILITY

Mr. MILLER. Mr. President, our farmers are hurting, and they are facing an uncertain future. They desperately need the stability this farm bill will offer them.

Because we failed to act in December, many bankers are balking at issuing loans to farmers. The bankers want a guarantee that there will be a new farm bill this season, or, at the very least, a disaster relief package.

And our farmers cannot operate without loans. Their livelihood depends on getting that bank loan each season. So, we've left them in limbo, anxiously awaiting our next move.

That is why we must pass this farm bill as soon as possible.

Remember, the 1996 farm bill didn't pass until April of that year, and it was still able to be implemented for that year's growing season. We will be able to do the same this year if we pass a bill early this spring.

I worked hard on the Agriculture Committee to protect the interests of Georgia and the Southeast. The bill we came up with is good for Georgia. It provides more assistance for peanuts and cotton, and most Georgia agriculture groups had displayed a rare unity in rallying around it.

We must pass this farm bill and get it to the President as quickly as possible. Our farmers and the rural areas they breathe life into cannot afford for us to put it off any longer.

ADDITIONAL STATEMENTS

MOUNT UNION FOOTBALL TEAM

• Mr. DEWINE. Mr. President, I rise today to congratulate the Mount Union Purple Raiders football team, from Alliance, OH, on a number of outstanding achievements. The Purple Raiders just recently won the Division III National Championship for the fifth time in six years. Maintaining a perfect record of 13 victories, Mount Union's team has the longest current winning streak of any NCAA football team, and has won 82 of the last 83 games.

While their execution of the split-back offense is flawless, it is Mount Union's academic performance that is truly remarkable. The college, as a whole, boasts 14 Academic All Ohio Athletic Conference winners and three Academic All-Americans. The football team has graduated a near-perfect percentage of players in the last 16 seasons. I applaud the Purple Raider players who exceed all expectations on the gridiron, as well as in the classroom.

For the local residents of Alliance, OH and the students of Mount Union, there is so much to be proud of. As they crowd into the oldest college football stadium in Ohio every fall, they are not only cheering for the heroes of the Purple Raiders, but also for future heroes, future leaders who will have acquired the valuable experiences that come with a solid education and a demanding athletic routine. These experiences will aid them in making a positive impact years from now.

Again, I congratulate head coach Larry Kehres and his Purple Raiders on a perfect championship season. They are a shining example of true student-athletes, and I wish them the best of luck next fall.•

GAINESVILLE, TX

• Mrs. HUTCHISON. Mr. President, I rise today with tremendous pride for the city of Gainesville, Texas. This city deserves special recognition for being the first city to establish The Medal of Honor Host City Program. The purpose of this unique program is to recognize those legendary, humble heroes who, through great personal sacrifice, have preserved our freedoms. At the same time this program will pay tribute to the principles that the medal represents—Duty, Honor, and Country. To this end, it will provide Medal of Honor recipients a stipend to cover lodging, food, and fuel expenses while visiting the city of Gainesville.

The local Veterans of Foreign Wars Post No. 1922, along with the leaders of the community, pioneered the project and have seen it through from idea to implementation. While designed to honor living recipients of the nation's highest decoration for military valor, it also was initiated with the intent of exposing the citizens of Gainesville to these role models of selfless service. When visiting the city, these men of uncommon valor will be invited to share their experiences with students, clubs, and local organizations. By providing youth the opportunity to hear, first-hand, these amazing tales of gallantry and the effect that these circumstances have had on the remainder of their lives, the principles of patriotism and duty will be propagated throughout the current generation and beyond. It also gives civic groups and classes an opportunity to thank them for everything that they have done for our country.

This project has not only been formalized, but has already been put into action. The first two Medal of Honor recipients visited the city this past

Veterans' Day and the Congressional Medal of Honor Society took the opportunity at its October annual reunion to announce the project to its members.

Mr. President, while sacrifice, patriotism, and a sense of duty have been a foundation for our great nation for over 200 years, the events of the past five months have made it even more appropriate to recognize these heroes and provide them a singular opportunity to be the advocates of the price of our freedom. Mayor Kenneth Kaden is to be especially recognized for his leadership in advancing this unique project. I am humbly honored to recognize The Medal of Honor Host City Program, and I hope to see its success spawn similar programs throughout the Great State of Texas and the rest of the Nation.●

LOCAL LAW ENFORCEMENT ACT OF 2001

● Mr. SMITH of Oregon. Mr. President, I rise today to speak about hate crimes legislation I introduced with Senator KENNEDY in March of this year. The Local Law Enforcement Act of 2001 would add new categories to current hate crimes legislation sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred October 31, 1993 in Olympia, WA. In two separate incidents, men described as ''skinheads'' attacked two groups of people because they were perceived to be gay. The assailants, Derek K. Jensen, 20, Samuel M. Tomasello, 21, and a 16-year-old, were arrested in connection with the assaults.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation, we can change hearts and minds as well.●

MESSAGES FROM THE PRESIDENT

Messagers from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the President Officer laid before the Senate messages from the Presiding of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–5205. A communication from the Director of the Office of Integrated Analysis and Forecasting, Energy Information Administration, Department of Energy, transmitting, pursuant to law, a report entitled ''Annual Energy Outlook 2002''; to the Committee on Energy and Natural Resources.

EC–5206. A communication from the Administrator of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report entitled ''Making Sense of Regulation: 2001 Report to Congress on the Costs and Benefits of Federal Regulations and Unfunded Mandates on State, Local and Tribal Entities''; to the Committee on Governmental Affairs.

EC–5207. A communication from the Deputy Associate Administrator of the Office of Acquisition Policy, Department of Defense, General Services Administration, National Aeronautics and Space Administration, transmitting, pursuant to law, the report of a rule entitled ''Federal Acquisition Regulations; Federal Acquisition Circular 2001–03'' (FAC 2001–03) received on January 25, 2002; to the Committee on Governmental Affairs.

EC–5208. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to P.L. 107–38, an appropriations report relative to the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States; to the Committee on the Budget.

EC–5209. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, appropriations reports relative to P.L. 107–87, P.L. 107–96, P.L. 107–115, P.L. 107–116, and P.L. 107–117; to the Committee on the Budget.

EC–5210. A communication from the Assistant to the Federal Reserve Board, transmitting, pursuant to law, the report of a rule entitled ''Amendments to the Capital Guidelines in Regulation H (Membership of State Banking Institutions in the Federal Reserve System) and Regulation Y (Bank Holding Companies and Change in Bank Control) Relating to the Capital Treatment of Nonfinancial Equity Investments'' (Doc. No. R–1097) received on January 25, 2002; to the Committee on Banking, Housing, and Urban Affairs.

EC–5211. A communication from the Director of the Office of Federal Housing Enterprise Oversight, transmitting, pursuant to law, the report of a rule entitled ''Prompt Supervisory Response and Corrective Action'' (RIN2550–AA12) received on January 25, 2002; to the Committee on Banking, Housing, and Urban Affairs.

EC–5212. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval and Promulgation of State Plans for Designated Facilities and Pollutants; State of Kansas, Missouri, and Nebraska'' (FRL7134–7) received on January 25, 2002; to the Committee on Environment and Public Works.

EC–5213. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval of Section 112(1) Authority for Hazardous Air Pollutants and the Chemical Accident Prevention Provisions; Allegheny County; Health Department'' (FRL7135–3) received on January 25, 2002; to the Committee on Environment and Public Works.

EC–5214. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval of Section 112(1) Authority for Hazardous Air Pollutants; City of Philadelphia; Department of Public Health Air Management Services'' (FRL7134–9) received on January 25, 2002; to the Committee on Environment and Public Works.

EC–5215. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Interim Final Determination the State has Corrected the Deficiencies in California, Yolo-Solano Air Quality Management District'' (FRL7132–1) received on January 25, 2002; to the Committee on Environment and Public Works.

EC–5216. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Revision to the California State Implementation Plan, Yolo-Solano Air Quality Management District'' (FRL7131–9) received on January 25, 2002; to the Committee on Environment and Public Works.

EC–5217. A communication from the Attorney, Research and Special Programs Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Pipeline Safety: Pipeline Integrity Management in High Consequence Areas (Repair Criteria)'' (RIN2137–AD61) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5218. A communication from the Attorney, Research and Special Programs Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Pipeline Safety: Pipeline Integrity Management in High Consequence Areas (Hazardous Liquid Operators with Less than 500 Miles of Pipeline)'' (RIN2137–AD49) received on January 25, 2002; to the Committee on Environment and Public Works.

EC–5219. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Eurocopter France Model DC 120 Helicopters'' ((RIN2120–AA64)(2002–0032)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5220. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Enstrom Helicopters Corporation Model TH 28 and 480 Helicopters'' ((RIN2120–AA64)(2002–0034)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5221. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Agusta SpA Model A109C, A109E, and A109K2 Helicopters'' ((RIN2120–AA64)(2002–0031)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5222. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Gulfstream Model GIV Series Airplanes'' ((RIN2120–AA64)(2002–0041)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5223. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule

entitled ''Airworthiness Directives: Airbus Model A319, A320, and A321 Series Airplanes'' ((RIN2120–AA64)(2002–0038)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5224. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: CFC Company Model CFE738 1 1B Turbofan Engines'' ((RIN2120–AA64)(2002–0037)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5225. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Short Brothers Model SD3 Series Airplanes'' ((RIN2120–AA64)(2002–0030)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5226. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Saab Model SAAB SF340A and SAAB 340B Series Airplanes'' ((RIN2120–AA64)(2002–0029)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5227. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Pratt and Whitney PW4000 Series Turbofan Engines'' ((RIN2120–AA64)(2002–0023)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5228. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Boeing Model 767 Series Airplanes'' ((RIN2120–AA64)(2002–0022)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5229. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Hamilton Sundstrand Model 247F Propellers'' ((RIN2120–AA64)(2002–0021)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5230. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Boeing Model 747 Series Airplanes'' ((RIN2120–AA64)(2002–0019)) received on January 25, 2002; to the Committee on Commerce, Science, and Transportation.

EC–5231. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Regatta Regulations: Modification to Special Local Regulation (SLR) for Seattle Seafair Unlimited Hydroplane Race'' ((RIN2115–AE46)(2002–0005)); to the Committee on Commerce, Science, and Transportation.

EC–5232. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Safety/Security Zone Regulations; Macy's July 4th Fireworks, East River, NY'' ((RIN2115–AA97)(2002–0010)); to the Committee on Commerce, Science, and Transportation.

EC–5233. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Mandatory Ship Reporting Systems'' ((RIN2115–AF82)(2002–0001)); to the Committee on Commerce, Science, and Transportation.

EC–5234. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Certification of Navigation Lights for Uninspected Commercial Vessels and Recreational Vessels'' ((RIN2115–AF70)(2002–0001)); to the Committee on Commerce, Science, and Transportation.

EC–5235. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Drawbridge Regulations: Annisquam River, Blynman Canal, MA'' ((RIN2115–AE47)(2001–0104)); to the Committee on Commerce, Science, and Transportation.

EC–5236. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Regatta Regulations: Chester River, Kent Island Narrows, Maryland'' ((RIN2115–AE46)(2002–0004)); to the Committee on Commerce, Science, and Transportation.

EC–5237. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Drawbridge Regulations: Beaufort Channel, Beaufort, North Carolina'' ((RIN2115–AE47)(2002–0007)); to the Committee on Commerce, Science, and Transportation.

EC–5238. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Safety/Security Zone Regulations: Oak Bluffs Fireman's Civic Association, Oak Bluffs, MA'' ((RIN2115–AA97)(2001–0071)); to the Committee on Commerce, Science, and Transportation.

EC–5239. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Regulated Navigation Areas; San Francisco Bay, California'' ((RIN2115–AE84)(2002–0002)); to the Committee on Commerce, Science, and Transportation.

EC–5240. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Safety/Security Zone Regulations: Port of Palm Beach, FL; Port Everglades, Fort Lauderdale , FL; Port of Miami, Miami, FL; and Port of Key West, Key West, FL'' ((RIN2115–AA97)(2002–0009)); to the Committee on Commerce, Science, and Transportation.

EC–5241. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Safety/Security Zone Regulations; Festa Italiana 2001, Milwaukee Harbor, WI'' ((RIN2115–AA97)(2002–0011)); to the Committee on Commerce, Science, and Transportation.

EC–5242. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Drawbridge Regulations: Miami River, Miami, Dade County, FL'' ((RIN2115–AE47)(2002–0006)); to the Committee on Commerce, Science, and Transportation.

EC–5243. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Airworthiness Directives: Eurocopter France Model AS 332C, L, L1, and L2 Helicopters'' ((RIN2120–AA64)(2002–0043)); to the Committee on Commerce, Science, and Transportation.

EC–5244. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Safety/Security Zone Regulations; San Juan, Puerto Rico'' ((RIN2115–AA97)(2002–0008)); to the Committee on Commerce, Science, and Transportation.

EC–5245. A communication from the Chief of Regulations and Administrative Law, United States Coast Guard, transmitting, pursuant to law, the report of a rule entitled ''Safety/Security Zone Regulations; Port of Los Angeles and Catalina Island (COTP Los Angeles-Long Beach 01–011)'' ((RIN2115–AA97)(2002–0007)); to the Committee on Commerce, Science, and Transportation.

EC–5246. A communication from the Under Secretary for Export Administration, Department of Commerce, transmitting, pursuant to law, a report concerning certain foreign policy-based export controls on Liberia; to the Committee on Banking, Housing, and Urban Affairs.

EC–5247. A communication from the Assistant Secretary for Export Administration, Bureau of Export Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Entity List: Removal of Two Russian Entities'' (RIN0694–AC40) received on January 25, 2002; to the Committee on Banking, Housing, and Urban Affairs.

NOMINATION DISCHARGED

Pursuant to a unanimous consent agreement of January 28, 2002, the Committee on Commerce, Science and Transportation was discharged of the following nomination:

DEPARTMENT OF TRANSPORTATION

John Magaw, of Maryland, to be Under Secretary of Transportation for Security for a term of five years.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. BROWNBACK (for himself, Mr. GREGG, Mr. BENNETT, Mr. BOND, Mr. BUNNING, Mr. DEWINE, Mr. ENSIGN, Mr. HELMS, Mr. HUTCHINSON, Mr. INHOFE, Mr. KYL, Mr. SANTORUM, Mr. SESSIONS, Mr. SHELBY, Mr. SMITH of New Hampshire, Mr. VOINOVICH, and Mr. HAGEL):

S. 1899. A bill to amend title 18, United States Code, to prohibit human cloning; to the Committee on the Judiciary.

By Mr. EDWARDS:

S. 1900. A bill to protect against cyberterrorism and cybercrime, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. EDWARDS:

S. 1901. A bill to authorize the National Science Foundation and the National Security Agency to establish programs to increase the number of qualified faculty teaching advanced courses conducting research in the field of cybersecurity, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. BREAUX:

S. 1902. A bill to suspend temporarily the duty on railway passenger coaches of stainless steel; to the Committee on Finance.

By Mr. KERRY (for himself, Ms. SNOWE, Mr. LIEBERMAN, Mr. BENNETT, and Mr. BINGAMAN):

S. 1903. A bill to amend the Internal Revenue Code of 1986 to allow certain small businesses to defer payment of tax; to the Committee on Finance.

ADDITIONAL COSPONSORS

S. 1062

At the request of Mr. DURBIN, the name of the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1062, a bill to amend the Public Health Service Act to promote organ donation and facilitate interstate linkage and 24-hour access to State donor registries, and for other purposes.

S. 1248

At the request of Mr. KERRY, the name of the Senator from New Jersey (Mr. TORRICELLI) was added as a cosponsor of S. 1248, a bill to establish a National Housing Trust Fund in the Treasury of the United States to provide for the development of decent, safe, and affordable, housing for low-income families, and for other purposes.

S. 1306

At the request of Mr. CRAIG, his name was added as a cosponsor of S. 1306, a bill to amend the Internal Revenue Code of 1986 to transfer all excise taxes imposed on alcohol fuels to the Highway Trust Fund, and for other purposes.

S. 1469

At the request of Mr. REED, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 1469, a bill to amend the Head Start and Early Head Start programs to ensure that children eligible to participate in those programs are identified and treated for lead poisoning, and for other purposes.

S. 1566

At the request of Mr. REID, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 1566, a bill to amend the Internal Revenue code of 1986 to modify and expand the credit for electricity produced from renewable resources and waste products, and for other purposes.

S. 1607

At the request of Mr. ROCKEFELLER, the name of the Senator from North Dakota (Mr. CONRAD) was added as a cosponsor of S. 1607, a bill to amend title XVIII of the Social Security Act to provide coverage of remote monitoring services under the medicare program.

S. 1832

At the request of Mrs. LINCOLN, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 1832, a bill to amend the Internal Revenue Code of 1986 to modify the credit for the production of electricity from renewable resources to include production of energy from agricultural and animal waste.

S. RES. 109

At the request of Mr. REID, the name of the Senator from Nebraska (Mr. HAGEL) was added as a cosponsor of S. Res. 109, a resolution designating the second Sunday in the month of December as ''National Children's Memorial Day'' and the last Friday in the month of April as ''Children's Memorial Flag Day''.

AMENDMENT NO. 2699

At the request of Mr. BUNNING, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of amendment No. 2699.

AMENDMENT NO. 2717

At the request of Ms. COLLINS, the names of the Senator from Utah (Mr. BENNETT) and the Senator from Arkansas (Mr. HUTCHINSON) were added as cosponsors of amendment No. 2717 proposed to H.R. 622, a bill to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

AMENDMENT NO. 2722

At the request of Mr. ALLARD, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of amendment No. 2722.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. EDWARDS:

S. 1900. A bill to protect against cyberterrorism and cybercrime, and for other purposes; the Committee on Commerce, Science, and Transportation.

By Mr. EDWARDS:

S. 1901. A bill to authorize the National Science Foundation and the National Security Agency to establish programs to increase the number of qualified faculty teaching advanced courses conducting research in the field of cybersecurity, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. EDWARDS. Mr. president, since the horrifying events of September 11, our country's number one priority has been to secure our families against the scourge of terrorism.

First, in our hearts, of course, are the men and women on the frontlines of the fight: the soldiers fighting for freedom half a world away; the firefighters and police officers in New York; the postal workers here in Washington.

Those of us elected to serve in Washington have a special responsibility to protect our security. To discharge that duty, I have been working with my colleagues here in the Senate. We have made a great deal of progress, but there's a lot more work to do.

After a long debate, Congress passed and the President signed important legislation, based partly on a bill I introduced, to tighten security in our airports. But we have to do more.

There are several bills that I have helped author that are working their way through Congress. Two of these bills, to tighten security at seaports and to protect against bioterrorism, have already passed the Senate and are awaiting action in the House. Another bill, to tighten our border security, should reach the Senate floor soon. All three should be enacted quickly. You can be sure our enemies are not waiting for us to act.

One of the greatest challenges in the struggle for security is to prepare for the next attack, not just the last one. We have seen how vicious thugs can destroy innocent life with airplanes, how they can terrorize ordinary people with biological weapons. We are responding to those threats. But what about threats whose awful consequences we haven't yet felt?

Today I want to talk about one of those threats: the threat of ''cyberterrorism'', an attack against the computer networks upon which our safety and economy now depend. Computers have become a foundation of our electricity, oil, gas, water, telephones, emergency services, and banks, not to mention our national defense apparatus.

Computer networks have brought extraordinary improvements in the way we live and work. We communicate more often, more quickly, more cheaply. With the push of a button in a classroom or a bedroom, our children can get more information than most libraries have ever held.

Yet there is a dark side to the internet, a new set of dangers. Today, if you ask an expert quietly, he or she will tell you that cyberspace is a very vulnerable place. Terrorists could cause terrible harm. They might be able to stop all traffic on the internet. Shut down power for entire cities for extended periods. Disrupt our phones. Poison our water. Paralyze our emergency services—police, firefighters, ambulances. The list goes on. We now live in a world where a terrorist can do as much damage with a keyboard and a modem as with a gun or a bomb.

Already, one hacker has broken into a computer-controlled waste management system and caused millions of gallons of raw sewage to spill into parks, rivers, and private property. You probably haven't heard about this attack because it occurred in Australia. But imagine if terrorists launched calculated, coordinated attacks on America.

Our enemies are already targeting our networks. After September 11, a Pakistani group hacked into two government web services, including one at the Department of Defense, and declared a ''cyber jihad'' against the United States. Another series of attacks, known as ''Moonlight Maze,'' assaulted the Pentagon, Department of Energy, and NASA, and obtained vast quantities of technical defense research. To date, we can be thankful that these attacks have not been terribly sophisticated. But that could change soon. As the Defense Science Board recently stated, the U.S. will eventually be attached ''by a sophisticated adversary using an effective array of information warfare tools and

techniques. Two choices are available: adapt before the attack or afterward.''

In addition, cybercrime is already a billion-dollar drain on our economy, a drain growing larger each year. In 1955, one survey reported that losses from FBI-reported computer crime had already reached $2 billion. Last year, the ''ILOVEYOU'' virus alone caused $8.7 billion in damage worldwide, much of it here. Cyberattacks have shut down major web sites like Yahoo! and eBay, not to mention the FBI. According to a recent survey, 85 percent of large corporations and government agencies detected computer security breaches over the prior 12 months. Two thirds suffered financial losses as a result.

So the danger is clear, and the only question is how we address it. I think we need to address it in many ways. Today I want to focus on just two that are especially critical.

The first is to encourage computer users to take proven measures to protect themselves. In the industry, these proven measures are known as ''best practices''—steps like using customized passwords, not the ones that come with software, or promptly installing known ''patches'' to keep intruders out.

The National Academy of Sciences recently reported that cybersecurity today is far worse than what known best practices can provide. As a result, viruses have shut down tens of thousands of machines even after patches to block them were widely available. Because the password protections on some systems are so weak, intruders have taken the ''routers'' that control Internet traffic hostage. And the government is as guilty as anyone. According to the report card issued by a member of the House of Representatives, most government agencies rate between a ''D'' and an ''F'' on cybersecurity. Improving our security by implementing existing best practices is our first big task.

Our second challenge is to train more researchers, teachers, and workers to fight cyberthreats. Today the private sector engages in some short-term R&D on cybersecurity. But broader research and knowledge needs aren't being met. In addition, our workforce in cybersecurity is woefully inadequate, especially in academia. Each year, American universities award Ph.D.'s in computer science to about one thousand people each year. But less than one-half of one-percent specialize in cybersecurity, and fewer still go on to train others in the discipline. As Dr. Bill Chu, Chairman of the Software and Information Systems Department at the University of North Carolina at Charlotte and one of the country's leading experts on cybersecurity puts it: ''The weakest link . . . is the lack of qualified information security professionals. The majority of information technology professionals in this country have not been trained in the basics of information security. Information technology faculty in most universities do not have sufficient background to properly train students.''

As a whole, the challenge of cybersecurity is not unlike the challenge of a terrible disease like cancer. First, we have to encourage everyone to do what they can to reduce the risk of disease—don't smoke, eat right, exercise. That is what cybersecurity ''best practices'' like changing passwords are all about. Second, we have to make sure we have got top-notch scientists working to find new medicines to prevent and fight the disease. And that is why we need more cyber teachers and researchers.

To tackle these two challenges, I'm proud today to introduce two new bills that will support an intensive, $400 million cybersecurity effort over the next five years. The first bill is called the Cyberterrorism Preparedness Act of 2002.

That bill's first step is to establish a new, nonprofit, nongovernment, consortium of academic and private sector experts to lay out a clear set of ''best practices'' that protect against cyberattack. The White House Office of Science and Technology Policy, the Institute for Defense Analyses, and the President's Committee of Advisors on Science and Technology have all recommended a new, nonprofit cybersecurity consortium. Such a consortium can work closely with the private sector, unfettered by bureaucracy, in a way that all the country can see and learn from.

The goals of the consortium are simple: first, the establishment of ''best practices'' that are tailored to different computer systems and needs; second, the widest possible dissemination of those practices; and third, long-term, multi-disciplinary research on cybersecurity-research that isn't occurring now.

The second part of the Cyberterrorism Preparedness Act will implement ''best practices'' for government systems. The government has a duty to lead by example, something we aren't doing right now. And so, within 6 months after this Act passed, the National Institute of Standards and Technology would immediately begin the process of implementing best practices for government agencies, beginning with small-scale tests and concluding with government-wide adoption of the recommended best practices.

The last part of my bill will assess the issue of best practices for the private sector. While the bill doesn't impose new mandates beyond the government, it does require careful consideration of how to encourage the widest possible use of known best practices. There's a particular focus on entities that do business with the Federal Government as grantees or contractors. Government agencies should not be exposed to security vulnerabilities in the products supplied by these companies. And Federal dollars should not be flowing to firms that expose America to cyberterrorism. So the new consortium would be required to study whether and how government could condition grants and contracts on the adoption of cybersecurity best practices. The President is authorized to implement recommendations from that study.

The Cyberterrorism Preparedness Act will address the first goal of cybersecurity—making sure we're taking the steps we already know to improve our security. The second bill I am introducing today—the Cybersecurity Research and Education Act—focuses on our second task: ''training the trainers'' and increasing the number of researchers, teachers, and workers committed to cybersecurity.

First, the bill establishes a Cybersecurity Graduate Fellowship Program at the National Science Foundation. Individuals selected to participate in the program will receive a loan that covers the full tuition and fees as well as a living stipend for 4 years of doctoral study. Upon graduation, these loans will be forgiven at 20 percent per year for each year that the individual teaches at a college or university. After only 5 years of teaching, the entire loan will be paid off. That way, we can ensure that the money we invest in these promising young scientists will be used to train others interested in cybersecurity.

Second, my bill also establishes a competitive sabbatical for Distinguished Faculty in Cybersecurity. Under the program, a qualified faculty member will receive a stipend to spend a year working and researching at the Department of Defense, a university specializing in cybersecurity, or some other appropriate facility. Universities sending faculty on sabbatical will receive funding to hire a temporary replacement instructor. In addition, when the faculty member returns, the university will get a generous grant to enhance its cybersecurity infrastructure needs. For example, the university could purchase advanced computing equipment and hire graduate research assistants. Participants in this program will have a unique opportunity to engage in cutting-edge research with some of the best minds in the country. When they return to their schools, these faculty will be even better equipped to advance the state of cybersecurity education.

Third, this bill will create a Cybersecurity Awareness, Training, and Education Program at the National Security Agency. NSA has a strong history of supporting cybersecurity education, as exemplified through initiatives such as the Centers of Excellence program and the National Colloquium for Information Systems Security Education. The program I propose would build on NSA's expertise and would enable the agency to make grants to universities specializing in cybersecurity. The grants could be used for projects like teaching basic computer security to K–12 teachers, or for the development of a ''virtual university.'' Students who don't

have access to nearby course offerings would then be able to take cybersecurity classes online.

All of these programs are critical in our fight against cyberterrorism. A strong and vibrant academic community is essential for building the trained workforce of tomorrow. We must be committed to funding long-term research. And we must vigilantly maintain basic cybersecurity protections in government, while promoting them in the private sector.

When it comes to the threat of a sophisticated, coordinated cyberterrorist attack, the question most likely is not whether such an attack will come. The question is when. And so we must be prepared to fight against a ''cyberjihad,'' and we must be prepared to win.

I ask unanimous consent that the text of my two bills be printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 1900

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 ''Cyberterrorism Preparedness Act of 2002''.

SEC. 2. GRANT FOR PROGRAM FOR PROTECTION OF INFORMATION INFRASTRUCTURE AGAINST DISRUPTION.

(a) IN GENERAL.—The National Institute of Standards and Technology shall, using amounts authorized to be appropriated by section 5, award a grant to a qualifying nongovernmental entity for purposes of a program to support the development of appropriate cybersecurity best practices, support long-term cybersecurity research and development, and perform functions relating to such activities. The purpose of the program shall be to provide protection for the information infrastructure of the United States against terrorist or other disruption or attack or other unwarranted intrusion.

(b) QUALIFYING NONGOVERNMENTAL ENTITY.—For purposes of this section, a qualifying nongovernmental entity is any entity that—

(1) is a nonprofit, nongovernmental consortium composed of at least three academic centers of expertise in cybersecurity and at least three private sector centers of expertise in cybersecurity;

(2) has a board of directors of at least 12 members who include senior administrators of academic centers of expertise in cybersecurity and senior managers of private sector centers of expertise in cybersecurity and of whom not more than one third are affiliated with the centers comprising the consortium;

(3) is operated by individuals from academia, the private sector, or both who have—

(A) a demonstrated expertise in cybersecurity; and

(B) the capacity to carry out the program required under subsection (g);

(4) has in place a set of rules to ensure that conflicts of interest involving officers, employees, and members of the board of directors of the entity do not undermine the activities of the entity;

(5) has developed a detailed plan for the program required under subsection (g); and

(6) meets any other requirements established by the National Institute of Standards and Technology for purposes of this Act.

(c) APPLICATION.—Any entity seeking a grant under this section shall submit to the National Institute of Standards and Technology an application therefor, in such form and containing such information as the National Institute for Standards and Technology shall require.

(d) SELECTION OF GRANTEE.—The entity awarded a grant under this section shall be selected after full and open competition among qualifying nongovernmental entities.

(e) DISPERSAL OF GRANT AMOUNT.—Amounts available for the grant under this section pursuant to the authorization of appropriations in section 5 shall be dispersed on a fiscal year basis over the five fiscal years beginning with fiscal year 2003.

(f) CONSULTATION.—In carrying out activities under this section, including selecting an entity for the award of a grant, dispersing grant amounts, and overseeing activities of the entity receiving the grant, the National Institute of Standards and Technology—

(1) shall consult with an existing interagency entity, or new interagency entity, consisting of the elements of the Federal Government having a substantial interest and expertise in cybersecurity and designated by the President for purposes of this Act; and

(2) may consult separately with any such element of the Federal Government.

(g) PROGRAM USING GRANT AMOUNT.—

(1) IN GENERAL.—The entity awarded a grant under this section shall carry out a national program for the purpose of protecting the information infrastructure of the United States against disruption. The program shall consist of—

(A) multi-disciplinary research and development to identify appropriate cybersecurity best practices, to measure the effectiveness of cybersecurity best practices that are put into use, and to identify sound means to achieve widespread use of appropriate cybersecurity best practices that have proven effective;

(B) multi-disciplinary, long-term, or high-risk research and development (including associated human resource development) to improve cybersecurity; and

(C) the activities required under paragraphs (3) and (4).

(2) CONDUCT OF RESEARCH AND DEVELOPMENT.—

(A) IN GENERAL.—Except as provided in subparagraph (B), research and development under subparagraphs (A) and (B) of paragraph (1) shall be carried out using funds and other support provided by the grantee to entities selected by the grantee after full and open competition among entities determined by the grantee to be qualified to carry out such research and development.

(B) CONDUCT BY GRANTEE.—The grantee may carry out research and development referred to in subparagraph (A) in any fiscal year using not more than 15 percent of the amount dispersed to the grantee under this Act in such fiscal year by the National Institute of Standards and Technology.

(3) RECOMMENDATIONS ON CYBERSECURITY BEST PRACTICES.—

(A) RECOMMENDATIONS.—Not later than 18 months after the selection of the grantee under this section, the grantee shall prepare a report containing recommendations for appropriate cybersecurity best practices.

(B) UPDATES.—The grantee shall update the recommendations made under subparagraph (A) not less often than once every six months, and may update any portion of such recommendations more frequently if the grantee determines that circumstances so require.

(C) CONSIDERATIONS.—In making recommendations under subparagraph (A), and any update of such recommendations under subparagraph (B), the grantee shall—

(i) review the most current cybersecurity best practices identified by the National Institute of Standards and Technology under section 3(a); and

(ii) consult with—

(I) the entities carrying out research and development under paragraph (1)(A);

(II) entities employing cybersecurity best practices; and

(III) a wide range of academic, private sector, and public entities.

(D) DISSEMINATION.—The grantee shall submit the report under subparagraph (A), and any update of the report under paragraph (B), to the bodies and officials specified in paragraph (5), and shall widely disseminate the report, and any such update, among government (including State and local government), private, and academic entities.

(4) ACTIVITIES RELATING TO WIDESPREAD USE OF CYBERSECURITY BEST PRACTICES.—

(A) IN GENERAL.—Not later than two years after the selection of the grantee under this section, the grantee shall submit to the bodies and officials specified in paragraph (5) a report containing—

(i) an assessment of the advisability of requiring the contractors and grantees of the Federal Government to use appropriate cybersecurity best practices; and

(ii) recommendations for sound means to achieve widespread use of appropriate cybersecurity best practices that have proven effective.

(B) REPORT ELEMENTS.—The report under subparagraph (A) shall set forth—

(i) whether or not the requirement described in subparagraph (A)(i) is advisable, including whether the requirement would impose undue or inappropriate burdens, or other inefficiencies, on contractors and grantees of the Federal Government;

(ii) if the requirement is determined advisable—

(I) whether, and to what extent, the requirement should be subject to exceptions or limitations for particular contractors or grantees, including the types of contractors or grantees and the nature of the exceptions or limitations; and

(II) which cybersecurity best practices should be covered by the requirement and with what, if any, exceptions or limitations; and

(iii) any other matters that the grantee considers appropriate.

(5) SPECIFIED BODIES AND OFFICIALS.—The bodies and officials specified in this paragraph are as follows:

(A) The appropriate committees of Congress.

(B) The President.

(C) The Director of the Office of Management and Budget.

(D) The National Institute of Standards and Technology.

(E) The interagency entity designated by the President under subsection (f)(1).

(h) GRANT ADMINISTRATION.—

(1) USE OF GRANT COMPETITION AND MANAGEMENT SYSTEMS.—The National Institute of Standards and Technology may permit the entity awarded the grant under this section to utilize the grants competition system and grants management system of the National Institute of Standards and Technology for purposes of the efficient administration of activities by the entity under subsection (g).

(2) RULES.—The National Institute of Standards and Technology shall establish any rules and procedures that the National Institute of Standards and Technology considers appropriate to further the purposes of this section. Such rules may include provisions relating to the ownership of any intellectual property created by the entity

awarded the grant under this section or funded by the entity under subsection (g).

(i) SUPPLEMENT NOT SUPPLANT.—The National Institute of Standards and Technology shall take appropriate actions to ensure that activities under this section supplement, rather than supplant, other current governmental and nongovernmental efforts to protect the information infrastructure of the United States.

SEC. 3. APPROPRIATE CYBERSECURITY BEST PRACTICES FOR THE FEDERAL GOVERNMENT.

(a) NIST RECOMMENDATIONS.—

(1) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, the National Institute of Standards and Technology shall submit to the bodies and officials specified in subsection (e) a report that—

(A) identifies appropriate cybersecurity best practices that could reasonably be adopted by the departments and agencies of the Federal Government over the 24-month period beginning on the date of the report; and

(B) sets forth proposed demonstration projects for the adoption of such best practices by various departments and agencies of the Federal Government beginning 90 days after the date of the report.

(2) UPDATES.—The National Institute of Standards and Technology may submit to the bodies and officials specified in subsection (e) any updates of the report under paragraph (1) that the National Institute of Standards and Technology consider appropriate due to changes in circumstances.

(3) CONSULTATION.—In preparing the report under paragraph (1), and any updates of the report under paragraph (2), the National Institute of Standards and Technology shall consult with departments and agencies of the Federal Government having an interest in the report and such updates, and with academic centers of expertise in cybersecurity and private sector centers of expertise in cybersecurity.

(b) DEMONSTRATION PROJECTS FOR IMPLEMENTATION OF RECOMMENDATIONS.—

(1) IN GENERAL.—Commencing not later than 90 days after receipt of the report under subsection (a), the President shall carry out the demonstration projects set forth in the report, including any modification of any such demonstration project that the President considers appropriate.

(2) UPDATES.—If the National Institute of Standards and Technology updates under subsection (a)(2) any recommendation under subsection (a)(1)(A) that is relevant to a demonstration project under paragraph (1), the President shall modify the demonstration project to take into account such update.

(3) REPORT.—Not later than nine months after commencement of the demonstration projects under this subsection, the President shall submit to the appropriate committees of Congress a report on the demonstration projects. The report shall set forth the following:

(A) An assessment of the extent to which the adoption of appropriate cybersecurity best practices by departments and agencies of the Federal Government under the demonstration projects has improved cybersecurity at such departments and agencies.

(B) An assessment whether or not the adoption of appropriate cybersecurity best practices by departments and agencies of the Federal Government under the demonstration projects has affected the capability of such departments and agencies to carry out their missions.

(C) A description of the cost of the adoption of appropriate cybersecurity best practices by departments and agencies of the Federal Government under the demonstration projects.

(D) A description of a security-enhancing missions-comparable, cost-effective program, to the extent such program is feasible, for the adoption of appropriate cybersecurity best practices government-wide.

(E) Any other matters that the President considers appropriate.

(c) ADOPTION OF CYBERSECURITY BEST PRACTICES GOVERNMENT-WIDE.—The President shall implement a program for the adoption of appropriate cybersecurity best practices government-wide commencing not later than six months after the date of the report.

(d) INCORPORATION OF RECOMMENDATIONS.—If during the development or implementation of the program under subsection (c) the President receives any recommendations under paragraph (3) or (4) of section 3(g), the President shall modify the program in order to take into account such recommendations.

(e) SPECIFIED BODIES AND OFFICIALS.—The bodies and officials specified in this subsection are as follows:

(1) The appropriate committees of Congress.

(2) The President.

(3) The Director of the Office of Management and Budget.

(4) The interagency entity designated by the President under section 3(f)(1).

SEC. 4. DEFINITIONS.

In this Act:

(1) APPROPRIATE COMMITTEES OF CONGRESS.—The term ''appropriate committees of Congress'' means—

(A) the Committee on Commerce, Science, and Transportation of the Senate; and

(B) the Committee on Science of the House of Representatives.

(2) CYBERSECURITY.—The term ''cybersecurity'' means information assurance, including information security, information technology disaster recovery, and information privacy.

(3) CYBERSECURITY BEST PRACTICE.—The term ''cybersecurity best practice'' means a computer hardware or software configuration, information system design, operational procedure, or measure, structure, or method that most effectively protects computer hardware, software, networks, or network elements against an attack that would cause harm through the installation of unauthorized computer software, saturation of network traffic, alteration of data, disclosure of confidential information, or other means.

(4) APPROPRIATE CYBERSECURITY BEST PRACTICE.—The term ''appropriate cybersecurity best practice'' means a cybersecurity best practice that—

(A) permits, as needed, customization or expansion for the computer hardware, software, network, or network element to which the best practice applies;

(B) takes into account the need for security protection that balances—

(i) the risk and magnitude of harm threatened by potential attack; and

(ii) the cost of imposing security protection; and

(C) takes into account the rapidly changing nature of computer technology.

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

There is hereby authorized to be appropriated for the National Institute of Standards and Technology for purposes of activities under this Act, amounts as follows:

(1) For fiscal year 2003, $70,000,000.

(2) For each of the fiscal years 2004 through 2007, such sums as may be necessary.

S. 1901

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 ''Cybersecurity Research and Education Act of 2002''.

SEC. 2. FINDINGS.

Congress finds that—

(1) critical elements of the Nation's basic economic and physical infrastructure rely on information technology for effective functioning;

(2) increased reliance on technology has left our Nation vulnerable to the threat of cyberterrorism;

(3) long-term research on practices, methods, and technologies that will help ensure the safety of our information infrastructure remains woefully inadequate;

(4) there is a critical shortage of faculty at institutions of higher education who specialize in disciplines related to cybersecurity;

(5) a vigorous scholarly community in fields related to cybersecurity is necessary to help conduct research and disseminate knowledge about the practical application of the community's findings; and

(6) universities in the United States award the Ph.D. degree in computer sciences to approximately 1,000 individuals each year, but of those awarded this degree, less than 0.3 percent specialize in cybersecurity and still fewer become employed in faculty positions at institutions of higher education.

SEC. 3. DEFINITIONS.

In this Act:

(1) CYBERSECURITY.—The term ''cybersecurity'' means information assurance, including scientific, technical, management, or any other relevant disciplines required to ensure computer and network security, including, but not limited to, a discipline related to the following functions:

(A) Secure System and network administration and operations.

(B) Systems security engineering.

(C) Information assurance systems and product acquisition.

(D) Cryptography.

(E) Threat and vulnerability assessment, including risk management.

(F) Web security.

(G) Operations of computer emergency response teams.

(H) Cybersecurity training, education, and management.

(I) Computer forensics.

(J) Defensive information operations.

(2) CYBERSECURITY INFRASTRUCTURE.—The term ''cybersecurity infrastructure'' includes—

(A) equipment that is integral to research and education capabilities in cybersecurity, including, but not limited to—

(i) encryption devices;

(ii) network switches;

(iii) routers;

(iv) firewalls;

(v) wireless networking gear;

(vi) protocol analyzers;

(vii) file servers;

(viii) workstations;

(ix) biometric tools; and

(x) computers; and

(B) technology support staff (including graduate students) that is integral to research and education capabilities in cybersecurity.

(3) DIRECTOR.—The term ''Director'' means the Director of the National Science Foundation.

(4) INSTITUTION OF HIGHER EDUCATION.—The term ''institution of higher education'' has the meaning given the term in section 101(a)

of the Higher Education Act of 1965 (20 U.S.C. 1001(a)).

(5) OTHER RELEVANT DISCIPLINE.—The term ''other relevant discipline'' includes, but is not limited to, the following fields as the fields specifically relate to securing information infrastructures:

(A) Biometrics.

(B) Software engineering.

(C) Computer science and engineering.

(D) Law.

(E) Business management or administration.

(F) Psychology.

(G) Mathematics.

(H) Sociology.

(6) QUALIFIED INSTITUTION.—The term ''qualified institution'' means an institution of higher education that, at the time of submission of an application pursuant to any of the programs authorized by this Act—

(A) has offered, for not less than 3 years prior to the date the application is submitted under this Act, a minimum of 2 graduate courses in cybersecurity (not including short-term special seminars or 1-time classes offered by visitors);

(B) has not less than 3 faculty members who teach cybersecurity courses—

(i) each of whom has published not less than 1 refereed cybersecurity research article in a journal or through a conference during the 2-year period preceding the date of enactment of this Act;

(ii) at least 1 of whom is tenured; and

(iii) each of whom has demonstrated active engagement in the cybersecurity scholarly community during the 2-year period preceding the date of enactment of this Act, such as serving as an editor of a cybersecurity journal or participating on a program committee for a cybersecurity conference or workshop;

(C) has graduated not less than 1 Ph.D. scholar in cybersecurity during the 2-year period preceding the date of enactment of this Act; and

(D) has not less than 3 graduate students enrolled who are pursuing a Ph.D. in cybersecurity.

SEC. 4. CYBERSECURITY GRADUATE FELLOWSHIP PROGRAM.

(a) PURPOSE.—The purpose of this section is—

(1) to encourage individuals to pursue academic careers in cybersecurity upon the completion of doctoral degrees; and

(2) to stimulate advanced study and research, at the doctoral level, in complex, relevant, and important issues in cybersecurity.

(b) ESTABLISHMENT.—The Director is authorized to establish a Cybersecurity Fellowship Program (referred to in this section as the ''fellowship program'') to annually award 3 to 5-year graduate fellowships to individuals for studies and research at the doctoral level in cybersecurity.

(c) CYBERSECURITY FELLOWSHIP PROGRAM ADVISORY BOARD.—

(1) ESTABLISHMENT.—There is established a Cybersecurity Fellowship Program Advisory Board (referred to in this section as the ''Board'').

(2) MEMBERSHIP.—The Director shall appoint members of the Board who shall include—

(A) not fewer than 3 full-time faculty members—

(i) each of whom teaches at an institution of higher education; and

(ii) each of whom has a specialty in cybersecurity; and

(B) not fewer than 2 research scientists employed by a Federal agency with duties that include cybersecurity activities.

(3) TERMS.—Members of the Board shall be appointed for renewable 2-year terms.

(d) APPLICATION.—Each individual desiring to receive a graduate fellowship under this section shall submit an application to the Director at such time, in such manner, and containing such information as the Director, in consultation with the Board, shall require.

(e) AWARD.—The Director is authorized to award graduate fellowships under the fellowship program that shall—

(1) be made available to individuals, through a competitive selection process, for study at a qualified institution and in accordance with the procedures established in subsection (h);

(2) be in an amount that is sufficient to cover annual tuition and fees for doctoral study at a qualified institution for the duration of the graduate fellowship, and shall include, in addition, an annual living stipend of $20,000; and

(3) be for a duration of 3 to 5-years, the specific duration of each graduate fellowship to be determined by the Director in consultation with the Board on a case-by-case basis.

(f) REPAYMENT.—Each graduate fellowship shall—

(1) subject to paragraph (f)(2), be subject to full repayment upon completion of the doctoral degree according to a repayment schedule established and administered by the Director;

(2) be forgiven at the rate of 20 percent of the total amount of graduate fellowship assistance received under this section for each academic year that a recipient is employed as a full-time faculty member at an institution of higher education for a period not to exceed 5 years; and

(3) be monitored by the Director to ensure compliance with this section.

(g) ELIGIBILITY.—To be eligible to receive a graduate fellowship under this section, an individual shall—

(1) be a citizen of the United States;

(2) be matriculated or eligible to be matriculated for doctoral studies at a qualified institution; and

(3) demonstrate a commitment to a career in higher education.

(h) SELECTION.—

(1) IN GENERAL.—The Director, in consultation with the Board, shall select recipients for graduate fellowships.

(2) DUTIES.—The Director, in consultation with the Board, shall—

(A) establish criteria for a competitive selection process for recipients of graduate fellowships;

(B) establish and promulgate an application process for the fellowship program;

(C) receive applications for graduate fellowships;

(D) annually review applications and select recipients of graduate fellowships; and

(E) establish and administer a repayment schedule for recipients of graduate fellowships.

(3) CONSIDERATION.—In making selections for graduate fellowships, the Director, to the extent possible and in consultation with the Board, shall consider applicants whose interests are of an interdisciplinary nature, encompassing the social scientific as well as technical dimensions of cybersecurity.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2003 through 2005, and such sums as may be necessary for each succeeding fiscal year.

SEC. 5. SABBATICAL FOR DISTINGUISHED FACULTY IN CYBERSECURITY.

(a) ESTABLISHMENT.—The Director is authorized to award grants to institutions of higher education to enable faculty members who are teaching cybersecurity subjects to spend a sabbatical from teaching working at—

(1) the National Security Agency;

(2) the Department of Defense;

(3) the National Institute of Standards and Technology;

(4) a research laboratory supported by the Department of Energy; or

(5) a qualified institution.

(b) APPLICATION.—Each institution of higher education desiring to receive a grant under this section shall submit an application to the Director at such time, in such manner, and containing such information as the Director shall require.

(c) GRANT AWARDS.—

(1) IN GENERAL.—The Director shall award a grant under this section only if the National Science Foundation and the agency or institution where the faculty member will spend the sabbatical approve the sabbatical placement.

(2) NUMBER AND DURATION.—For each fiscal year, the Director shall award grants for not more than 25 sabbatical positions that will each be for a 1-year period.

(3) AMOUNT OF AWARD.—

(A) IN GENERAL.—Each institution of higher education that is awarded a grant under this section shall receive $250,000 for each faculty member who will spend a sabbatical pursuant to the grant.

(B) USE OF AWARD.—The Director shall award a grant under this section in 2 disbursements in the following manner:

(i) FIRST DISBURSEMENT.—The first disbursement shall be made upon selection of a grant recipient and shall consist of the following:

(I) $20,000 to provide a stipend for living expenses to each faculty member awarded a sabbatical under this section.

(II) An amount sufficient for the grant recipient to hire a qualified replacement for the faculty member awarded a sabbatical under this section for the term of the sabbatical, if such a replacement is possible.

(ii) SECOND DISBURSEMENT.—The second disbursement shall be made at the conclusion of the sabbatical, only if the faculty member completes the sabbatical in its entirety, and shall be used for the grant recipient's cybersecurity infrastructure needs, including—

(I) acquiring equipment or technology;

(II) hiring graduate students; or

(III) supporting any other activity that will enhance the grant recipient's course offerings and research in cybersecurity.

(d) ELIGIBILITY.—To be eligible to receive a grant under this section, an institution of higher education shall submit an application under subsection (b) that—

(1) identifies the faculty member to whom the institution of higher education will provide a sabbatical and ensures that the faculty member is a citizen of the United States;

(2) ensures that the faculty member to whom the institution of higher education will provide a sabbatical is tenured at that institution of higher education and meets general standards of excellence in research or teaching; and

(3) explains how the faculty member to whom the institution of higher education will provide a sabbatical will—

(A) integrate into the faculty member's course offerings knowledge related to cybersecurity that is gained during the sabbatical; and

(B) in conjunction with the institution of higher education, use the second disbursement of funds available under subsection (c)(3)(B)(ii).

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $8,000,000 for each of fiscal years 2003 through 2005.

SEC. 6. ENHANCING CYBERSECURITY INFRASTRUCTURE.

(a) ESTABLISHMENT.—The Director is authorized to award grants to qualified institutions to fund activities that provide, enhance, and facilitate acquisition of cybersecurity infrastructure at qualified institutions.

(b) USE OF GRANT AWARD.—Each qualified institution that receives a grant under this section shall use the grant funds for needs specifically related to—

(1) cybersecurity education and research; and

(2) development efforts related to cybersecurity.

(c) MATCHING FUNDS.—Each qualified institution that receives a grant under this section shall contribute to the activities assisted under this section non-Federal matching funds equal to not less than 25 percent of the amount of the grant.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2003 through 2005.

SEC. 7. CYBERSECURITY AWARENESS, TRAINING, AND EDUCATION PROGRAM.

(a) PURPOSE.—The purpose of this section is to increase the quality of education and training in cybersecurity, thereby increasing the number of qualified students entering the field of cybersecurity to adequately address the Nation's increasing dependence on information technology and to defend the Nation's increasingly vulnerable information infrastructure.

(b) ESTABLISHMENT.—The Director of the National Security Agency is authorized to award grants, on a competitive basis, to qualified institutions to establish Cybersecurity Awareness, Training, and Education Programs (referred to in this section as ''information programs'').

(c) APPLICATION.—

(1) IN GENERAL.—Each qualified institution desiring to receive a grant under this section shall submit an application to the Director of the National Security Agency at such time, in such manner, and accompanied by such information as the Director of the National Security Agency shall require.

(2) PLANS.—Each application submitted pursuant to paragraph (1) shall include a plan for establishing and maintaining an information program under this section, including a description of—

(A) the design, structure, and scope of the proposed information program, including unique qualities that may distinguish the proposed information program from possible approaches of other qualified institutions;

(B) research being conducted in the disciplines encompassed by the plan;

(C) any integration of the information program with other federally funded programs related to cybersecurity education, such as the National Science Foundation Scholarship for Service Program, the Department of Defense Multidisciplinary Research Program of the University Research Initiative, and the Department of Defense Information Assurance Scholarship Program;

(D) necessary costs for information infrastructure to support the information program;

(E) how the qualified institution will protect the integrity and security of the information infrastructure and any student testing mechanisms; and

(F) other relevant information.

(3) COLLABORATION.—A qualified institution desiring to receive a grant under this section may propose collaboration with other qualified institutions.

(d) GRANT AWARDS.—Each qualified institution that receives a grant under this section shall use the grant funds to—

(1) establish or enhance a Center for Studies in Cybersecurity Awareness, Training, and Education that shall—

(A) establish a professionally produced, web-based collection of cybersecurity programs of instruction that have been approved for general public dissemination by the authors and owners of the programs;

(B) maintain a web-based directory of cybersecurity education and training related conferences and symposia;

(C) sponsor the development of specific instructional materials in cybersecurity and other relevant disciplines, including—

(i) intrusion detection;

(ii) overview of information assurance;

(iii) ethical use of computing systems;

(iv) network security;

(v) cryptography;

(vi) risk management;

(vii) malicious logic; and

(viii) system security engineering;

(D) sponsor cybersecurity education symposia;

(E) collaborate with the National Colloquium for Information Assurance Education;

(F) create a 'Virtual Academy' for sharing courseware and laboratory exercises in cybersecurity; and

(G) review and participate in integrating various cybersecurity education and training standards into unified curricula; and

(2) establish or enhance a Center for the Development of Faculty in Cybersecurity that shall—

(A) establish criteria for recognition and certification of cybersecurity trainers and educators;

(B) establish faculty training outreach to teachers in kindergarten through grade 12 and to faculty of part B institutions (as defined in section 322 of the Higher Education Act of 1965 (20 U.S.C. 1061));

(C) build, test, and evaluate laboratory exercises that represent use of model practices in cybersecurity for use in training and education programs; and

(D) establish an integrated program to include the programs described in this paragraph and paragraph (1).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section—

(1) $1,500,000 for fiscal year 2003;

(2) $2,000,000 for fiscal year 2004;

(3) $3,000,000 for fiscal year 2005; and

(4) $4,500,000 for fiscal year 2006.

SEC. 8. CYBERSECURITY WORKFORCE AND FACILITIES STUDY.

(a) STUDY.—The Comptroller General shall conduct a study and collect data on the following:

(1) The cybersecurity workforce, including—

(A) the size and nature of the cybersecurity workforce by occupation category (including academic faculty at institutions of higher education), level of education and training, personnel demographics, and industry characteristics; and

(B) the role of foreign workers in the cybersecurity workforce.

(2) Academic cybersecurity research facilities, including—

(A) total academic research space available or utilized for research relating to cybersecurity;

(B) academic research space relating to cybersecurity that is in need of major repair or renovation;

(C) new or ongoing projects at institutions of higher education expected to produce new or renovated research space to be used for research relating to cybersecurity; and

(D) any research space needs related to cybersecurity and based on projections of growth in educational programs and research, including costs and initiatives required to meet such needs and possible consequences of failure to meet such needs.

(3) Other information that the Comptroller General determines appropriate.

(b) REPORT.—Not later than 6 months after the date of enactment of this Act, and biennially thereafter, the Comptroller General shall prepare and submit a report on the study conducted pursuant to subsection (a) to the—

(1) Committee on Health, Education, Labor and Pensions of the Senate; and

(2) Committee on Education and the Workforce of the House of Representatives.

By Mr. KERRY (for himself, Ms. SNOWE, Mr. LIEBERMAN, Mr. BENNETT, and Mr. BINGAMAN):

S. 1903. A bill to amend the Internal Revenue Code of 1986 to allow certain small businesses to defer payment of tax; to the Committee on Finance.

Mr. KERRY. Mr. President, each year, the United States economy generates 600,000 to 800,000 new businesses. While many of these businesses will succeed, some of them will fail. Whether they succeed or not, one fact is without question: the entrepreneurs building these small businesses lay the foundation for our Nation's productivity gains, employment growth, and economic progress. In fact, although specific estimates vary, economists generally agree that small, entrepreneurial companies generate the majority of the Nation's new jobs.

The legislation I am introducing today, the Business Retained Income During Growth and Expansion, (BRIDGE), Act, will help ensure that rapidly expanding, entrepreneurial businesses have access to the capital they need to continue creating jobs and stimulating the economy.

Most new business start small and stay small. A portion, however, evolve into fast-growth companies with the capacity to propel the economy forward. For these companies, access to financing presents a pivotal challenge. A typical small business may open its doors with a combination of personal savings, credit card borrowing, and family lending. Informal investors, family, friends, and work associates, contribute the vast majority of the $56 billion of estimated initial funding for new businesses. If a business is successful, it moves to the next stage of development. Unfortunately, emerging growth companies will often outstrip the capital financing available based solely on the personal credit or assets of the entrepreneur.

Capital funding gaps frequently prevail when a firm seeks financing in the range of $250,000 to $1 million, a period when the business is particularly vulnerable. Funding needs below $250,000 are often fulfilled by family, friends, credit cards, home mortgages, and home equity lines of credit. Beyond $250,000, businesses typically turn to so-called ''angel'' financiers; high-interest borrowing; and in limited cases, Small Business Investment Companies. Venture capital is usually not an option for these companies because initial venture investments generally

begin at approximately $3 million, which is far more than most early-stage growth companies need or warrant. When sales reach $10 million, the company is better able to attract external financing at a reasonable cost based on the business's underlying assets.

Congress should take steps to ease the credit crunch for small businesses climbing the economic ladder from small to medium-size enterprise. When the lack of available financing prevents a growing, successful firm from expanding into new markets, we miss an opportunity to create new jobs and unleash productive forces. The legislation I am introducing today with Senator OLYMPIA SNOWE will help bridge the gap in capital financing for emerging growth companies. A companion measures has been introduced in the House by Representatives JIM DEMINT and BRIAN BAIRD.

The BRIDGE Act would allow mid-sized, fast-growing businesses to temporarily defer a portion of their Federal income tax liability if the firm's sales for the year are at least 10 percent higher than the average sales of the prior two years. The two-year deferral would be limited to $250,000 of tax, which would be repayable with interest over a four-year period. The tax-deferred amount would be deposited in a separate trust account at a bank or other approved intermediary, and the firm could borrow against the deferred amount, as collateral, for business purposes. Upon sale or merger of the business, any remaining tax deferral would be payable at that time.

To be eligible, a small business would have to have annual gross receipts of $10,000,000 or less. Partnerships and S corporations would also be eligible to make the election to defer taxes. To allow adequate review of this new and innovative concept, the proposal would expire at the end of 2005.

The BRIDGE Act will free up new investment capital for fast-growing firms by allowing them to use a portion of their federal tax liability for self-financing. These firms experience heavy demands on their cash flow as they reinvest receipts, hire new employees, create additional marketing channels, and purchase new equipment. Tax liability directly trades off with reinvestment. The BRIDGE Act will help reduce cash flow pressures by allowing a limited tax deferral. As the firm prospers, it will repay its original tax obligation as well as additional taxes on its higher receipts.

One of the most interesting aspects of the proposal is that its long-term costs are negligible. According to the Joint Committee on Taxation, the legislation would generate a revenue loss of $22.9 billion during the first four years. However, as businesses repay deferred amounts, the revenue loss would reverse, and then some. During the following six years, the proposal would raise $24.1 billion. Thus, over the ten year budget window, the proposal would raise $1.1 billion.

The entrepreneurial spirit lies at the foundation of our economy's technological advances, creative innovations, and dynamic growth. We should take steps to ensure that rapidly growing companies have the resources needed to continue producing new jobs and opportunities. The BRIDGE Act will free entrepreneurial businesses from the shackles of unmet capital funding needs and empower them to expand into new markets. I urge my colleagues to support the legislation, and I ask unanimous consent that the text of the legislation be printed in the RECORD.

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

S. 1903

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 ''Business Retained Income During Growth and Expansion Act of 2002'' or the ''BRIDGE Act of 2002''.

SEC. 2. DEFERRED PAYMENT OF TAX BY CERTAIN SMALL BUSINESSES.

(a) IN GENERAL.—Subchapter B of chapter 62 of the Internal Revenue Code of 1986 (relating to extensions of time for payment of tax) is amended by adding at the end the following new section:

''SEC. 6168. EXTENSION OF TIME FOR PAYMENT OF TAX FOR CERTAIN SMALL BUSINESSES.

''(a) IN GENERAL.—An eligible small business may elect to pay the tax imposed by chapter 1 in 4 equal installments.

''(b) LIMITATION.—The maximum amount of tax which may be paid in installments under this section for any taxable year shall not exceed whichever of the following is the least:

''(1) The tax imposed by chapter 1 for the taxable year.

''(2) The amount contributed by the taxpayer into a BRIDGE Account during such year.

''(3) The excess of $250,000 over the aggregate amount of tax for which an election under this section was made by the taxpayer (or any predecessor) for all prior taxable years.

''(c) ELIGIBLE SMALL BUSINESS.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible small business' means, with respect to any taxable year, any person if—

''(A) such person meets the active business requirements of section 1202(e) throughout such taxable year,

''(B) the taxpayer has gross receipts of $10,000,000 or less for the taxable year,

''(C) the gross receipts of the taxpayer for such taxable year are at least 10 percent greater than the average annual gross receipts of the taxpayer (or any predecessor) for the 2 prior taxable years, and

''(D) the taxpayer uses an accrual method of accounting.

''(2) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (2) and (3) of section 448(c) shall apply for purposes of this subsection.

''(d) DATE FOR PAYMENT OF INSTALLMENTS; TIME FOR PAYMENT OF INTEREST.—

''(1) DATE FOR PAYMENT OF INSTALLMENTS.—

''(A) IN GENERAL.—If an election is made under this section for any taxable year, the first installment shall be paid on or before the due date for such installment and each succeeding installment shall be paid on or before the date which is 1 year after the date prescribed by this paragraph for payment of the preceding installment.

''(B) DUE DATE FOR FIRST INSTALLMENT.—The due date for the first installment for a taxable year shall be whichever of the following is the earliest:

''(i) The date selected by the taxpayer.

''(ii) The date which is 2 years after the date prescribed by section 6151(a) for payment of the tax for such taxable year.

''(2) TIME FOR PAYMENT OF INTEREST.—If the time for payment of any amount of tax has been extended under this section—

''(A) INTEREST FOR PERIOD BEFORE DUE DATE OF FIRST INSTALLMENT.—Interest payable under section 6601 on any unpaid portion of such amount attributable to the period before the due date for the first installment shall be paid annually.

''(B) INTEREST DURING INSTALLMENT PERIOD.—Interest payable under section 6601 on any unpaid portion of such amount attributable to any period after such period shall be paid at the same time as, and as a part of, each installment payment of the tax.

''(C) INTEREST IN THE CASE OF CERTAIN DEFICIENCIES.—In the case of a deficiency to which subsection (e)(3) applies for a taxable year which is assessed after the due date for the first installment for such year, interest attributable to the period before such due date, and interest assigned under subparagraph (B) to any installment the date for payment of which has arrived on or before the date of the assessment of the deficiency, shall be paid upon notice and demand from the Secretary.

''(e) SPECIAL RULES.—

''(1) APPLICATION OF LIMITATION TO PARTNERS AND S CORPORATION SHAREHOLDERS.—

''(A) IN GENERAL.—In applying this section to a partnership which is an eligible small business—

''(i) the election under subsection (a) shall be made by the partnership,

''(ii) the amount referred to in subsection (b)(1) shall be the sum of each partner's tax which is attributable to items of the partnership and assuming the highest marginal rate under section 1, and

''(iii) the partnership shall be treated as the taxpayer referred to in paragraphs (2) and (3) of subsection (b).

''(B) OVERALL LIMITATION ALSO APPLIED AT PARTNER LEVEL.—In the case of a partner in a partnership, the limitation under subsection (b)(3) shall be applied at the partnership and partner levels.

''(C) SIMILAR RULES FOR S CORPORATIONS.—Rules similar to the rules of subparagraphs (A) and (B) shall apply to shareholders in an S corporation.

''(2) ACCELERATION OF PAYMENT IN CERTAIN CASES.—

''(A) IN GENERAL.—If—

''(i) the taxpayer ceases to meet the requirement of subsection (c)(1)(A), or

''(ii) there is an ownership change with respect to the taxpayer,

then the extension of time for payment of tax provided in subsection (a) shall cease to apply, and the unpaid portion of the tax payable in installments shall be paid on or before the due date for filing the return of tax imposed by chapter 1 for the first taxable year following such cessation.

''(B) OWNERSHIP CHANGE.—For purposes of subparagraph, in the case of a corporation, the term 'ownership change' has the meaning given to such term by section 382. Rules similar to the rules applicable under the preceding sentence shall apply to a partnership.

''(3) PRORATION OF DEFICIENCY TO INSTALLMENTS.—Rules similar to the rules of section 6166(e) shall apply for purposes of this section.

''(f) BRIDGE ACCOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'BRIDGE Account' means a trust created or organized in

the United States for the exclusive benefit of an eligible small business, but only if the written governing instrument creating the trust meets the following requirements:

''(A) No contribution will be accepted for any taxable year in excess of the amount allowed as a deferral under subsection (b) for such year.

''(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

''(C) The assets of the trust consist entirely of cash or of obligations which have adequate stated interest (as defined in section 1274(c)(2)) and which pay such interest not less often than annually.

''(D) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

''(E) Amounts in the trust may be used only—

''(i) as security for a loan to the business or for repayment of such loan, or

''(ii) to pay the installments under this section.

''(2) ACCOUNT TAXED AS GRANTOR TRUST.—The grantor of a BRIDGE Account shall be treated for purposes of this title as the owner of such Account and shall be subject to tax thereon in accordance with subpart E of part I of subchapter J of this chapter (relating to grantors and others treated as substantial owners).

''(3) TIME WHEN PAYMENTS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a payment to a BRIDGE Account on the last day of a taxable year if such payment is made on account of such taxable year and is made within 3½ months after the close of such taxable year.

''(g) REPORTS.—The Secretary may require such reporting as the Secretary determines to be appropriate to carry out this section.

''(h) APPLICATION OF SECTION.—This section shall apply to taxes imposed for taxable years beginning after December 31, 2001, and before January 1, 2006.''.

(b) PRIORITY OF LENDER.—Subsection (b) of section 6323 of the Internal Revenue Code of 1986 (relating to protection for certain interests even though notice filed) is amended by adding at the end the following new paragraph:

''(11) LOANS SECURED BY BRIDGE ACCOUNTS.—With respect to a BRIDGE account (as defined in section 6168(f)) with any bank (as defined in section 408(n)), to the extent of any loan made by such bank without actual notice or knowledge of the existence of such lien, as against such bank, if such loan is secured by such account.''.

(c) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 62 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''Sec. 6168. Extension of time for payment of tax for certain small businesses.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(e) STUDY BY GENERAL ACCOUNTING OFFICE.—

(1) STUDY.—In consultation with the Secretary of the Treasury, the Comptroller General of the United States shall undertake a study to evaluate the applicability (including administrative aspects) and impact of the BRIDGE Act of 2001, including how it affects the capital funding needs of businesses under the Act and number of businesses benefiting.

(2) REPORT.—Not later than March 31, 2005, the Comptroller General shall transmit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a written report presenting the results of the study conducted pursuant to this subsection, together with such recommendations for legislative or administrative changes as the Comptroller General determines are appropriate.

AMENDMENTS SUBMITTED AND PROPOSED

SA 2723. Mr. DOMENICI proposed an amendment to the language proposed to be stricken by amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

SA 2724. Mr. HATCH (for himself and Mr. BENNETT) proposed an amendment to the language proposed to be stricken by amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) supra.

SA 2725. Mr. BINGAMAN submitted an amendment intended to be proposed to the language proposed to be stricken by amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) supra; which was ordered to lie on the table.

SA 2726. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 622, supra; which was ordered to lie on the table.

SA 2727. Mr. ROCKEFELLER (for himself and Mr. KERRY, Mr. JOHNSON, and Mr. DASCHLE) submitted an amendment intended to be proposed by him to the bill H.R. 622, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2723. Mr. DOMENICI proposed an amendment to the language proposed to be stricken by amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; as follows:

At the end, add the following:

SEC. ___. PAYROLL TAX HOLIDAY.

(a) IN GENERAL.—Notwithstanding any other provision of law, the rate of tax with respect to remuneration received during the payroll tax holiday period shall be zero under sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1986 and for purposes of determining the applicable percentage under section 3201(a), 3211(a)(1), and 3221(a) of such Code.

(b) PAYROLL TAX HOLIDAY PERIOD.—The term ''payroll tax holiday period'' means the period beginning after February 28, 2002, and ending before April 1, 2002.

(c) EMPLOYER NOTIFICATION.—The Secretary of the Treasury shall notify employers of the payroll tax holiday period in any manner the Secretary deems appropriate.

(d) TRANSFER OF FUNDS.—The Secretary of the Treasury shall transfer from the general revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of the trust funds under section 201 of the Social Security Act and the Social Security Equivalent Benefit Account under section 15A of the Railroad Retirement Act of 1974 (45 U.S.C. 231n–1) are not reduced as a result of the application of subsection (a).

(e) DETERMINATION OF BENEFITS.—In making any determination of benefits under title II of the Social Security Act, the Commissioner of Social Security shall disregard the effect of the payroll tax holiday period on any individual's earnings record.

SA 2724. Mr. HATCH (for himself and Mr. BENNETT!) PROPOSED AN AMENDMENT TO THE LANGUAGE PROPOSED TO BE STRICKEN BY AMENDMENT SA 2698 SUBMITTED BY MR. DASCHLE and intended to be proposed to the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; as follows:

At the end, add the following:

SEC. ___. CARRYBACK OF CERTAIN NET OPERATING LOSSES ALLOWED FOR 7 YEARS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) of the Internal Revenue Code of 1986 (relating to years to which loss may be carried) is amended by adding at the end the following new subparagraph:

''(H) SPECIAL RULE FOR CERTAIN LOSSES.—

''(i) IN GENERAL.—In the case of a taxpayer which has a net operating loss for any taxable year ending during 2000, 2001, or 2002, subparagraph (A)(i) shall be applied by substituting '7' for '2' and subparagraph (F) shall not apply.

''(ii) PER YEAR LIMITATION.—For purposes of the 6th and 7th taxable years preceding the taxable year of such loss, the amount of net operating losses to which clause (i) may apply for any taxable year shall not exceed $50,000,000.''

(b) ELECTION TO DISREGARD 7-YEAR CARRYBACK.—Section 172 of the Internal Revenue Code of 1986 (relating to net operating loss deduction) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) ELECTION TO DISREGARD 7-YEAR CARRYBACK FOR CERTAIN NET OPERATING LOSSES.—Any taxpayer entitled to a 7-year carryback under subsection (b)(1)(H) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(H). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.''

(c) TEMPORARY SUSPENSION OF 90 PERCENT LIMIT ON CERTAIN NOL CARRYBACKS.—

(1) IN GENERAL.—Subparagraph (A) of section 56(d)(1) of the Internal Revenue Code of 1986 (relating to general rule defining alternative tax net operating loss deduction) is amended to read as follows:

''(A) the amount of such deduction shall not exceed the sum of—

''(i) the lesser of—

''(I) the amount of such deduction attributable to net operating losses (other than the deduction attributable to carrybacks described in clause (ii)(I)), or

''(II) 90 percent of alternative minimum taxable income determined without regard to such deduction, plus

''(ii) the lesser of—

''(I) the amount of such deduction attributable to carrybacks of net operating losses for taxable years ending during 2000, 2001, or 2002, or

''(II) alternative minimum taxable income determined without regard to such deduction reduced by the amount determined under clause (i), and''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning before January 1, 2003.

(d) EFFECTIVE DATE.—Except as provided in subsection (c), the amendments made by this section shall apply to net operating losses for taxable years ending after December 31, 1999.

SA 2725. Mr. BINGAMAN submitted an amendment intended to be proposed to the language proposed to be stricken by amendment SA 2698 submitted by Mr. DASCHLE and intended to be proposed to the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. . ALLOWANCE OF ELECTRONIC 1099S.

Except as otherwise provided by the Secretary of the Treasury, any person required to furnish a statement under any section of subpart B of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 for any taxable year ending after the date of the enactment of this Act, may electronically furnish such statement to any recipient who has consented to the electronic provision of the statement in a manner similar to the one permitted under regulations issued under section 6051 of such Code or in such other manner as provided by the Secretary.

SA 2726. Mrs. LINCOLN submitted an amendment intended to be proposed by her to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At an appropriate place, insert the following:

SEC. ___. AMORTIZATION OF REFORESTATION EXPENDITURES AND REFORESTATION TAX CREDIT.

(a) REMOVAL OF CAP ON AMORTIZABLE BASIS.—

(1) IN GENERAL.—Section 194 (relating to amortization of reforestation expenditures) is amended by striking subsection (b) and by redesignating subsections (c) and (d) as subsections (b) and (c), respectively.

(2) CONFORMING AMENDMENT.—Subsection (b) of section 194, as redesignated by paragraph (1), is amended by striking paragraph (4).

(b) INCREASE IN CAP ON REFORESTATION CREDIT.—Paragraph (1) of section 48(b) (relating to reforestation credit) is amended—

(1) by inserting ''of the first $25,000'' after ''10 percent'', and

(2) by striking ''(after the application of section 194(b)(1))''.

(c) EFFECTIVE DATES.—

(1) AMORTIZATION PROVISIONS.—The amendments made by subsection (a) shall apply to additions to capital account made after December 31, 2001.

(2) TAX CREDIT PROVISIONS.—The amendments made by subsection (b) shall apply to property acquired after December 31, 2001.

SA 2727. Mr. ROCKEFELLER (for himself, Mr. KERRY, Mr. JOHNSON, and Mr. DASCHLE) submitted an amendment intended to be proposed by him to the bill H.R. 622, to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate place, add the following:

SEC. ___. BROADBAND INTERNET ACCESS TAX CREDIT.

(a) IN GENERAL.—Subpart E of part IV of chapter 1 (relating to rules for computing investment credit) is amended by inserting after section 48 the following:

''SEC. 48A. BROADBAND CREDIT.

''(a) GENERAL RULE.—For purposes of section 46, the broadband credit for any taxable year is the sum of—

''(1) the current generation broadband credit, plus

''(2) the next generation broadband credit.

''(b) CURRENT GENERATION BROADBAND CREDIT; NEXT GENERATION BROADBAND CREDIT.—For purposes of this section—

''(1) CURRENT GENERATION BROADBAND CREDIT.—The current generation broadband credit for any taxable year is equal to 10 percent of the qualified expenditures incurred with respect to qualified equipment providing current generation broadband services to qualified subscribers and taken into account with respect to such taxable year.

''(2) NEXT GENERATION BROADBAND CREDIT.—The next generation broadband credit for any taxable year is equal to 20 percent of the qualified expenditures incurred with respect to qualified equipment providing next generation broadband services to qualified subscribers and taken into account with respect to such taxable year.

''(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—For purposes of this section—

''(1) IN GENERAL.—Qualified expenditures with respect to qualified equipment shall be taken into account with respect to the first taxable year in which—

''(A) current generation broadband services are provided through such equipment to qualified subscribers, or

''(B) next generation broadband services are provided through such equipment to qualified subscribers.

''(2) LIMITATION.—

''(A) IN GENERAL.—Qualified expenditures shall be taken into account under paragraph (1) only with respect to qualified equipment—

''(i) the original use of which commences with the taxpayer, and

''(ii) which is placed in service,

after December 31, 2001.

''(B) SALE-LEASEBACKS.—For purposes of subparagraph (A), if property—

''(i) is originally placed in service after December 31, 2001, by a person, and

''(ii) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in clause (ii).

''(d) SPECIAL ALLOCATION RULES.—

''(1) CURRENT GENERATION BROADBAND SERVICES.—For purposes of determining the current generation broadband credit under subsection (a)(1) with respect to qualified equipment through which current generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified expenditures shall be multiplied by a fraction—

''(A) the numerator of which is the sum of the number of potential qualified subscribers within the rural areas and the underserved areas which the equipment is capable of serving with current generation broadband services, and

''(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with current generation broadband services.

''(2) NEXT GENERATION BROADBAND SERVICES.—For purposes of determining the next generation broadband credit under subsection (a)(2) with respect to qualified equipment through which next generation broadband services are provided, if the qualified equipment is capable of serving both qualified subscribers and other subscribers, the qualified expenditures shall be multiplied by a fraction—

''(A) the numerator of which is the sum of—

''(i) the number of potential qualified subscribers within the rural areas and underserved areas, plus

''(ii) the number of potential qualified subscribers within the area consisting only of residential subscribers not described in clause (i),

which the equipment is capable of serving with next generation broadband services, and

''(B) the denominator of which is the total potential subscriber population of the area which the equipment is capable of serving with next generation broadband services.

''(e) DEFINITIONS.—For purposes of this section—

''(1) ANTENNA.—The term 'antenna' means any device used to transmit or receive signals through the electromagnetic spectrum, including satellite equipment.

''(2) CABLE OPERATOR.—The term 'cable operator' has the meaning given such term by section 602(5) of the Communications Act of 1934 (47 U.S.C. 522(5)).

''(3) COMMERCIAL MOBILE SERVICE CARRIER.—The term 'commercial mobile service carrier' means any person authorized to provide commercial mobile radio service as defined in section 20.3 of title 47, Code of Federal Regulations.

''(4) CURRENT GENERATION BROADBAND SERVICE.—The term 'current generation broadband service' means the transmission of signals at a rate of at least 1,000,000 bits per second to the subscriber and at least 128,000 bits per second from the subscriber.

''(5) MULTIPLEXING OR DEMULTIPLEXING.—The term 'multiplexing' means the transmission of 2 or more signals over a single channel, and the term 'demultiplexing' means the separation of 2 or more signals previously combined by compatible multiplexing equipment.

''(6) NEXT GENERATION BROADBAND SERVICE.—The term 'next generation broadband service' means the transmission of signals at a rate of at least 22,000,000 bits per second to the subscriber and at least 5,000,000 bits per second from the subscriber.

''(7) NONRESIDENTIAL SUBSCRIBER.—The term 'nonresidential subscriber' means a person who purchases broadband services which are delivered to the permanent place of business of such person.

''(8) OPEN VIDEO SYSTEM OPERATOR.—The term 'open video system operator' means any person authorized to provide service under section 653 of the Communications Act of 1934 (47 U.S.C. 573).

''(9) OTHER WIRELESS CARRIER.—The term 'other wireless carrier' means any person (other than a telecommunications carrier, commercial mobile service carrier, cable operator, open video system operator, or satellite carrier) providing current generation broadband services or next generation broadband service to subscribers through the wireless transmission of energy through radio or light waves.

''(10) PACKET SWITCHING.—The term 'packet switching' means controlling or routing the path of a digitized transmission signal which is assembled into packets or cells.

''(11) PROVIDER.—The term 'provider' means, with respect to any qualified equipment—

''(A) a cable operator,

''(B) a commercial mobile service carrier,

''(C) an open video system operator,
''(D) a satellite carrier,
''(E) a telecommunications carrier, or
''(F) any other wireless carrier,

providing current generation broadband services or next generation broadband services to subscribers through such qualified equipment.

''(12) PROVISION OF SERVICES.—A provider shall be treated as providing services to a subscriber if—

''(A) a subscriber has been passed by the provider's equipment and can be connected to such equipment for a standard connection fee,

''(B) the provider is physically able to deliver current generation broadband services or next generation broadband services, as applicable, to such subscribers without making more than an insignificant investment with respect to any such subscriber,

''(C) the provider has made reasonable efforts to make such subscribers aware of the availability of such services,

''(D) such services have been purchased by one or more such subscribers, and

''(E) such services are made available to such subscribers at average prices comparable to those at which the provider makes available similar services in any areas in which the provider makes available such services.

''(13) QUALIFIED EQUIPMENT.—

''(A) IN GENERAL.—The term 'qualified equipment' means equipment which provides current generation broadband services or next generation broadband services—

''(i) at least a majority of the time during periods of maximum demand to each subscriber who is utilizing such services, and

''(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no credit is allowed under subsection (a)(1).

''(B) ONLY CERTAIN INVESTMENT TAKEN INTO ACCOUNT.—Except as provided in subparagraph (C) or (D), equipment shall be taken into account under subparagraph (A) only to the extent it—

''(i) extends from the last point of switching to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a telecommunications carrier,

''(ii) extends from the customer side of the mobile telephone switching office to a transmission/receive antenna (including such antenna) owned or leased by a subscriber in the case of a commercial mobile service carrier,

''(iii) extends from the customer side of the headend to the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a cable operator or open video system operator, or

''(iv) extends from a transmission/receive antenna (including such antenna) which transmits and receives signals to or from multiple subscribers, to a transmission/receive antenna (including such antenna) on the outside of the unit, building, dwelling, or office owned or leased by a subscriber in the case of a satellite carrier or other wireless carrier, unless such other wireless carrier is also a telecommunications carrier.

''(C) PACKET SWITCHING EQUIPMENT.—Packet switching equipment, regardless of location, shall be taken into account under subparagraph (A) only if it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of packet switching for current generation broadband services or next generation broadband services, but only if such packet switching is the last in a series of such functions performed in the transmission of a signal to a subscriber or the first in a series of such functions performed in the transmission of a signal from a subscriber.

''(D) MULTIPLEXING AND DEMULTIPLEXING EQUIPMENT.—Multiplexing and demultiplexing equipment shall be taken into account under subparagraph (A) only to the extent it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of multiplexing and demultiplexing packets or cells of data and making associated application adaptions, but only if such multiplexing or demultiplexing equipment is located between packet switching equipment described in subparagraph (C) and the subscriber's premises.

''(14) QUALIFIED EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified expenditure' means any amount—

''(i) chargeable to capital account with respect to the purchase and installation of qualified equipment (including any upgrades thereto) for which depreciation is allowable under section 168, and

''(ii) incurred after December 31, 2001, and before January 1, 2003.

''(B) CERTAIN SATELLITE EXPENDITURES EXCLUDED.—Such term shall not include any expenditure with respect to the launching of any satellite equipment.

''(15) QUALIFIED SUBSCRIBER.—The term 'qualified subscriber' means—

''(A) with respect to the provision of current generation broadband services—

''(i) a nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

''(ii) a residential subscriber residing in a dwelling located in a rural area or underserved area which is not a saturated market, and

''(B) with respect to the provision of next generation broadband services—

''(i) a nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

''(ii) a residential subscriber.

''(16) RESIDENTIAL SUBSCRIBER.—The term 'residential subscriber' means an individual who purchases broadband services which are delivered to such individual's dwelling.

''(17) RURAL AREA.—The term 'rural area' means any census tract which—

''(A) is not within 10 miles of any incorporated or census designated place containing more than 25,000 people, and

''(B) is not within a county or county equivalent which has an overall population density of more than 500 people per square mile of land.

''(18) RURAL SUBSCRIBER.—The term 'rural subscriber' means a residential subscriber residing in a dwelling located in a rural area or nonresidential subscriber maintaining a permanent place of business located in a rural area.

''(19) SATELLITE CARRIER.—The term 'satellite carrier' means any person using the facilities of a satellite or satellite service licensed by the Federal Communications Commission and operating in the Fixed-Satellite Service under part 25 of title 47 of the Code of Federal Regulations or the Direct Broadcast Satellite Service under part 100 of title 47 of such Code to establish and operate a channel of communications for distribution of signals, and owning or leasing a capacity or service on a satellite in order to provide such distribution.

''(20) SATURATED MARKET.—The term 'saturated market' means any census tract in which, as of the date of the enactment of this section—

''(A) current generation broadband services have been provided by one or more providers to 85 percent or more of the total number of potential residential subscribers residing in dwellings located within such census tract, and

''(B) such services can be utilized—

''(i) at least a majority of the time during periods of maximum demand by each such subscriber who is utilizing such services, and

''(ii) in a manner substantially the same as such services are provided by the provider to subscribers through equipment with respect to which no credit is allowed under subsection (a)(1).

''(21) SUBSCRIBER.—The term 'subscriber' means a person who purchases current generation broadband services or next generation broadband services.

''(22) TELECOMMUNICATIONS CARRIER.—The term 'telecommunications carrier' has the meaning given such term by section 3(44) of the Communications Act of 1934 (47 U.S.C. 153(44)), but—

''(A) includes all members of an affiliated group of which a telecommunications carrier is a member, and

''(B) does not include a commercial mobile service carrier.

''(23) TOTAL POTENTIAL SUBSCRIBER POPULATION.—The term 'total potential subscriber population' means, with respect to any area and based on the most recent census data, the total number of potential residential subscribers residing in dwellings located in such area and potential nonresidential subscribers maintaining permanent places of business located in such area.

''(24) UNDERSERVED AREA.—The term 'underserved area' means any census tract which is located in—

''(A) an empowerment zone or enterprise community designated under section 1391,

''(B) the District of Columbia Enterprise Zone established under section 1400,

''(C) a renewal community designated under section 1400E, or

''(D) a low-income community designated under section 45D.

''(25) UNDERSERVED SUBSCRIBER.—The term 'underserved subscriber' means a residential subscriber residing in a dwelling located in an underserved area or nonresidential subscriber maintaining a permanent place of business located in an underserved area.

''(f) DESIGNATION OF CENSUS TRACTS.—The Secretary shall, not later than 90 days after the date of the enactment of this section, designate and publish those census tracts meeting the criteria described in paragraphs (17), (20), and (24) of subsection (e). In making such designations, the Secretary shall consult with such other departments and agencies as the Secretary determines appropriate.''.

(b) CREDIT TO BE PART OF INVESTMENT CREDIT.—Section 46 (relating to the amount of investment credit) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following:

''(4) the broadband credit.''

(c) SPECIAL RULE FOR MUTUAL OR COOPERATIVE TELEPHONE COMPANIES.—Section 501(c)(12)(B) (relating to list of exempt organizations) is amended by striking ''or'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', or'', and by adding at the end the following:

''(v) from the sale of property subject to a lease described in section 48A(c)(2)(B), but only to the extent such income does not in any year exceed an amount equal to the credit for qualified expenditures which would be determined under section 48A for such year if the mutual or cooperative telephone company was not exempt from taxation and was treated as the owner of the property subject to such lease.''.

(d) CONFORMING AMENDMENT.—The table of sections for subpart E of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 48 the following:

''Sec. 48A. Broadband credit.''.

(e) REGULATORY MATTERS.—

(1) PROHIBITION.—No Federal or State agency or instrumentality shall adopt regulations or ratemaking procedures that would have the effect of confiscating any credit or portion thereof allowed under section 48A of the Internal Revenue Code of 1986 (as added by this section) or otherwise subverting the purpose of this section.

(2) TREASURY REGULATORY AUTHORITY.—It is the intent of Congress in providing the broadband credit under section 48A of the Internal Revenue Code of 1986 (as added by this section) to provide incentives for the purchase, installation, and connection of equipment and facilities offering expanded broadband access to the Internet for users in certain low income and rural areas of the United States, as well as to residential users nationwide, in a manner that maintains competitive neutrality among the various classes of providers of broadband services. Accordingly, the Secretary of the Treasury shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of section 48A of such Code, including—

(A) regulations to determine how and when a taxpayer that incurs qualified expenditures satisfies the requirements of section 48A of such Code to provide broadband services, and

(B) regulations describing the information, records, and data taxpayers are required to provide the Secretary to substantiate compliance with the requirements of section 48A of such Code.

Until the Secretary prescribes such regulations, taxpayers may base such determinations on any reasonable method that is consistent with the purposes of section 48A of such Code.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures incurred after December 31, 2001, and before January 1, 2003.

EXECUTIVE SESSION

EXECUTIVE CALENDAR AND DISCHARGE

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider Calendar No. 637, and that the Commerce Committee be discharged from further consideration of the nomination of John McGaw to be Under Secretary of Transportation for Security; that the nominations be confirmed, the motions to reconsider be laid upon the table the President be immediately notified of the Senate's action; that any statements relating to the nominations be printed in the RECORD; and that the Senate return to legislative business.

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

The nominations considered and confirmed are as follows:

INTER-AMERICAN DEVELOPMENT BANK

Jorge L. Arrizurieta, of Florida, to be United States Alternate Executive Director of the Inter-American Development Bank, vice Lawrence Harrington.

DEPARTMENT OF TRANSPORTATION

John Magaw, of Maryland, to be Under Secretary of Transportation for Security for a term of five years.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now return to legislative session.

VALUATION OF NONTRIBAL INTEREST OWNERSHIP OF SUBSURFACE RIGHTS WITHIN BOUNDARIES OF ACOMA INDIAN RESERVATION

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be discharged from further consideration of H.R. 1913, and that the Senate proceed to its immediate consideration.

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

The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 1913) to require valuation of nontribal ownership of subsurface rights within the boundaries of the Acoma Indian Reservation, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read the third time and passed the motion to reconsider be laid upon the table with no intervening action or debate, and that any statements relating to the bill be printed in the RECORD.

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

The bill (H.R. 1913) was read the third time and passed.

FEASIBILITY STUDIES OF WATER RESOURCE PROJECTS IN THE STATE OF WASHINGTON

Mr. REID. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be discharged from further consideration of H.R. 1937, and that the Senate proceed to its immediate consideration.

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

The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 1937) to authorize the Secretary of the Interior to engage in certain feasibility studies of water resource projects in the State of Washington.

There being no objection, the Senate proceeded to consider the bill.

Mr. REID. Mr. President, I ask unanimous consent that the bill be read the third time and passed, the motion to reconsider be laid upon the table with no intervening action or debate, and that any statements relating to the bill be printed in the RECORD.

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

The bill (H.R. 1937) was read the third time and passed.

ORDERS FOR TUESDAY, JANUARY 29, 2002

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 10:30 a.m. on Tuesday, January 29; that following the prayer and the pledge, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and that the Senate be in a period for morning business until 11 a.m., with Senators permitted to speak for up to 10 minutes each; further, that at 11 a.m., the Senate resume consideration of H.R. 622, with the Durbin amendment pending; that there be 30 minutes of debate on the amendment equally divided in the usual form, prior to a vote in relation to the amendment, with no second-degree amendments in order prior to the vote; further, that the Senate recess from 12:30 p.m. to 2:15 p.m. for the weekly party conferences.

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

PROGRAM

Mr. REID. Mr. President, we can expect a full day tomorrow. We should have some votes after this one in the afternoon. In addition, we are going to be honored by the appearance of the President to give his State of the Union speech tomorrow evening.

ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. REID. If there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:47 p.m., adjourned until Tuesday, January 29, 2002, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate January 28, 2002:

DEPARTMENT OF JUSTICE

PAUL I. PEREZ, OF FLORIDA, TO BE UNITED STATES ATTORNEY FOR THE MIDDLE DISTRICT OF FLORIDA, FOR THE TERM OF FOUR YEARS, VICE DONNA A. BUCELLA, RESIGNED.

ROSLYNN R. MAUSKOPF, OF NEW YORK, TO BE UNITED STATES ATTORNEY FOR THE EASTERN DISTRICT OF NEW YORK FOR THE TERM OF FOUR YEARS, VICE LORETTA E. LYNCH, RESIGNED.

IN THE COAST GUARD

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES COAST GUARD UNDER TITLE 14, U.S.C., SECTION 211:

To be lieutenant commander

DAVID W LUNT, 0000

To be lieutenant

JONATHAN A ALEXANDER, 0000
MICHELLE C BAS, 0000
CURTIS E BORLAND, 0000
RACHAEL B BRALLIAR, 0000
CHARLOTTE B BROGA, 0000
KEVIN F BRUEN, 0000
JOSEPH M CARROLL, 0000
STEPHEN H CHAMBERLIN, 0000
ROCKY L COLE, 0000
ISMAEL CURET, 0000
DIMITRI A DELGADO, 0000

KEVIN M DEUSTACHIO, 0000
DAWN A DUGGER, 0000
LOREN A FRIEDEL, 0000
LAWRENCE E GREENE, 0000
SCOTT C HALE, 0000
MARC A HAWKINS, 0000
TYRONE L JONES, 0000
VIRGINIA J KAMMER, 0000
JOSEPH F LECATO, 0000
CAROLYN L LEONARDCHO, 0000
DAVID E OCONNELL, 0000
JOHN C REARDON, 0000
KRISTEN A ROMAO, 0000
JOSEPH R SIEMIATKOWSKI, 0000
ROBERT J VOLPE, 0000
ANTHONY E WALKER, 0000

To be lieutenant junior grade

MICHAEL N ADAMS, 0000
RODERICK D ADAMS, 0000
TODD W ANDERSON, 0000
RALPH P ANGUIANO, 0000
JOHN D ANNONEN, 0000
WALTER J ARMSTRONG, 0000
GRETCHEN M BAILEY, 0000
KLAUS J BARBOZA, 0000
PATRICK T BARELLI, 0000
KEVIN M BARRES, 0000
ROBERT B BARTHELMES, 0000
ADAM G BENTLY, 0000
MICHAEL J BERGMAN, 0000
KEVIN C BERRY, 0000
KERRY R BLOUNT, 0000
JAMES W BOLDEN, 0000
MARA M BOOTHMILLER, 0000
RALPH J BOYES, 0000
MATTHEW A BRADEN, 0000
NELSON J BRANDT, 0000
CHARLES J BRIGHT, 0000
MATTHEW T BROWN, 0000
ROY R BRUBAKER, 0000
MATTHEW D BUCKINGHAM, 0000
RICHARD F CALVERT, 0000
ERIC R CASLER, 0000
CHRISTOPHER R CEDERHOLM, 0000
WALTER CHUBRICK, 0000
HECTOR L CINTRON, 0000
BRYAN E CLAMPITT, 0000
JEFFREY S CLARK, 0000
KIRSTEN R CODEL, 0000
BRADLEY C COOK, 0000
PETER A COOK, 0000
LETICIA I CORALIN, 0000
NATHAN E COULTER, 0000
JOANDREW D COUSINS, 0000
DIANA J CRANSTON, 0000
DERRICK J CROINEX, 0000
WILLIAM M DANIELS, 0000
SHAWN E DECKER, 0000
FRANCIS J DELROSSO, 0000
STEPHEN A DEVEREUX, 0000
BRIAN T DEVRIES, 0000
RADFORD A DEW, 0000
JOSE E DIAZ, 0000
MELISSA DIAZ, 0000
KEITH M DONOHUE, 0000
JANINE E DONOVAN, 0000
ERIC D DREY, 0000
MIA P DUTCHER, 0000
TIMOTHY W EASON, 0000
SAMUEL O EAST, 0000
JAMES P EILAND, 0000
JOSEPH P ESMERADO, 0000
JANET D ESPINOYOUNG, 0000
SHAWN G ESSERT, 0000
MATTHEW R FARNEN, 0000
JOHN M FEREBEE, 0000
TODD A FISHER, 0000
TAMARA L FLOODINE, 0000
KEVIN D FLOYD, 0000
JAMES G FORGY, 0000
THOMAS R FOSTER, 0000
TED R FOWLES, 0000
PAUL E FRANTZ, 0000
RICHARD F FREED, 0000
CHRISTOPHER J GAGNON, 0000
PAMELA P GARCIA, 0000
ELISA M GARRITY, 0000
JOSEPH W GASKILL, 0000
MARK A GIBBS, 0000
ERROL M GLENN, 0000
WADE W GOUGH, 0000
TIMOTHY J GRANT, 0000
SHAWN C GRAY, 0000
DANIEL W GRAY, 0000
DIANE E GREENTREE, 0000
ROBERT T GRIFFIN, 0000
JASON B GUNNING, 0000
LOUIS E GUTIERREZ, 0000
JOHN K HAHN, 0000
KEVIN J HALL, 0000
KEITH T HANLEY, 0000
CHARLES W HAWKINS, 0000
MICHAEL L HERRING, 0000
JON D HILL, 0000
TOBY L HOLDRIDGE, 0000
JAMES E HOLLINGER, 0000
ROBERT B HOLLIS, 0000
BRIAN P HOPKINS, 0000
DARREN A HOPPER, 0000
CHRISTOPHER M HUBERTY, 0000
STEPHEN B JAUDON, 0000
STARLING S JINRIGHT, 0000
BRYAN D JOHNSON, 0000
ALYSSA M JOHNSONVERNON, 0000
DAVID M JOHNSTON, 0000
RADIAH M JONES, 0000
JONATHAN P JORGENSEN, 0000
WARREN D JUDGE, 0000
WAYNE E KEAN, 0000
WHITNEY S KEITH, 0000
CHRISTOPHER J KENDALL, 0000
EDWARD A KESLER, 0000
CHAD A KINGSBURY, 0000
WADE S KIRSCHNER, 0000
BRIAN G KNAPP, 0000
THOMAS E KUHAR, 0000
KEN KUSANO, 0000
JOSEPH T LALLY, 0000
ERIK LASALLE, 0000
TIMOTHY R LAVIER, 0000
ANDREW A LAWRENCE, 0000
DANIEL F LEARY, 0000
LYNDA C LECRONE, 0000
CHRISTOPHER E LEE, 0000
MICHAEL D LENDVAY, 0000
DONNA D LEOCE, 0000
CHAD A LONG, 0000
JOHN H LOVEJOY, 0000
MIGUEL A LUMBAG, 0000
ALAN B MCCABE, 0000
KEVIN J MCCORMACK, 0000
STEVEN J MCKECHNIE, 0000
MICHAEL J MCNEIL, 0000
TERESA A MCTEAR, 0000
AARON R MEADOWSHILLS, 0000
MICHAEL L MEDICA, 0000
JASON L MENAPACE, 0000
TODD S MIKOLOP, 0000
KENNETH V MILLS, 0000
MARCUS A MITCHELL, 0000
JOHN H MIXSON, 0000
SIMONE R MOORE, 0000
ALAN H MOORE, 0000
ELLIS H MOOSE, 0000
VICKIE J NEBLOCK, 0000
KRISTINE B NEELEY, 0000
RAYMOND NEGRON, 0000
BRADLEY D NEWBERRY, 0000
LUIS C PARRALES, 0000
JEFFREY S PEARSON, 0000
LATASHA E PENNANT, 0000
PATRICK F PESCHKA, 0000
DOUGLAS C PETRUSA, 0000
THOMAS S PHILBRICK, 0000
KEITH J PIERRE, 0000
WILLIE E PITTMAN, 0000
CHARLOTTE E PITTMAN, 0000
KENNETH R POST, 0000
SCOTT B POWERS, 0000
ALISA L PRASKOVICH, 0000
TODD E RAYBON, 0000
JAMES E REYNOLDS, 0000
VICTOR F RIVERA, 0000
LUIS J RODRIGUEZ, 0000
KUNSTLER D RUSSELL, 0000
JERREL W RUSSELL, 0000
DAVID B SALCIDO, 0000
DAMON C SANDERS, 0000
MICHELE L SCHALLIP, 0000
CHRISTINA M SCHULTZ, 0000
ANITA M SCOTT, 0000
FRED W SEATON, 0000
WILLIAM E SEWARD, 0000
HOLLY L SHAFFNER, 0000
GREGORY J SILVA, 0000
DANIEL J SILVESTRO, 0000
PETER J SIMONDS, 0000
ERIC A SMITH, 0000
KEVIN J SMITH, 0000
CASSEE J SOCHA, 0000
ANTONIO R SOLIZ, 0000
DOUGLAS K STARK, 0000
STEVEN M STEWART, 0000
BENJAMIN F STRICKLAND, 0000
VASILIOS TASIKAS, 0000
SOLOMON C THOMPSON, 0000
MATTHEW A THOMPSON, 0000
SOL A TILLETT, 0000
BART K TOMERLIN, 0000
RUSSELL R TORGERSON, 0000
ANDRE P TOWNER, 0000
ALLEN R TURNER, 0000
CARISSA A VANDERMEY, 0000
VINCENT W VANNESS, 0000
GUILLERMO VEGA, 0000
SANDRA J WALLER, 0000
ROBERT B WALLS, 0000
DOUGLAS G WATSON, 0000
EDWARD A WIELAND, 0000
DAMON A WILLIAMS, 0000
KEVIN M WILSON, 0000
MARY A WYSOCK, 0000

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

VINCENT G. DEBONO JR., 0000
MARK W. DEVANE, 0000
DAVID J. DINTAMAN, 0000
DAVID A. HORWITZ, 0000
ROBERT H. HRABE, 0000
JACK L. LESHO, 0000
BRIAN P. OREAR, 0000
TODD M. POST, 0000
MARIE A. REVAK, 0000
AMY M. ROWE, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

TIMOTHY S. CLASEMAN, 0000
CORYDON L. DOERR, 0000
RANDALL C. DUNCAN, 0000
JOHN R. EMBRY, 0000
GRANT R. HARTUP, 0000
GARY C. MARTIN, 0000
ERIK J. MEYERS, 0000
KEVIN M. NOALL, 0000
CHARLES A. POWELL, 0000
DOUGLAS C. WILSON, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be major

KATHRYN L. AASEN, 0000
JAVAD S. AGHALOO, 0000
MELANIE D. ALLGEYER, 0000
BRANT W. BOLING, 0000
BRENT J. BRADLEY, 0000
CHOL H. CHONG, 0000
KIMBERLY Y. CHRISTIAN, 0000
MICHAEL E. CRABTREE, 0000
SOHEILA F. DEGIEUX, 0000
ANNETTE G. DUNFORD, 0000
HOLLY V. ELLENBERGER, 0000
GORDON C. FRASER JR., 0000
PAUL A. GAGNON, 0000
JOHN P. GONZALES, 0000
ALICIA D. GUTH, 0000
OLAF J. HAERENS, 0000
MICHAEL C. HARMS, 0000
SCOTT K. HETZ, 0000
BRENT L. KINCAID, 0000
JAMES M. KUTNER, 0000
JEFFREY K. LADINE, 0000
GEORGE R. LAWLEY, 0000
DAVID P. LEE, 0000
GIANG K. LOI, 0000
MICHAEL D. LOURIA, 0000
TODD T. MATSUMOTO, 0000
PEREZ MILDRED YO PAGAN, 0000
TIMOTHY B. PAULIN, 0000
MICHAEL R. PICHARDO, 0000
DONNA A. PITTER, 0000
MARK B. RANZINGER, 0000
ZINDELL RICHARDSON, 0000
KEVIN J. STANGER, 0000
MICHAEL R. SUHLER, 0000
DAVID R. SWENSON, 0000
ELIZABETH M. TANDY, 0000
RICHARD D. TOWNSEND, 0000
MICHAEL L. UMBERGER, 0000
HENRY D. WATZL, 0000
JOHN J. WIDLAK JR., 0000
JUSTIN N. ZUMSTEIN, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, U.S.C., SECTIONS 624 AND 531:

To be colonel

RICHARD E. BACHMANN JR., 0000
*WILLIAM H. BARTH JR., 0000
CATHERINE E. BIERSACK, 0000
*DOUGLAS F. BOLDA, 0000
GEORGE T. BOLTON, 0000
MARK W. BOWYER, 0000
DEBORAH N. BURGESS, 0000
*YVONNE D. CAGLE, 0000
JUNE A. CARRAHER, 0000
DOUGLAS J. CHADBOURNE, 0000
*JOHN T. CINCO, 0000
JOSEPH D. DYE, 0000
ANN E. FARASH, 0000
CHARLES R. FISHER JR., 0000
*STEVEN C. HADLEY, 0000
DAN R. HANSEN, 0000
GILBERT R. HANSEN, 0000
*JAMES H. HENDERSON II, 0000
JAMES H. HERIOT, 0000
BRUCE T. HEWETT, 0000
BART O. IDDINS, 0000
ROBERT R. IRELAND, 0000
TIMOTHY J. LADNER, 0000
CHRISTOPHER J. LISANTI, 0000
KAREN M. MATHEWS, 0000
PAUL S. MUELLER, 0000
KEVIN J. OTOOLE, 0000
MARTIN G. OTTOLINI, 0000
*PETER S. PALKA, 0000
*DENNIS PEARMAN, 0000
JEFFREY J. PELTON, 0000
ARNYCE R. POCK, 0000
STEVEN M. PRINCIOTTA, 0000
*ADIN T. PUTNAM II, 0000
CAROL S. RAMSEY, 0000
*EDMUND S. SABANEGH JR., 0000
*PATRICK R. STORMS, 0000
KEN M. TASHIRO, 0000
LAURA A. TORRESREYES, 0000
WILLIAM J. VALKO, 0000
CHRISTOPHER S. WILLIAMS, 0000
MYGLEETUS W. WRIGHT, 0000
DONALD R. YOHO JR., 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, U.S.C., SECTIONS 624 AND 531:

To be lieutenant colonel

*MELISSA A. AERTS, 0000
JOHN R. ANDRUS, 0000
*BRYAN N. ANGLE, 0000
*JIMMIE D. BAILEY II, 0000
*TIMOTHY D. BALLARD, 0000
*DANIEL J. BALOG, 0000
*MARY E. BANE, 0000
*DAVID R. BARNARD, 0000
*JOHN R. BENNETT, 0000
DANNY P. BERK, 0000
*LEROY G. BEYER JR., 0000
JAY T. BISHOFF, 0000
*MATTHEW F. BITNER, 0000
MICHAEL L. BLEDSOE, 0000
*WILLIAM T. BOLEMAN, 0000
*JEFFREY R. BORIS, 0000
*MARK A. BRADSHAW, 0000
*CHRISTOPHER K. BREUER, 0000
JONATHAN W. BRIGGS, 0000
*DIANA P. BROOMFIELD, 0000
*JAMES P. BROWN, 0000
*MARKHAM J. BROWN, 0000
*LINDA J. BROWNE, 0000
*JOHN G. BUCK, 0000
*RICARDO M. BUENAVENTURA, 0000
*LAWRENCE T. BURD, 0000
EDWIN K. BURKETT, 0000
*ONIE BUSSEY, 0000
*JOSEPH A. BUZOGANY, 0000
*DANILO O. CANLAS, 0000
*JAMES W. CARPENTER, 0000
*FRANCISCO G. CARPIO, 0000
*TODD E. CARTER, 0000
BLAKE V. CHAMBERLAIN, 0000
*DAVID L. CHIN, 0000
*DONALD E. CHRISTENSEN, 0000
DAVID R. CONDIE, 0000
*JACQUES S. COUSINEAU, 0000
*GEOFFREY W. CRAWLEY, 0000
JEFFREY M. CUSICK, 0000
RONALD N. DELANOIS, 0000
ROY J. DILEO, 0000
*THOMAS M. DYE, 0000
BRUCE M. EDWARDS, 0000
*PETER G. EHRNSTROM, 0000
*ROLAND E. ENGEL, 0000
IREL S. EPPICH, 0000
*MICHAEL J. EPPINGER, 0000
*GAIL D. FANCHER, 0000
DANIEL J. FEENEY, 0000
*EDWARD L. FIEG, 0000
*MICHAEL D. FIELDS, 0000
*OCLLA M. FLETCHER, 0000
DAVID R. FOSS, 0000
KEVIN J. FRANKLIN, 0000
*MICHAEL D. FUGIT, 0000
BARRY L. GARDNER, 0000
*DAVID GARRETT JR., 0000
*JOSEPH A. GIOVANNINI, 0000
*STEVEN P. GOFF, 0000
*TIMOTHY P. GREYDANUS, 0000
*CYNTHIA L. GRYBOSKI, 0000
*NELS C. GUNNARSEN, 0000
*YVETTE GUZMAN, 0000
*RYAN T. HAGINO, 0000
*KEVIN D. HALOW, 0000
*TYLER E. HARRIS, 0000
JAMES W. HAYNES, 0000
AUGUST S. HEIN, 0000
*DEBBIE L. HEIT, 0000
*KATHRYN K. HOLDER, 0000
*II CHARLES HOPE, 0000
*DANILO H. HOYUMPA, 0000
*MARK E. HUBNER, 0000
*JAMES P. ICE, 0000
*MICHAEL S. JAFFEE, 0000
*DAVID J. JASKIERNY, 0000
*DANIEL JOHNSON, 0000
NEIL L. JORGENSEN, 0000
CAESAR A. JUNKER, 0000
*INEZ M. KELLEHER, 0000
*AMIR I. KENDE, 0000
*JEFFREY D. KERBY, 0000
COLIN M. KINGSTON, 0000
*JANE K. R. KLINGENBERGER, 0000
*DAVID L. KUTZ, 0000
*KRISTEN LANCASTERWEISS, 0000
*GEORGE S. LAW, 0000
*KEITH W. LAWHORN, 0000
*TIMOTHY W. LINEBERRY, 0000
TIMOTHY L. LONGACRE, 0000
DON C. LOOMER, 0000
*DOUGLAS A. LOUGEE, 0000
FELIX MAMANI, 0000
JEFFREY A. MARCHESSAULT, 0000
*JAMES E. MC CRARY, 0000
*BRUCE H. MC FALL, 0000
*SCOTT E. MC GUIRE, 0000
*GREGORY J. MORSE, 0000
*KEVIN L. MORTARA, 0000
*ERIC A. NELSON, 0000
RICHARD H. NGUYEN, 0000
*STEVEN A. NGUYEN, 0000
*CHRISTOPHER A. NUSSER, 0000
*LAWRENCE R. NYCUM, 0000
*CHRISTOPHER G. PALMER, 0000
*DAMIAN PAONESSA, 0000
ANJA A. PATTONEVANS, 0000
*HAI V. PHAM, 0000
*THOMAS R. PIAZZA, 0000
*LLOYD A. PIERRE JR., 0000
*WILLIAM D. PO, 0000
JOHN A. POREMBA, 0000
*LEONARDO C. PROFENNA, 0000
*CORA I. RANDLE, 0000
*JENNIFER M. RHODE, 0000
PHILLIP C. RIDDLE, 0000
DAMIAN M. RISPOLI, 0000
*BARBARA LYNN ROACH, 0000
*ANTHONY S. ROBBINS, 0000
*DAVID M. ROSE, 0000
*PETER W. ROSS, 0000
LEE G. SALTZGABER, 0000
*ROGER W. SATTERTHWAITE, 0000
TOM J. SAUERWEIN, 0000
*RUSSELL D. SCHROEDER, 0000
CHUNG M. SIEDLECKI, 0000
*KINGSAU SIU, 0000
BRYNNE B. STANDAERT, 0000
RICHARD E. STANDAERT JR., 0000
*STEVEN G. SUTTON, 0000
*TODD C. SWATHWOOD, 0000
*NEAL R. TAYLOR, 0000
*DAN E. THOMAS, 0000
*CHRISTOPHER M. THOMPSON, 0000
*GREGORY E. THOMPSON, 0000
*GEOFFREY Y. TOM, 0000
*DAVID R. TRIGG, 0000
HORACE TSU, 0000
*JOHN J. TUCHER, 0000
JEFF P. VISTA, 0000
*DAVID M. WALKER, 0000
*ANDREW J. WALTER, 0000
*OLGA I. WASILE, 0000
BILL P. WATSON, 0000
GERALD S. WELKER, 0000
*LEROY C. WHITE, 0000
DONALD S. WIERSMA, 0000
JANET L. WILKINSON, 0000
*LAROY E. WILLIAMS, 0000
CEDRIC L. WONG, 0000
*W. PRESTON WOODALL JR., 0000
*STEVEN P. WORATYLA, 0000
RANDALL C. ZERNZACH, 0000
RICHARD M. ZWIRKO, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be major

TODD E. ABBOTT, 0000
JASON D. ADAMS, 0000
DEMETRIO J. AGUILA III, 0000
GAIL M. AHLQUIST, 0000
DEBORAH D. ALBRIGHT, 0000
MICHAEL E. ALLOWAY, 0000
DAURI Z. ALVAREZ, 0000
JOSEPH AMATO, 0000
MICHAEL B. ANDERSON, 0000
SHARE DAWN P. ANGEL, 0000
MARK A. ANTONACCI, 0000
ERIC O. APPELGREN, 0000
GUY C. ASHER JR., 0000
ADRIENNE W. ASKEW, 0000
EZELL ASKEW JR., 0000
RAUL E. AYALA, 0000
KERRI L. BADEN, 0000
CHRISTOPHER W. BALLARD, 0000
MICHELLE R. BARG, 0000
BRETON F. BARRIER, 0000
MICHAEL C. BARROWS, 0000
DEVIN C. BATEMAN, 0000
ROBERT R. BATES JR., 0000
SHERREEN G. BATTS, 0000
GREGORY H. BEAN, 0000
JONATHAN D. BECK, 0000
DEVIN P. BECKSTRAND, 0000
MARTIN J. BELL, 0000
LESLIE A. BENTINGANAN, 0000
JENNIFER L. BEPKO, 0000
STEPHEN J. BEPKO, 0000
BRIANA C. BEREZOVYTCH, 0000
MARDI J. BISHOP, 0000
ALEXANDER B. BLACK, 0000
CELESTE S. BLANKEN, 0000
STEPHEN R. BODEN, 0000
THOMAS P. BODINE, 0000
HENRY A. BOILINI, 0000
KURT R. BOLIN, 0000
MATTHEW R. BONZANI, 0000
ALOK K. BOSE, 0000
SEAN E. BOURKE, 0000
MAURA BRADLEY, 0000
JASON S. BRADT, 0000
WILLIAM L. BRAY, 0000
JOHN C. BREWER, 0000
JAMIE L. BROUGHTON, 0000
MARILYN A. BROWN, 0000
SCOTT G. BRYK, 0000
ROBERT J. BUCK III, 0000
JEFFREY S. BUI, 0000
VANCE R. BURNS, 0000
STEPHEN L. BUSHAY, 0000
JONATHAN W. BUTTRAM, 0000
DARREN E. CAMPBELL, 0000
HUBERT J. M. CANTAVE, 0000
THOMAS J. CANTILINA, 0000
WADE D. CARLSON, 0000
KELLEY ANN CAROTHERS, 0000
MATTHEW A. CARRELL, 0000
MICHAEL C. CASCIELLO, 0000
JOHN C. CHANEY, 0000
ALBERT Y. CHEN, 0000
JASON J. CHO, 0000
NICOLA A. CHOATE, 0000
DARBY A. CLAYSON, 0000
NICHOLAS G. CONGER, 0000
JOSEPH A. COOK, 0000
JOANN B. COUCH, 0000
CHRISTOPHER J. COUTURE, 0000
ROBYN L. COWPERTHWAITE, 0000
MELIA K. COX, 0000
MICHAEL K. J. COZZI, 0000
RICHARD A. CROSS, 0000
ADEBAYO O. CROWNSON, 0000
PATRICK J. DANAHER, 0000
TODD E. DANTZLER, 0000
LAKEISHA R. DAVIS, 0000
CYNTHIA J. DECHENES, 0000
ROWLAND SARAH A. DELANEY, 0000
KEITH S. DICKERSON, 0000
MARK H. DICKIE, 0000
JENNIFER J. DISCHEL, 0000
SUSAN A. DOTZLER, 0000
PABLO J. DUBON, 0000
SARAH E. DUCHARME, 0000
RICHARD L. DUNBAR, 0000
ELIZABETH A. DURKIN, 0000
DAVID J. DUVAL, 0000
DAVID V. EASTHAM, 0000
DEBORAH L. EBERT, 0000
KRISTY D. EDWARDS, 0000
WILLIAM F. EDWARDS, 0000
PATRICK T. EITTER, 0000
CAROL J. ELNICKY, 0000
RONALD W. ENGLAND, 0000
CHARLES P. FAY, 0000
KENNETH H. FERGUSON, 0000
JOHN J. FINK, 0000
GINA M. FIORITI, 0000
AMY E. FLEMING, 0000
JULIANNE FLYNN, 0000
CHERYL L. FOLSON, 0000
LINDA K. FOX, 0000
JEFFREY M. FREED, 0000
BRETON C. FREITAG, 0000
JAMES K. FROST, 0000
MELECIA FUENTES, 0000
ROBERT D. GARRISON, 0000
JAY D. GEOGHAGAN, 0000
CHRISTOPHER W. GLANTON, 0000
JOHN G. GODDARD, 0000
ALLAN C. GOLDING, 0000
ERIC R. GOLDMAN, 0000
RONALD A. GOSNELL, 0000
MATTHEW A. GRAVES, 0000
DAVID E. GRAYSON, 0000
JEREMY M. GROLL, 0000
MARY L. GUYE, 0000
GREGORY J. HAACK, 0000
RICHARD G. HALL, 0000
MARK W. HAMRA, 0000
PAUL F. HANLEY, 0000
WILLIAM N. HANNAH JR., 0000
PETER R. HARDING, 0000
LON A. HASKELL, 0000
BERT T. HAWKINS, 0000
BRIAN J. HELLER, 0000
KEVIN J. HELMRICK, 0000
TRAVIS B. HENDERSON, 0000
GREGORY L. HESS, 0000
MICHAEL J. HIGGINS, 0000
HOWARD HOFFMAN, 0000
MARK E. HOGGAN, 0000
SHANNON D. HOIME, 0000
PHILIP H. HOPP, 0000
SEAN P. HURLEY, 0000
VICTOR M. IERULLI, 0000
DAVID C. IVES, 0000
EDWARD L. JACKSON, 0000
SCOTT R. JACOB, 0000
JULIET C. JACOBSEN, 0000
WILL V. JEFFERS, 0000
KATHY J. JOERS, 0000
JON M. JOHNSON, 0000
JOSEPH C. JOHNSONWALL, 0000
RONALD B. JOHNSTON JR., 0000
DANIEL E. KAHN, 0000
HYON SIK SCOTT KANG, 0000
TRICIA L. KEEFE, 0000
MELISSA M. KEMPF, 0000
JASIRI KENNEDY, 0000
PETER H. KIM, 0000
MARK W. KLEVE, 0000
SCOTT E. KNUTSON, 0000
DAYTON S. KOBAYASHI, 0000
CRAIG A. KOVITZ, 0000
KEVIN W. KULOW, 0000
MICAL J. KUPKE, 0000
JIMMY J. S. LAU, 0000
RICHARD R. LAUE, 0000
ERIC L. LEAN, 0000
EVAN W. LEE JR., 0000
BRENT P. LEEDLE, 0000
VALERIE M. LEIS, 0000
JOHN R. LEISEY, 0000
MELANIE L. LEU, 0000
COREY B. LEWIS, 0000
RALPH R. LIM JR., 0000
JEREMY D. LLOYD, 0000
HEATHER NYE LORENZO, 0000
MATTHEW B. LOVATO, 0000
KIMBERLY A. LOVETT, 0000
THOMAS R. LOWRY, 0000
SALVATORE J. LUCIDO, 0000
KEVIN R. LUSK, 0000
MARK D. LYMAN, 0000
MICHAEL J. LYONS, 0000
MIKELLE A. MADDOX, 0000
GEORGE V. MANAHAN, 0000
ARA M. MARANIAN, 0000
BRIAN D. MARRIOTT, 0000
SHERON B. MARSHALL, 0000
MICHAEL L. MARTIN, 0000
MICHAEL J. MC COLLUM, 0000
JOSEPH L. MC DANIEL, 0000
ROBERT C. MC DONOUGH III, 0000
LAVETA L. MC DOWELL, 0000

TINA A. MC GUFFEY, 0000
ERIC A. MEIER, 0000
CHRISTOPHER T. MESSITT, 0000
SCOTT A. MILLER, 0000
VINEETH MOHAN, 0000
ANDREW E. MOORE, 0000
LAURA M. MOORE, 0000
MEREDITH LINN MOORE, 0000
PAMELA K. MOORE, 0000
JACQUELINE J. MORRIS, 0000
CHARLES D. MOTSINGER, 0000
PATRICK M. MUEHLBERGER, 0000
SEAN T. MULLENDORE, 0000
ANDREW J. MYRTUE, 0000
MARK A. NASSIR, 0000
DIANNA L. NEAL, 0000
CHRISTINE A. NEFCY, 0000
GREGG B. NELSON, 0000
LUONG T. NGUYEN, 0000
APRIL M. NORTH, 0000
DAVID A. NORTON, 0000
MICHAEL J. NOUD, 0000
ANDREW O. OBAMWONYI, 0000
STEVEN L. OLSEN, 0000
TANDY G. OLSEN, 0000
DAVID M. OLSON, 0000
GABRIELLA M. OLSON, 0000
CRAIG R. K. PACK, 0000
KAREN M. PANEK, 0000
PRADIP M. PATEL, 0000
DALE A. PATTERSON, 0000
STEVEN D. PEINE, 0000
GREGORY A. PERRON, 0000
ANH T. PHAM, 0000
RICHARD E. POPWELL, 0000
MARIA R. PRINCE, 0000
MAURO QUAGLIA, 0000
WILFREDO R. RAMOS, 0000
RAMESH D. RAO, 0000
MELINDA I. RATHKOPF, 0000
TRAVIS A. RICHARDSON, 0000
LYRAD K. RILEY, 0000
ERIC M. RITTER, 0000
CLIFTON A. ROBINSON, 0000
RECHELL G. RODRIGUEZ, 0000
DANIEL M. ROKE, 0000
KIMBERLY A. ROOP, 0000
CHRISTOPHER H. RUSH, 0000
NATHANIEL D. RUSSELL, 0000
TIMOTHY M. RUTH, 0000
KAREN A. RYAN, 0000
MARK W. SANKEY, 0000
RICHARD A. SAVELL, 0000
KIMBERLY D. SAWYER, 0000
STEPHANIE A. SCHAEFER, 0000
MYSTI D. W. SCHOTT, 0000
MARK A. SELDES, 0000
DAN SEPDHAM, 0000
MONICA T. SERRANO, 0000
PATRICK A. SHEA, 0000
CLAIRE A. SHERVANICK, 0000
STEPHEN A. SMALL, 0000
REBECCA A. SMILEY, 0000
HUGH S. SMITH, 0000
KAREN S. SMITH, 0000
LARRY O. SMITH, 0000
BERNARD J. SOPKY, 0000
ROBERT L. SPENCE, 0000
MICHEAL SPOHN, 0000
AMAND KEITH B. ST, 0000
GARY E. STAPLETON, 0000
DAVID G. STONE, 0000
GIGI Y. SU, 0000
JEFFREY A. SWANSON, 0000
LEIGH A. SWANSON, 0000
NGUYEN V. TA, 0000
CATHERINE A. TAKACS, 0000
KRISTEN E. TALECK, 0000
JAMES J. THOMAS, 0000
CARL E. THORNBLADE II, 0000
PATRICK A. TITUS, 0000
WENDY Y. TONGLANDRUM, 0000
DAI A. TRAN, 0000
AVRAM Z. TRAUM, 0000
ANDREW R. TRICKEY, 0000
WILLIAM P. TRIPLETT, 0000
ANTHONY P. TVARYANAS, 0000
KYLE M. VANDEGRAAFF, 0000
MICHAEL W. VANDEKIEFT, 0000
LYLE J. VANDERSCHAAF, 0000
JODIE K. VANWYHE, 0000
LYNN G. VIX, 0000
CHARLES V. VOIGT, 0000
SCOTT W. VOSKUIL, 0000
SON VAN VIET VU, 0000
TODD B. WAMPLER, 0000
ALLAN E. WARD, 0000
MATTHEW T. WARREN, 0000
GLENN S. WHEET, 0000
MARC E. WHITAKER, 0000
GWEN M. WILCOX, 0000
YVONNE L. WONG, 0000
TIMOTHY D. WOODS, 0000
AARON T. YU, 0000
DENNIS F. ZAGRODNIK, 0000
DUSTIN ZIEROLD, 0000
STEPHEN J. ZIMMERMANN, 0000

IN THE ARMY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY IN THE JUDGE ADVOCATE GENERAL'S CORPS UNDER TITLE 10, U.S.C., SECTIONS 624 AND 3064:

To be colonel

GARY J BROCKINGTON, 0000
JANET W CHARVAT, 0000
WILLIAM F CONDRON JR., 0000
MARK CREMIN JR., 0000
DAVID N DINER, 0000
KARL M GOETZKE, 0000
WILLIAM A HUDSON JR., 0000
MUSETTA T JOHNSON, 0000
JOHN KASTENBAUER, 0000
EVERETT MAYNARD JR., 0000
HOWARD O MCGILLIN JR., 0000
TIMOTHY J PENDOLINO, 0000
RICHARD V PREGENT, 0000
EDITH M ROB, 0000
KATHRYN STONE, 0000
CRAIG E TELLER, 0000
DONNA M WRIGHT, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY IN THE DENTAL CORPS AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK(*)) UNDER TITLE 10, U.S.C., SECTIONS 624, 531, AND 3064:

To be colonel

ANN L BAGLEY, 0000
DANIEL K BAILEY, 0000
TIMOTHY BANDROWSKY, 0000
FREDERICK C BISCH, 0000
BARRY G BISHOP, 0000
MICHAEL L BRACE, 0000
WILLIAM F BRUCE JR., 0000
DAVID M BURNETTE, 0000
WILLIAM W CARMICHAEL, 0000
MICHAEL L * ELLIS, 0000
GLEN J FALLO, 0000
THERESA S * GONZALES, 0000
DONALD C HOFHEINS, 0000
ANDRE K KIM, 0000
ETHEL M LARUE, 0000
JAMES J LIN, 0000
THOMAS S MACKENZIE, 0000
THOMAS G * MARINO, 0000
NASRIN MAZUJI, 0000
DALE L PAVEK, 0000
TIMOTHY M PIVONKA, 0000
BONITA L PRUITT, 0000
MARTIN C RADKE, 0000
DANIEL J REESE, 0000
DAVID R REEVES, 0000
RONALD L ROHOLT, 0000
LARRY G ROTHFUSS, 0000
STEPHEN J ROUSE, 0000
ROBERT C SHAKESPEARE, 0000
HAROLD B SNYDER III, 0000
STEPHEN B WILLIAMS, 0000
GORDON W WOOLLARD, 0000
KEITH A WUNSCH, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY IN THE MEDICAL CORPS AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK(*)) UNDER TITLE 10, U.S.C., SECTIONS 624, 531, AND 3064:

To be colonel

ROBERT C ALLEN JR., 0000
PAUL J AMOROSO, 0000
JO A ANDRIKO, 0000
LINDA R * ATTEBERRY, 0000
MARK R BAGG, 0000
JAMES A BARKER, 0000
KENNETH B BATTS, 0000
ALAN L BEITLER, 0000
RICHARD T BEITZ JR., 0000
ENRIQUE BENIQUEZ JR., 0000
KRAIG S * BOWER, 0000
KENT L BRADLEY, 0000
MATRICE W BROWNE, 0000
WILLIAM T BROWNE, 0000
WILLIAM E BURKHALTER JR., 0000
DOUGLAS E CHAPMAN, 0000
JOHN D CHARETTE, 0000
JOSEPH L CHRISTENSON, 0000
EDWARD J COLL, 0000
STEPHEN J COZZA, 0000
MICHAEL A DEATON, 0000
JOHN S DICK, 0000
SCOTT R DUFFIN, 0000
RALPH L ERICKSON, 0000
JEREL J ERNE, 0000
CHARLES A FARRINGTON, 0000
KURT A FICHTNER, 0000
KENNETH I FINK, 0000
JAMES M FRANCIS, 0000
IAN H FREEMAN, 0000
THOMAS H GARVER, 0000
ANTHONY D GOEI, 0000
ROBERT R GRANVILLE JR., 0000
HENRY D HACKER, 0000
MICHAEL A HARKABUS, 0000
SUSAN L HENDRICKS, 0000
OLEH W HNATIUK, 0000
CURTIS J HOBBS, 0000
JOHN B HOLCOMB, 0000
DAVID W HOUGH, 0000
JAMES K HOWDEN, 0000
WILLIAM A HUGHES, 0000
ALAN A JANUSZIEWICZ, 0000
SHEILA B JONES, 0000
STEVEN D KLAMERUS, 0000
THOMAS E KNUTH, 0000
DAVID D KRIEGER, 0000
ROBERT A * KUSCHNER, 0000
BRIAN C LEIN, 0000
SVEN K LJAAMO, 0000
DOREEN M LOUNSBERY, 0000
PATRICK J * LOWRY, 0000
JAMES M MADSEN, 0000
DAVID MALAVE, 0000
BEVERLY I MALINER, 0000
RICKY D * MALONE, 0000
KENNETH W * MEADE, 0000
NELSON L * MICHAEL, 0000
RICHARD W MOCZYGEMBA, 0000
RANDOLPH E MODLIN, 0000
BARRINGTON N NASH, 0000
KOJI D NISHIMURA, 0000
SCOTT A NORTON, 0000
CHRISTIAN F OCKENHOUSE, 0000
FRANCIS G OCONNOR, 0000
JOSEPH M PARKER, 0000
ANA L * PARODI, 0000
BRUNO P PETRUCCELLI, 0000
CAROL E PILAT, 0000
WILLIAM R RAYMOND IV, 0000
HENRI RENOMDELABAUME IV, 0000
ROBERTO RODRIGUEZ IV, 0000
BERNARD J ROTH, 0000
MARK V RUBERTONE, 0000
RICHARD A SCHAEFER, 0000
BEVERLY R SCOTT, 0000
BRIAN G SCOTT, 0000
CHRISTINE T SCOTT, 0000
KATHLEEN M SHEEHAN, 0000
BARRY J SHERIDAN, 0000
JEFFREY E SHORT, 0000
HARRY K STINGER III, 0000
JOSE A STOUTE, 0000
SIDNEY J SWANSON III, 0000
DEAN C TAYLOR, 0000
JOHN F THEROUX, 0000
GEORGE W TURIANSKY, 0000
JAMES R * UHL, 0000
DOUG A VERMILLION, 0000
NADJA Y WEST, 0000
JOSEPH A WHITFIELD, 0000
MICHAEL K YANCEY, 0000
CHRISTINA M YUAN, 0000

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be colonel

ROBERT J ABBLITT, 0000
TRAVIS M ALLEN, 0000
GEORGE S AMLAND, 0000
SCOTT M ANDERSON, 0000
WILLIAM J ANDERSON, 0000
DENNIS M ARINELLO, 0000
WALTER H AUGUSTIN, 0000
RONALD F BACZKOWSKI, 0000
HOWARD F BARKER, 0000
MARK H BEAN, 0000
ROBERT K BEAUCHAMP, 0000
PAUL D BENNETT, 0000
KENNETH D BEST, 0000
KEITH A BIRKHOLZ, 0000
CHRISTOPHER E BLANCHARD, 0000
ELVIS E BLUMENSTOCK, 0000
MICHAEL S BONEM, 0000
FRANK R BOYNTON, 0000
TERRANCE C BRADY, 0000
BROOKS R BREWINGTON, 0000
MARK A BRILAKIS, 0000
MICHAEL M BROGAN, 0000
MICHAEL F BROOKER, 0000
STEPHEN E BROWN, 0000
JOHN J BRYANT, 0000
PAUL A BRYGIDER, 0000
STEVEN W BUSBY, 0000
SCOTT T CAMPBELL, 0000
JOHN J CANHAM JR., 0000
ROBERT D CLINTON, 0000
JOHN T COLLINS, 0000
STEPHEN R COTE, 0000
LYLE M CROSS, 0000
DANIEL F CROWL, 0000
FRANCIS X CUBILLO, 0000
CHARLES A DALLACHIE, 0000
RAYMOND C DAMM JR., 0000
CLAUDE H DAVIS III, 0000
JON M DAVIS, 0000
STEPHEN W DAVIS, 0000
JAMES A DAY, 0000
MICHAEL E DICK, 0000
JOHN K DODGE, 0000
GREGORY R DUNLAP, 0000
PAUL K DURKIN, 0000
ANDREW P DWYER, 0000
JOHN K ELDER, 0000
JOHN F FELTHAM, 0000
ROBERT A FITZGERALD JR., 0000
JOHN A FORQUER, 0000
GARY D FRALEY, 0000
STEVEN L FRANKLIN, 0000
ADRIENN K FRASERDARLING, 0000
THOMAS B GALVIN, 0000
STEPHEN T GANYARD, 0000
ROBERT A GEARHART JR., 0000
THOMPSON A GERKE, 0000
PATRICK J GOUGH, 0000
DAVID H GURNEY, 0000
ELLEN K HADDOCK, 0000
ANDREW S HAEUPTLE, 0000
MANTFORD C HAWKINS II, 0000
STEPHEN D HAWKINS, 0000
CHAD W HOCKING, 0000
STEVEN D HOGG, 0000
STEPHEN P HUBBLE, 0000
CARL F HUENEFELD, 0000
CHARLES G HUGHES II, 0000

KENNETH E JACOBSEN, 0000
JAMES F JAMISON, 0000
RUSSELL I JONES, 0000
JAMES C JUMPER JR., 0000
JOEL P KANE, 0000
MARK M KAUZLARICH, 0000
GEORGE H KEATING, 0000
DAVID A KELLEY JR., 0000
ROBERT G KELLY, 0000
JAMES A KESSLER, 0000
MARK A KING, 0000
CHAD E KIRKLEY, 0000
RALPH H KOHLMANN, 0000
WILLIAM P LEEK, 0000
DOARIN R LEWIS, 0000
TERRY M LOCKARD, 0000
MICHAEL E LOVE, 0000
JUERGEN M LUKAS, 0000
JAMES W LUKEMAN, 0000
JEROME M LYNES, 0000
JAMES C MALLON, 0000
RICHARD V MANCINI, 0000
BRIAN MANTHE, 0000
ALEXANDER V MARTYNENKO, 0000
CARL D MATTER, 0000
DANIEL C MC CARRON, 0000
JAMES E MC COWN III, 0000
PAUL D MC GRAW, 0000
CHRIS D MC MENOMY, 0000
DANNY L MELTON, 0000
STEPHEN N MIKOLASKI, 0000
GEORGE F MILBURN III, 0000
RALPH F MILLER, 0000
MARK E MONROE, 0000
JOSEPH A MORTENSEN, 0000
MATHEW D MULHERN, 0000
THOMAS M MURRAY, 0000
JAMES T MURTHA, 0000
LAWRENCE D NICHOLSON, 0000
CHRISTOPHER L O'CONNOR, 0000
ANDREW W O'DONNELL JR., 0000
LOUIS N RACHAL, 0000
DENNIS W RAY, 0000
JACKY E RAY, 0000
RICHARD M RAYFIELD, 0000
DAVID M RICHTSMEIER, 0000
MICHAEL E RUDOLPH, 0000
DENNIS G SABAL, 0000
SHEILA M SCANLON, 0000
SUE I SCHULER, 0000
JOEL G SCHWANKL, 0000
KEVIN M SCOTT, 0000
MICHAEL W SCOTT, 0000
STEPHEN M SHEEHAN, 0000
CARLYLE E SHELTON, 0000
RICHARD S SLATER, 0000
DALE M SMITH, 0000
DAVID E SMITH, 0000
ROBERT G SOKOLOSKI, 0000
JAMES L STALNAKER, 0000
DOUGLAS M STILWELL, 0000
PETER J STRENG, 0000
JOHN M SULLIVAN JR., 0000
WILLIAM E TAYLOR, 0000
CHARLES T THOMPSON, 0000
MICHAEL K TOELLNER, 0000
JEFFREY P TOMCZAK, 0000
MARK H TRIPLETT, 0000
CRAIG A TUCKER, 0000
ERIC J VANCAMP, 0000
PETER S VERCRUYSSE, 0000
TIMOTHY C WELLS, 0000
JAMES L WELSH, 0000
FRED WENGER III, 0000
CARL J WOODS, 0000

THE FOLLOWING NAMED OFFICERS FOR REGULAR APPOINTMENT IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 531:

To be major

DONALD A. BARNETT, 0000
GREGORY A. CASE, 0000
STEVEN D. DANYLUK, 0000
RICHARD M. DEVORE JR., 0000
CHRISTOPHER G. DIXON, 0000
PHILIP H. FRAZETTA, 0000
SCOTT M. GRIFFITH, 0000
KOLAN J. HAIRSTON, 0000
CURTIS L. HILL, 0000
GREGORY E. HILL, 0000
TODD L. HOLDER, 0000
GARY A. KLING, 0000
MICHAEL L. KLOCH, 0000
VERNIE R. LIEBL, 0000
DANIEL R. LINGMAN, 0000
PAUL K. LITTLE II, 0000
DEREK J. MAURER, 0000
MICHAEL G. MCPHERSON, 0000
ARTHUR S. PENNY, 0000
PAUL E. PINAUD, 0000
ROBERT W. REYNOLDS, 0000
STEVEN A. ROSS, 0000
BRETON L. SAUNDERS, 0000
BRENT A. SEARING, 0000
GLENN R. SEIFFERT, 0000
RANDALL J. SIMMONS, 0000
ROBERT T. SIRKS, 0000
JOHN S., JR SIROTNIAK, 0000
OLIVER B. SPENCER, 0000
ROBERT A. THALER, 0000
MICHAEL J. WALSH, 0000
DAVID V. WEAVER, 0000

To be captain

CLAUDE L. ADAMS, 0000
ANDREW P. ALBANO, 0000
MICHAEL H. ALVAREZ, 0000
JENNIFER A. ARCHBOLD, 0000
MICHAEL J. ARDEN, 0000
JESSE J. BELSKY, 0000
ELROY D. BLACK, 0000
LORIN D. BODILY, 0000
JAMES A. BOERIGTER, 0000
DARYL S. BOERSMA, 0000
SEAN C. BRAZIEL, 0000
BRYANT E. BUDDE, 0000
RICHARD M. BURKE, 0000
RODERICK D. CAPILI, 0000
NORMAN D. CELLA, 0000
STEVEN M. COGAR, 0000
CHAD J. COMUNALE, 0000
CARL E. COOPER JR., 0000
MARK D. COUSINS, 0000
RYAN E. CRAIS, 0000
PATRICK R. CRAWFORD, 0000
DARREN K. CROW, 0000
JON A. CUSTIS, 0000
RICHARD M. DESTEFANO JR., 0000
STEPHEN M. DICKERSON, 0000
JOHN F. DOBRYDNEY, 0000
PETER J. DORAN, 0000
JASON M. EBY, 0000
CHAD W. EDWARDS, 0000
JUSTIN W. EGGSTAFF, 0000
MATTHEW W. ERICKSON, 0000
JOSHUA C. EVANS, 0000
CHARLES B. FLOURNOY, 0000
ANTHONY N. FRASCO, 0000
JOHN J. GARRIGAN III, 0000
TERRENCE M. GREGORY, 0000
CLARENCE J. GRISHAM JR., 0000
NIKOLAS D. HALATSIS, 0000
RICHARD D. HANSEN, 0000
GEORGE A. HERRERA, 0000
BRUNSON HOWARD, 0000
ROBERT C. HUNTER, 0000
THOMAS F. JASPER JR., 0000
TIMOTHY S. JENKINS, 0000
BRIAN E. KASPRZYK, 0000
JOHN J. KELLY JR., 0000
ALBERT K. KIM, 0000
DEWAYNE L. KNOWLES, 0000
JOSEPH S. LEE, 0000
SAMUEL C. LEIGH, 0000
AARON C. LOCHER, 0000
GREGORY B. LOVETT, 0000
BRADLEY M. MAGRATH, 0000
ROBERTO J. MARTINEZ, 0000
ANDREW R. MCCONVILLE, 0000
DOUGLAS S. MCLEAN, 0000
CARL L. MCLEOD, 0000
JOSE R. MEDINA, 0000
MARK W. MICKE, 0000
BILLIE D. MORTON JR., 0000
TIMOTHY E. MOZLEY, 0000
CRISTOPHER R. MYERS, 0000
SIEBRAND H. NIEWENHOUS IV, 0000
ERIC D. OLIPHANT, 0000
JEFFREY B. PALMER, 0000
CHRISTOPHE M. PERRINE, 0000
MICHEAL S. PLATT, 0000
DENNIS R. POWERS, 0000
STEPHEN PRITCHARD, 0000
STEWART J. PULLEY, 0000
WILLIAM A. RASGORSHEK, 0000
EUGENIA C. ROBERTS, 0000
RAFAEL RODRIGUEZ JR., 0000
BRYON G. ROSS, 0000
THOMAS M. ROSS, 0000
CHANDLER P. SEAGRAVES, 0000
ARTHUR L. SCHOEN, 0000
RICHARD F. SIMS JR., 0000
DAVID O. SINGLEY, 0000
JOHN M. SOUTH, 0000
KENNETH R. STEPHENS, 0000
JOHN P. SULLIVAN JR., 0000
ROBERT J. VANDERWOUDE, 0000
JOEL D. VANPROYEN, 0000
MARK E. VANSKIKE, 0000
ANDY S. WATSON, 0000
AREND G. WESTRA, 0000
JEFFERY T. WILLIAMS, 0000
PETER M. WILSON II, 0000
TODD G. WITT, 0000
DAVID L. YAGGY, 0000

To be second lieutenant

JOHN F. ALLSUP JR., 0000
SCOTT B. BALEY, 0000
BRITON C. BECK, 0000
NATHAN M. BOAZ, 0000
JAMES R. BOOTH, 0000
FRANCISCO A. CACERES, 0000
PAUL A. CHADWICK, 0000
BRIAN R. CHONTOSH, 0000
JOHN M. CISCO, 0000
BRAD W. COLLINS, 0000
WILLIAM C. COX, 0000
KEVIN A. CRESPO, 0000
JUDSON Z. DANIEL, 0000
MATTHEW C. DANNER, 0000
MICHAEL A. DUBRULE, 0000
JOSEPH P. ENGLISH, 0000
BRYAN A. EOVITO, 0000
NATHANIEL C. FICK, 0000
DARREN M. FISCHER, 0000
RICHARD J. FISHER, 0000
JAMES F. FOLEY, 0000
VIJAY A. GEORGE, 0000
JOSEPH S. GROAH, 0000
STANTON C. HAWK, 0000
TIMOTHY M. HIMES, 0000
BILLY S. HORTMAN, 0000
JEFFREY W. HULLINGER, 0000
DAVID A. JANSEN, 0000
CHARLES C. JONES, 0000
CHRISTOPHE A. LASALLE, 0000
ARIC C. LIBERMAN, 0000
DUANE LIPTAK JR., 0000
DAVID M. MANIMTIM, 0000
MATTHEW J. MARTIN, 0000
MARK A. MCCAULEY, 0000
ERIC A. MEADOR, 0000
MICHAEL G. MINTON, 0000
SEAN P. MITZEL, 0000
DAVID M. NAEHER, 0000
TODD L. NICHOLS, 0000
MATTHEW A. NIELAND, 0000
DEREK C. NIELSEN, 0000
TODD B. OPALSKI 0, 0000
PAUL A. OWINGS, 0000
JOHN E. PETERSON, 0000
DAVID K. PIDGEON, 0000
SCOTT C. PITTMAN, 0000
JOHN A. PRATHER, 0000
JASON D. ROACH, 0000
DANIEL C. RODENHAVER, 0000
JOHN B. ROGERS JR., 0000
JAMES E. ROLLINS III, 0000
JACKIE L. SCHILLER II, 0000
WILLIAM G. SEELMANN JR., 0000
DALLAS E. SHAW JR., 0000
THOMAS M. SIVERTS, 0000
MATTHEW R. SMITH, 0000
RICHARD R. STEELE, 0000
SCOTT E. STEPHAN, 0000
ARTHUR J. THORNTON, 0000
MAURICE J. UENUMA, 0000
CHAD L. ULRICH, 0000
STEVE URREA, 0000
JOEL A. VANBRUNT, 0000
DAVID P. VAUGHAN JR., 0000
WILLIAM L. VAUGHN JR., 0000
HUGH D. WEAVER, 0000
SCOTT F. WELCH, 0000
NICOLAS R. WISECARVER, 0000

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE AND FOR REGULAR APPOINTMENT (IDENTIFIED BY AN ASTERISK (*)) UNDER TITLE 10, U.S.C., SECTIONS 624 AND 531:

To be lieutenant colonel

*KIRBY D. AMONSON, 0000
*SHARON RUSCH BANNISTER, 0000
*ANN M. BLAKE, 0000
*RUSSELL G. BOESTER, 0000
*JAMES R. BULLARD, 0000
*GREGORY B. CANNEY, 0000
*THADDEUS M. CHAMBERLAIN, 0000
*JAMES C. CHOI, 0000
CHRISTOPHER CIAMBOTTI, 0000
*JOHN F. COKE, 0000
*SALVATORE R. CUTINO, 0000
GUY A. DELGADILLO, 0000
*JANA DYKES, 0000
*HARIS EHLAND, 0000
*JAY E. FANDEL, 0000
*VICTORIA K. FARLEY, 0000

RICHARD R. FRAZIER, 0000
THOMAS J. GRIMM, 0000
DENNIS HANNON, 0000
*BILLY B. HATCHETTE, 0000
*JOSEPH J. HEINZE, 0000
*STEVEN H. HELM, 0000
*MARISA H. HERMAN, 0000
LEE A. HOLSTEIN, 0000
*GEORGE E. JOHNSON, 0000
*RICHARD L. JOHNSON, 0000
DAVID B. KEMP, 0000
*BRIAN T. KERNAN, 0000
*ROBERT E. LANGSTEN, 0000
*DONALD S. LINTON, 0000
ROBIN L. LIVINGSTON, 0000
JAMES A. LOE, 0000
*BARBARA MARTIN, 0000
*MICHAEL F. MORRIS, 0000
*CRAIG H. MULLETT, 0000
*DAVID W. MURRAY, 0000
*STEPHEN P. MURRELL, 0000
*MARK E. MUTH, 0000
*MARK D. NILL, 0000
*SUSAN M. OSOVITZPETERS, 0000
*DOUGLAS A. OTTAWAY, 0000
*BRIAN A. PARKER, 0000
*DAVID F. PIERSON, 0000
*MICHELLE K. RAMPULLA, 0000
*BRADLEY E. RAUSCH, 0000
STACY E. ROBINSON, 0000
*JOHN A. SAFAR, 0000
*SCOTT R. SCHUBKEGEL, 0000
DAVID M. SMITH, 0000
JAY S. TAYLOR, 0000
*ERNESTO J. TORRES, 0000
*MAREN DENNIS M. VAN, 0000
*JANE S. WALLACE, 0000
*LESLIE D. WILLIAMS, 0000
*RAY WILLIAMS, 0000
*DALTON P. WILSON, 0000

CONFIRMATIONS

Executive nominations confirmed by the Senate January 28, 2002:

INTER-AMERICAN DEVELOPMENT BANK

JORGE L. ARRIZURIETA, OF FLORIDA, TO BE UNITED STATES ALTERNATE EXECUTIVE DIRECTOR OF THE INTER-AMERICAN DEVELOPMENT BANK.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

DEPARTMENT OF TRANSPORTATION

JOHN MAGAW, OF MARYLAND, TO BE UNDER SECRETARY OF TRANSPORTATION FOR SECURITY FOR A TERM OF FIVE YEARS.